

SIERRA DISPOSAL SERVICE

541-6414 . 2140 Ruth Ave. . South Lake Tahoe, California 96150-4357

May 14, 2009

Gerri Silva
Director, Environmental Management
El Dorado County
2850 Fairlane Ct., Building C
Placerville CA 95667

Re: Franchise Renewal Option – Sierra Disposal Service

Dear Gerri,

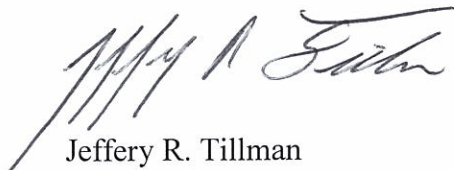
Pursuant to the provisions of the current franchise agreement between Sierra Disposal Service and El Dorado County, that agreement will be extended for a period of five (5) years upon written notice by Sierra Disposal Service.

Please consider this letter as our written notification to extend the current franchise agreement for our Sierra Disposal service area through the year 2014.

Sierra Disposal Service is proud to provide an excellent level of services to our customers and looks forward to working with El Dorado County on mutually beneficial goals and programs in the future.

Please initiate any action required to accomplish this franchise extension and notify me at your earliest convenience if there is anything further you need from us. You can reach me at my direct line 530.542.8300.

Truly yours,



Jeffery R. Tillman
President

FRANCHISE AGREEMENT BETWEEN EL DORADO COUNTY

AND

SOUTH TAHOE REFUSE COMPANY, INC. dba Sierra Disposal Service

This Franchise Agreement ("Franchise Agreement" or "Agreement") is entered into this 22nd day of August 2000, between El Dorado County ("County") and South Tahoe Refuse Company, Inc., a California corporation, dba Sierra Disposal Service ("Grantee"), for the collection, transportation, processing and disposal of solid waste.

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 jurisdictions; and

WHEREAS, pursuant to California Public Resources Code Section 40059(a)(1), the 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 certain residential, industrial and commercial areas in El Dorado County (the "County"); and

WHEREAS, County and Grantee are mindful of the provisions of the laws governing the safe collection, transport, recycling and disposal of solid waste, including AB 939, the Resource Conservation and Recovery Act ("RCRA"), and the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"); and

WHEREAS, County has not and, by this Franchise Agreement does not, instruct Grantee on its collection methods, nor supervise the collection of waste; and

WHEREAS, Grantee has represented and warranted to County that it has the experience, responsibility and qualifications to arrange with residents, commercial, industrial, institutional and other entities in the Franchise Area for the collection and safe transport to disposal facilities of municipal solid wastes, the Board of Supervisors determines and finds that the public interest, health, safety and well-being would be best served if Grantee were to make arrangements with residents and other entities to perform these services; and

WHEREAS, the Board of Supervisors declares its intention of maintaining reasonable rates for collection and transportation of solid waste within the area covered by this grant of franchise.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

lease thirty (30) days prior to said expiration date, a new certificate of insurance evidencing insurance coverage as provided for herein for not less than the remainder of the term of the contract or for a period of not less than one (1) year (for an occurrence policy) or (3) years (for a claims made policy). New certificates of insurance are subject to the approval of the Risk Manager.

11. Certificate shall meet such additional standards as may be determined by the contracting County Department either independently or in consultation with the Risk Manager, as essential for protection of the County.
12. Grantee shall not commence performance of this Agreement unless and until compliance with each and every requirement of the insurance provisions is achieved.
13. Failure of Grantee to maintain the insurance required herein, or to comply with any of the requirements of the insurance provisions, shall constitute a material breach of the entire Agreement.
14. Any failure to comply with the reporting provisions of the policies shall not affect coverage provided to the County, its officers, officials, employees or volunteers.
15. The Grantee's insurance coverage shall be primary insurance as respects to the County, its officers, officials, employees, volunteers. Any insurance or self-insurance maintained by the County, its officers, officials, employees or volunteers shall be excess of the Grantee's insurance and shall not contribute with it.
16. The insurance companies shall have no recourse against the County, its officers, agents, employees or any of them for payment of any premiums or assessments under any policy issued by any insurance company.
17. Grantee's indemnity and other obligations shall not be limited by the insurance required herein and shall survive the expiration of the Agreement.
18. To the extent that this Section 7, "Contractor's Insurance," is inconsistent with 7-1.12, "Responsibility for Damage," of the State of California, Department of Transportation, Caltrans, Standard Specifications, July 1992, this Article shall govern; otherwise each and every provision of such Section 7-1.12 shall be applicable to this Agreement.

SECTION 9 - TERM

A. **Initial Term.** The term of this Franchise Agreement shall commence immediately upon execution and terminate on December 31, 2004.

B. **Renewal Options.** County hereby grants to Grantee two options to renew this

Franchise Agreement which shall be for terms of five (5) years each, commencing, respectively, on January 1, 2005 and terminating December 31, 2009; and commencing January 1, 2010 and terminating on December 31, 2014. Notice of the exercise of said options shall be given to the County in writing no earlier than eight (8) months before the commencement of each such renewal period and no later than five (5) months before the commencement of said renewal period; provided, however, that County shall notify Grantee if County does not receive the required notice from Grantee within said time frame, and Grantee shall have fourteen (14) days from Grantee's receipt of the County's notice in which to cure the failure to give Grantee's notice of renewal of the Franchise by serving the County with written notice of Grantee's request to exercise the renewal option. If, within fourteen (14) days after receipt of the notice from the County, Grantee fails to deliver to the County written notice exercising its renewal option, then Grantee will be conclusively presumed to have waived its right to renew the term for the option period and this Agreement shall terminate at midnight on the last day of the term hereof. Said renewal options may be exercised only if the Grantee is in compliance with the terms and conditions of this Franchise Agreement, both at the time the option is exercised and on the day that the renewal term is to commence.

C. Construction of Transfer Station And/Or Materials Recovery Facility. If Grantee constructs, operates or proposes to use a transfer station or materials recovery facility to be owned or operated by Grantee or any Affiliate of Grantee for solid waste collected by Grantee in the Franchise Area covered by this Agreement, and Grantee further proposes to recover in Grantee's compensation (whether directly or indirectly) any of the capital or operating costs or tipping or processing fees associated with such transfer station or materials recovery facility, County shall have the right, at County's sole discretion, to terminate this Agreement or renegotiate any or all of the terms and conditions of this Agreement. This is because County would consider such an event to be a material change in the conditions under which this Agreement was negotiated. Grantee shall promptly advise County in advance if Grantee or any of its Affiliates proposes to construct, operate or use a transfer station or materials recovery facility for solid waste collected by Grantee in the Franchise Area, and shall enter into good faith negotiations with the County to the extent the County may wish to propose any amendments or modifications to this Agreement at that time.

SECTION 10 - FRANCHISE TRANSFERABLE; COUNTY'S CONSENT REQUIRED

A. No Assignment Without Consent. The franchise granted by this Franchise Agreement shall not be transferred, sold, hypothecated, sublet or assigned, nor shall any of the rights or privileges herein by hypothecated, leased, assigned, sold or transferred, either in whole or in part, nor shall title thereto, either legal or equitable, or any right, interest or property therein, pass to or vest in any person, except the Grantee, by act of the Grantee, without the prior written consent of the County expressed by resolution. Any attempt by Grantee to assign this franchise without the consent of County shall be void.

B. Standards Governing Consent. The County shall not unreasonably delay or withhold its consent to a transfer of the franchise granted by this Franchise Agreement to other residents of El Dorado County or to another legal entity owned and controlled by such residents.