

SOLID WASTE SERVICES AGREEMENT

Between

EL DORADO COUNTY,

And

USA WASTE OF CALIFORNIA, INC., d/b/a El Dorado Disposal Services

**WASTE MANAGEMENT, INC
(GUARANTOR)**

August 23, 2004

This Solid Waste Services Agreement ("Agreement") entered into effective October 1, 2004, between El Dorado County ("County"), and USA Waste of California, Inc., d/b/a El Dorado Disposal Services ("Contractor"), and Waste Management, Inc. a Delaware corporation, in its capacity as Guarantor ("Guarantor"), for the collection, transportation, Processing and disposal of Solid Waste and Recyclable Materials.

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 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 Contractor 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 Agreement does not, instruct Contractor on its collection methods, nor supervise the collection of Solid Waste; and

WHEREAS, Contractor 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, and the Recycling of Recyclable Materials, the Board of Supervisors determines and finds that the public interest, health, safety and well-being would be best served if Contractor were to make arrangements with residents and other entities to perform these services; and

WHEREAS, the Contractor and the County are currently parties to three separate agreements governing: i) the collection of solid waste and recyclable materials, ii) the processing of solid waste and recyclable materials, and iii) the operation of a Household Hazardous Waste Facility, and the parties desire to now merge these separate contracts into one agreement and to supersede and replace the existing agreements with this Agreement, upon the terms set forth herein; and

WHEREAS, Contractor has offered to provide the ratepayers in the Franchise Area with a new range of Solid Waste collection and recycling services, designed in part to help improve the County's compliance with AB 939, and the parties have agreed on a new term and a new and simplified compensation structure to compensate Contractor for its services under this Franchise Agreement; and

WHEREAS, the County has adopted a "Construction and Demolition Debris Recycling Ordinance;" and desires Contractor to provide a recycling facility for construction and demolition debris at the Western El Dorado Materials Recovery Facility as a means to help improve the County's diversion rate for AB 939 purposes, in accordance with the terms of this Agreement; 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:

SECTION 1 - DEFINITIONS

Whenever any term used in this Franchise Agreement has been defined by the El Dorado County Ordinance Code ("Ordinance Code") or Division 30, Part 1, Chapter 2 of the California Public Resources Code, the definitions in the Ordinance Code or Public Resources Code shall¹ apply unless the term is otherwise defined in this Agreement.

A. AB 939. "AB 939" shall mean the California Integrated Waste Management Act of 1989, as it may be amended from time to time.

B. Affiliate. "Affiliate" means the Contractor, its officers, directors, shareholders, employees and any corporation, partnership, joint venture or other entity directly or indirectly controlling the Contractor, or directly or indirectly owned or controlled by the Contractor or its principals. "Affiliate" includes any other subsidiary of Waste Management, Inc. and includes companies whose financial operations are reported as part of any consolidated financial statements filed by Waste Management, Inc. with the U.S. Securities and Exchange Commission.

C. Bulky Waste. "Bulky Waste" means large items of solid waste, such as appliances, furniture, large auto parts, trees, branches, stumps and other oversize wastes.

D. CIWMB. "CIWMB" means the California Integrated Waste Management Board.

E. Commercial Solid Waste. "Commercial Solid Waste" includes all types of solid wastes generated by commercial, industrial, governmental and other non-residential sources within the Franchise Area. The term "Commercial Solid Waste" does not include hazardous wastes, medical wastes and special wastes.

F. Commencement Date. "Commencement Date" means October 1, 2004, or such later date when this Agreement is approved by the Board of Supervisors.

G. Compostable Materials. "Compostable Materials" means: plant material (leaves, grass clippings, branches, brush, flowers, roots, pine needles and pine cones, wood waste, etc.); debris commonly thrown away in the course of maintaining yards and gardens; and biodegradable waste otherwise approved for the yard waste program by Contractor and the County. It may also

¹To the extent that definitions contained in the County Code conflict with definitions in the Public Resources Code, the former shall control and govern the rights and obligations of the parties hereunder, provided, however, that should the Public Resource Code's definitions be made obligatory by the state legislature on the County, then the conflicting Public Resource Code's definitions shall apply.

include pre-or post consumer food waste, if Contractor begins a food waste collection program within the County. It excludes loose soils, plastics and synthetic fibers, lumber, and wood or tree limbs over three inches in diameter or three feet in length; human or animal excrement, and any soil or other materials contaminated with hazardous substances.

