

## **Second Amendment to the Franchise Agreement between the County of El Dorado and Waste Connections of California, Inc.**

This Second Amendment (Amendment) to the Franchise Agreement (Agreement) for the collection, transportation, processing and disposal of Solid Waste and Recyclable Materials between the County of El Dorado (County), and Waste Connections of California, Inc. dba El Dorado Disposal Service (Contractor), dated October 21, 2014, is entered into effective as of August 18, 2015 (Effective Date).

This Second Amendment is made with respect to the following Recitals:

WHEREAS, effective December 2, 2014, South Tahoe Refuse Co., dba Sierra Disposal Service (Sierra Disposal Service) and the County entered into a Franchise Agreement whereby Sierra Disposal Service agreed to provide for the collection, transportation, processing and disposal of solid waste within a Franchise Area defined in Exhibit A to that Franchise Agreement; and

WHEREAS, the Franchise Agreement entered into between Sierra Disposal Service and the County will terminate, subject to certain limitations and renewal options, on December 1, 2024; and

WHEREAS, Sierra Disposal Service and Contractor have requested that the County consent to the Assignment of the Sierra Disposal Service Franchise Agreement to the Contractor and the Contractor has agreed to accept said assignment and to assume all duties and obligations of Sierra Disposal Service under the Franchise Agreement; and

WHEREAS, the Franchise Agreement granted to Sierra Disposal Service by the County cannot be transferred or assigned without prior written consent of the County; and

WHEREAS, Sierra Disposal Service and Contractor have requested that the services being provided by Sierra Disposal Service under the Franchise Agreement (SDS Franchise Agreement) be consolidated into Contractor's Agreement dated October 21, 2014; and

WHEREAS, the consent to the assignment and consolidation of the services provided under the SDS Franchise Agreement into Contractor's Agreement with the County would: (1) benefit customers in the SDS Franchise Area by providing them with access to Contractor's evolving services and programs, and any future expansion of Contractor's Diamond Springs Material Recovery Facility; and (2) increase economies of scale for operations in the SDS Franchise Area and would provide economies of scale for the County's administration of franchise operations in the SDS Franchise Area; and

WHEREAS, the County's consent to the assignment and consolidation of the services provided under the SDS Franchise Agreement into Contractor's Agreement is made with the understanding that the payment of the purchase price by El Dorado Disposal for the acquisition of the assets of Sierra Disposal Service shall not result in an increase in solid waste collection and/or processing or disposal rates of County residents and businesses to be served by El Dorado Disposal solely as a result of such acquisition, compared with what these rates would have been if no such acquisition had occurred; and

WHEREAS, the SDS Franchise Area (described in Exhibit A-3 attached hereto) would remain as a distinct service area under Contractor's Agreement; and

WHEREAS, the SDS Franchise Area will now be known as "Area C" of the Agreement and "Area A" shall consist of the franchise area identified in the original Agreement and "Area B" shall consist of the franchise area identified in the First Amendment to the Agreement.

NOW THEREFORE, the parties agree as follows:

1. Section 6 W, "Containers" subsection (1)(b) is hereby amended in its entirety to read as follows:

*(1) Purchase and Distribution of Carts, Bins, and Roll-Off Containers*

*(b) In Area B and C only:*

*Contractor shall Collect Solid Waste from the three (3) different thirty-five (35) (for Solid Waste only), sixty-four (64) and ninety-six (96) gallon Contractor provided Cart(s), as requested by the customer and placed for Collection by the customer, not less than once per week. Contractor shall Collect Recyclables from the sixty-four (64) or ninety-six (96) gallon Contractor provided Cart(s), as requested by the customer and placed for Collection by the customer, not less than once every two (2) weeks. At the customer's request, Contractor shall provide to each customer and at no additional charge to such customer, one (1) additional Cart for the Collection of Recyclables (either sixty-four (64) or ninety-six (96) gallon Carts available).*

*Exceptions to Carts are only for Recyclables. Exceptions to the use of Contractor provided Carts will occur only under the following conditions. Only Customers serviced in Group Collection Areas may use:*

*(i) Contractor provided thirty-two (32) gallon 'blue bags' for Recyclable Material. Contractor Customer Service Department and the customer shall determine an appropriate number of blue bags for each customer requesting to continue use of thirty-two (32) gallon 'blue bags' and Contractor shall provide determined number of thirty-two (32) gallon 'blue bags' when providing bi-weekly Recycle service.*

*(ii) Thirty-five (35) gallon Recycle Cart(s) will be provided on an exception basis for Group Collection Area customers or where a customer needs a smaller option for safety related conditions.*

*(iii) When curbside service is available, the exemptions per this section for Recycling will be discontinued and standard three (3) Cart program will be implemented.*