H. Construction and Demolition Debris. "Construction and Demolition waste" means solid wastes consisting of building materials; and packaging and rubble resulting from construction, remodeling, repair and demolition operations on pavements, houses, commercial buildings, and other structures. Construction refers to SIC Codes 152 through 1794, 1796, and 1799. Demolition refers to SIC Code 1795. (Reference: Title 14 CCR Section 18720(a)(14).)

I. County. "County" means El Dorado County.

J. Electronic Waste. "E-waste" or "electronic waste" means discarded electronic equipment such as stereos, radios, speakers, televisions, computers, monitors, VCRs, printers, copiers, facsimile machines, DVDs, microwaves, telephones and similar items (including cathode ray tubes and other universal waste which may require special handling).

K. Franchise Area. "Franchise Area" shall mean the boundaries of the Franchise Area, together with all amendments and changes thereto resulting from binding amendments to this Agreement. The current boundaries of the franchise area are shown by maps incorporated herein by reference, and which are on file in the office of the Clerk of the Board of Supervisors. The Franchise Area includes Cameron Park.

L. Franchise Fee. "Franchise Fee" means the fee or assessment imposed by the County on Contractor solely because of its status as party to this Agreement, and which inter alia, is intended to compensate County for its expenses in administering this Agreement, and to fund other waste management activities.

M. Contractor. "Contractor" shall mean USA Waste of California, Inc., dba El Dorado Disposal Services. Contractor shall also mean any assignee, transferee or successor in interest of Contractor.

N. Gross Revenues. "Gross Revenues" means any and all revenue or compensation in any form derived directly or indirectly by Contractor, its affiliates, subsidiaries, parents or any other entity in which Contractor has a financial interest in collecting, transporting, arranging, handling and/or disposing of franchised Solid Wastes generated in the Franchise Area, but excluding revenue from the sale of Recyclable Materials.

O. Guarantor. "Guarantor" shall mean Waste Management, Inc.

P. Hazardous Waste or Materials. "Hazardous Waste or Materials" means any and all of the following:

(a) Wastes, materials or substances defined or characterized as hazardous waste by the Federal Solid Waste Disposal Act, as amended, including the Resource Conservation and Recovery Act of 1976 (42 U.S.C. Section 6901, et seq.) as amended from time to time, or regulations promulgated thereunder;

(b) Waste, materials or substances defined or characterized from time to time as hazardous waste by the principal agencies of the State of California (including, without limitation, the Department of Health Services, the Department of Toxic Substances Control, the California Water Resources Control Board, and the California Integrated Waste Management Board) having jurisdiction over hazardous waste generated by facilities within the State, and pursuant to any other applicable governmental regulations;

(c) Wastes, materials or substances, the storage, treatment, transportation or disposal of which is subject to regulation under the Toxic Substances Control Act, 15 U.S.C. §2601-2654, as amended from time to time, or regulations promulgated thereunder;

(d) Radioactive wastes, materials, substances or items, the storage, treatment, transportation or disposal of which is subject to governmental regulations.

The term "Hazardous Waste" will be construed to have the broader, more encompassing definition where a conflict exists in the definitions employed by two or more governmental entities having concurrent or overlapping jurisdiction over hazardous waste.

Q. Industrial Solid Waste. "Industrial Solid Waste" means all Solid Waste and semi-solid waste which results from industrial processes and manufacturing operations, except for Hazardous Wastes or Special Wastes.

R. Materials Recovery Facility. "Materials Recovery Facility" or "MRF" means a materials recovery facility in which various types of Recyclable Materials are separated from Solid Waste and from other Recyclable Materials, for the purpose of recovering and Recycling those materials.

S. Materials Recovery Services. "Materials Recovery Services" means the Processing of Solid Waste and Recyclable Materials at permitted materials recovery facilities, and the subsequent recovery, reuse, recycling, or other diversion of such materials from landfilling in such a manner that the County receives diversion credit for such materials and activities by the CIWMB.

T. Medical Waste. "Medical Waste" or "Infectious Waste" means waste which may cause disease or reasonably be suspected of harboring pathogenic organisms, including source-separated Medical or Infectious Waste resulting from medical clinics, dental offices, research laboratories, pharmaceutical industries, blood banks, mortuaries, veterinary facilities, hospitals, and similar facilities processing wastes which may include human or animal parts, contaminated bandages, pathological specimens, hypodermic needles, sharps, contaminated clothing and surgical gloves. (Reference: 17 CCR Section 314(d); Health and Safety Code Sections 118215 and 25015 et seq., especially 25117.5).

U. Multi-Family Units. "Multi-Family Units" shall mean a dwelling which includes three or more individual living units and which receives communal refuse and/or recycling services.

V. Operating Year. "Operating Year" means the twelve-month period from July 1st

to June 30th, or any portion thereof, during the Term of this Agreement. Contractor's rates for services shall be adjusted annually for each new Operating Year as described in Section 22 of this Agreement.

W. Permanent Household Hazardous Waste Collection Facility. "Permanent Household Hazardous Waste Collection Facility" or "PHHWF" means the permanent household hazardous waste collection facility constructed by Contractor and previously operated by Contractor or its affiliate at the WERS Material Recovery Facility.

X. Prior Agreements. "Prior Agreements" means: (a) the Agreement between El Dorado Disposal Services, Inc. and the County dated September 22, 1993; (b) the Materials Recovery Services Franchise and Service Agreement between Western El Dorado Recovery Services, Inc. and the County dated September 22, 1993; and (c) the Permanent Household Hazardous Waste Collection Facility Construction and Operation Agreement between Western El Dorado Recovery Services, Inc. and the County dated June 16, 1998, and all subsequent modifications or amendments to any such agreements.

Y. Processing. "Processing" or to "Process" means the separation, sorting, handling, and/or baling of Solid Waste and/or Recyclable Materials by automated or manual means at a Materials Recovery Facility, for the purpose of Recycling a portion of these materials. Material that is received at a Materials Recovery Facility and is directly loaded into a transfer van or other vehicle for delivery to a landfill for disposal without Recyclable Materials being sorted, separated, handled, and/or baled therefrom has not been "Processed" within the meaning of this definition.

Z. Recovered Materials. "Recovered Materials" means all Recyclable Materials that are removed for Recycling by Contractor from the total tonnage of all Solid Waste collected by Contractor in the Franchise Area, whether these materials are source separated or commingled upon collection, and Recyclable Materials recovered from Solid Waste generated within the Franchise Area as a result of Contractor's Material Recovery Services. Recovered Materials shall also include Recyclable Materials received by Contractor at any buy-back center, or by means of any other Recycling program operated by Contractor. All such Recyclable Materials must be Recycled by Contractor to be considered "Recovered Materials."

AA. Recyclables or Recyclable Material. "Recyclables" or "Recyclable Material" means discarded materials which are reused, recovered, or Processed (or are in the future reused or processed) into a form suitable for reuse through reprocessing or remanufacture, and/or which qualify as diversion from landfilling consistent with the requirements of the California Integrated Waste Management Act and regulations thereunder. The terms "Recyclables" or "Recyclable Material" also include materials which are transformed to produce fuel, Compostable Materials, Recyclable Construction and Demolition Debris, alternative daily cover, materials processed for land application or as feed for livestock, provided all such uses and applications qualify as diversion consistent with the requirements of the California Integrated Waste Management Act and regulations thereunder, and any other uses or applications that qualify as diversion consistent with the requirements of the California Integrated Waste Management Act and regulations thereunder. The terms "Recyclables" or "Recyclable Material" include but are not limited to paper, newsprint, printed matter, pasteboard, paper containers, cardboard, glass, aluminum, PET, HDPE, and other plastics, beverage containers, Compostable Materials, brick and stone in reusable size and condition, and such other materials designated by the County, or designated as recyclables by the California Integrated Waste Management Board, or any other agency with jurisdiction.