*Contractor shall be responsible for the purchase and distribution of fully assembled and functional new Cart(s), new or well-maintained Bins, and new or well-maintained Roll-Off Containers as required to customers in the Franchise Area. Contractor shall also distribute Cart(s), Bins and Roll-Off Containers as required to new customers that are added to the Franchise Area during the term of this Agreement. The distribution shall be completed within ten (10) work days of receipt of notification.*

2. Section 22 is hereby amended to add a new paragraph to read as follows:

*Notwithstanding the foregoing, for Area C (Exhibit A-3) only, Contractor's rates shall be the rates approved by the County Board of Supervisors in Resolution 186-2013 as the Base Year rate schedule as defined in the Solid Waste Rate Setting Policies and Procedures Manual (Rate Manual).*

3. Exhibit A of the Agreement is hereby amended to include *Exhibit A-3, Definition of Franchise Area C*, attached hereto and incorporated herein by reference.
4. Except as further provided in the future by the County Board of Supervisors, the SDS Franchise Area designated as "Area C" (Exhibit A-3) shall remain a non-mandatory collection area.
5. Contractor agrees that the acquisition of Sierra Disposal Service's assets shall not have a net adverse effect on customer rates compared to the rates that could have been charged by Sierra Disposal Service under the SDS Franchise Agreement. Contractor further represents and agrees that it shall not, in any manner, whether directly or indirectly, seek to receive or actually receive reimbursement for any of its costs associated solely with Contractor's acquisition of the assets of Sierra Disposal Service. Except as expressly provided herein, Contractor will not attempt to recover in future rates any increased depreciation, amortization or other costs arising solely by reason of the acquisition of any assets of Sierra Disposal Service or its affiliates. Notwithstanding the foregoing, nothing herein shall preclude Contractor from seeking to recover in future rates service improvements or enhancements implemented at the request of the County.
6. Contractor agrees that County, at County's sole option, may recover from Sierra Disposal Service or from Contractor any outstanding amounts owed to County under the SDS Franchise Agreement, including, but not limited to, the transfer fee in an amount not to exceed Thirty-Five Thousand Dollars (\$35,000) to cover the costs and expenses incurred by County associated with the assignment of the SDS Franchise Agreement. Payment shall be due within thirty (30) days of receipt of County's invoice.
7. Except as amended herein, all other terms and conditions of the Agreement shall remain in full force and effect.

Dated: 8/18/15

COUNTY OF EL DORADO

By:



Chair Brian K. Veerkamp  
Board of Supervisors  
County of El Dorado

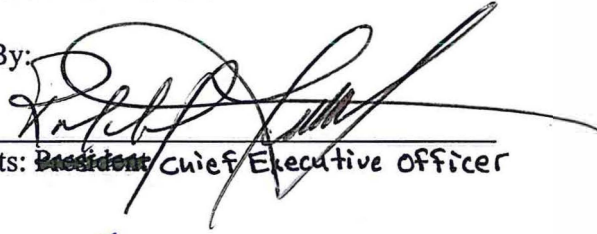
ATTEST:

James S. Mitrison  
Clerk of the Board of Supervisors

By: Marcie MacFarland

CONTRACTOR

By:



Its: ~~President~~ Chief Executive Officer

Dated: August 13, 2015

By:



Its: ~~Secretary~~ Assistant Secretary

Dated: August 13, 2015

## EXHIBIT A - 3

### DEFINITION OF FRANCHISE AREA C (SIERRA DISPOSAL SERVICE AREA)

The area for which this franchise is granted and to which it shall apply is all that portion of the unincorporated territory of the County of El Dorado, State of California, described as follows:

All of the Township 11 North, Range 8 East lying within the boundaries of the County of El Dorado; all of township 12 North, Range 10 East, and all of Township 12 North, Range 11 East, M.D.B.&M.

All those portions of Township 12 North, Range 8 East; Township 12 North, Range 9 East; Township 12 North, Range 12 East; Township 12 North, Range 13 East; Township 13 North, Range 9 East; Township 13 North, Range 10 East; Township 13 North, Range 11 East; Township 13 North, Range 12 East; Township 13 North, Range 13 East; M.D.B.&M., lying within the boundaries of the County of El Dorado.

All those portions of Township 11 North, Range 11 East; and Township 11 North, Range 12 East, M.D.B.&M.; lying North of the South Fork of the American River.

All of Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 26, 27, 28, 29, 30 and all those portions of Sections 25, 35 and 36 lying north of the South Fork of the American River, in Township 11 North, Range 10 East, M.D.B.&M.

All of Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29 and 30, of Township 11 North, Range 9 East, M.D.B.&M.

All of Sections 5, 6, 7, 8, 17, 18, 20 and that portion of Section 19 lying north of the South Fork of the American River in Township 11 North, Range 13 East, M.D.B.&M.