BB. Recycling. "Recycling," "Recycle" and "Recycled" refer to the recovery, reuse, transformation, recycling, or other diversion of Recyclable Materials from landfilling in such a manner that the County receives diversion credit for such materials and activities by the CIWMB.

CC. Residential Solid Waste. "Residential Solid Waste" means all types of Solid Waste that originates from Single-Family Units.

DD. Single-Family Unit. "Single-Family Unit" means a dwelling which receives individual refuse collection service, but includes duplexes.

EE. Solid Waste. "Solid Waste" means all putrescible and non-putrescible solid, semi-solid, and liquid wastes, including residential, industrial, commercial and municipal garbage, trash, refuse, paper, rubbish, ashes, industrial wastes, Construction and Demolition Debris, discarded home and industrial appliances, manure, vegetable or animal solid and semi-solid wastes, and other discarded solid and semi-solid wastes; but excludes Hazardous Wastes, Special Wastes and Medical Wastes.

FF. Special Wastes. "Special waste" means any hazardous waste listed in section 66740 of title 17 of the California Code of Regulations, or any waste which has been classified as a special waste pursuant to section 66744 of title 22 of the California Code of Regulations, or which has been granted a variance for the purpose of storage, transportation, treatment, or disposal by the Department of Health Services pursuant to section 66310 of title 22 of the California Code of Regulations. Special waste also includes any solid waste which, because of its source of generation, physical, chemical or biological characteristics or unique disposal practices, is specifically conditioned in a solid waste facilities permit for handling and/or disposal. (Reference: Title 14 CCR Section 18720(a)(73).)

GG. Transform. "Transform" means incineration, pyrolysis, distillation, gasification, or biological conversion. Transformation does not include composting.

HH. Wastestream. "Wastestream" means all Solid Waste and Recyclable Materials collected by Contractor pursuant to this Agreement or delivered by any Person to the WERS Materials Recovery Facility.

II. Western El Dorado Recovery Systems (WERS) Material Recovery Facility. "WERS Material Recovery Facility" or "WERS MRF" means the material recovery and transfer facility owned by Contractor and previously operated by Western El Dorado Recovery Services, Inc. in which various types of Recyclable Materials are separated from Solid Waste and from other Recyclable Materials, for the purpose of recovering and Recycling those materials and where Solid Wastes, Recyclable Materials, and Compostable Materials are transferred (or may at some time in the future be transferred) for re-loading and disposal at a landfill facility and/or processing at another MRF.

SECTION 2 - PRIOR AGREEMENTS

The Prior Agreements shall remain in effect, and Contractor shall continue to collect, transfer, Process, Recycle and dispose of Solid Waste in the Franchise Area pursuant to the Prior Agreements, until the Commencement Date. Notwithstanding any other provision of this

Agreement or of the Prior Agreements, upon the Commencement Date, the Prior Agreements shall expire and be of no further force or effect, except that: (a) any provisions of the Prior Agreements which provide for either party to defend and/or indemnify the other party for acts, omissions or occurrences prior to the Commencement Date, or which provide for insurance or record-keeping duties, shall survive termination; (b) any provisions of the Prior Agreements which expressly state that they shall survive expiration of the term or termination of the Prior Agreements shall survive; and (c) any amounts owed by Contractor to County pursuant to the Prior Agreements shall remain due and payable in accordance with the terms of the Prior Agreements. Notwithstanding the foregoing, the Prior Agreements shall not be terminated by this Section if this Agreement is terminated as a result of litigation challenging the award of this Agreement.

SECTION 3 - GRANT AND ACCEPTANCE OF EXCLUSIVE RESIDENTIAL AND COMMERCIAL FRANCHISE

A. Grant of Franchise. County grants to Contractor, for the term of and in accordance with this Agreement (including all extensions or renewals), the exclusive privilege and contractual duty to make and enter into independent arrangements with residents of Single Family Units, residents and/or owners of Multi-Family Units and persons in charge of commercial, industrial, institutional and other entities in the Franchise Area for the collection, transportation and removal to Solid Waste Processing and/or disposal facilities, of all Residential, Industrial and Commercial Solid Waste (including discarded Recyclables and discarded Recyclable Material and Construction and Demolition Debris), which has been generated within the Franchise Area covered by this Agreement and placed for collection. This grant of franchise is subject to all limitations imposed by applicable laws and regulations, and is subject to all limitations set forth in this Agreement.

B. Acceptance of Franchise. Contractor agrees to be bound by and comply with all the requirements of this Agreement. Contractor waives any right or claim to serve any part of the Franchise Area under any prior grant of franchise, contract, license or permit issued or granted by any governmental entity.

C. Exceptions to Exclusivity. The exclusive franchise granted by this Agreement shall not apply where:

(1) A person handles, hauls, or transports Solid Waste or Recyclables generated by or from his/her own residence or business operation for purposes of disposing of same at an authorized Processing or disposal facility or transfer station; or

(2) A person or entity contracts for the removal and Recycling or disposal of garden waste and such removal and Recycling or disposal are incidental to landscaping or gardening work performed by or for the customer; or

(3) A person or entity has been given an exemption by the County from any mandatory collection ordinance that County may adopt in the future; or

(4) A licensed contractor generates Construction and Demolition Debris in the course of his/its business activities and arranges for the hauling of such Construction and Demolition Debris (but excluding all other Solid Waste or Recyclables) by a third party to an authorized and permitted (as may be required by federal, state, or local regulatory agencies with jurisdiction over such activities) Processing facility for purposes of material recovery and such contractor is in compliance with the County's Construction and

Demolition Debris Recycling Ordinance. The County shall use reasonable best efforts to enforce the aforesaid ordinance.

D. Sale or Donation of Recyclables. This Agreement is not intended to and does not affect or limit the right of any person to sell any Recyclable Material to any person lawfully engaged in business in the Franchise Area or to donate Recyclable Material to any bona fide charity, provided that all such Recyclable Material is substantially separated from non-Recyclable Solid Waste by the generator.

E. Franchise Area. The Franchise Area covered by this Agreement shall be all residential, commercial and industrial areas within the boundaries of the County as they exist on the effective date of this Agreement, as identified in Exhibit "A," (Franchise Area), to this Agreement, and as they may hereafter be changed by reason of annexation or de-annexation. The Franchise Area includes Cameron Park. The parties acknowledge that solid waste collection service is not mandatory throughout the Franchise Area, but is mandatory in Cameron Park.

F. Rights Reserved as to Hazardous Wastes, Medical Wastes and Special Wastes. The County reserves the right to contract with other parties to have Hazardous, Medical and Special Wastes collected, transported, disposed of, Processed and/or diverted.

G. Enforcement of Exclusivity of Franchise. The County, may in its sole discretion, enforce the exclusivity provisions of this franchise against third party violators, taking into account the cost of doing so and other factors. Contractor may independently enforce the exclusivity provision of this Agreement against third party violators, including but not limited to seeking injunctive relief, and the County shall use good faith efforts to cooperate in such enforcement actions brought by Contractor. The County shall not be liable to Contractor in any manner, including for any costs or damages such as lost revenues or lost profits, should any person or entity refuse to use Contractor's Solid Waste collection services and/or performs collection services in competition with Contractor, and in doing so violates the exclusive grant of franchise given to Contractor in this Agreement. In such event, Contractor's sole and exclusive remedy shall be to seek an injunction, damages or other available judicial relief against any such third person or entity that engages in any conduct or activity which violates Contractor's exclusive franchise rights under this Agreement.

SECTION 4 - FRANCHISE FEE

Contractor shall pay to County a Franchise Fee set by the Board of Supervisors by Resolution, which shall be a percentage of the Gross Revenues derived by Contractor from operations pursuant to this Agreement. The Franchise Fee is initially set at five percent (5%) of Contractor's Gross Revenues, and from time to time may be adjusted by Resolution of the Board of Supervisors. The Franchise Fee shall be due and payable quarterly within forty-five (45) days following the end of each quarter for Gross Revenues received during that quarter. If payment is not received within said forty-five (45) day period, interest shall accrue thereon at the rate of fifteen percent (15%) per annum or at the maximum interest rate permitted under California law, whichever is greater. County shall give Contractor a minimum of ninety (90) days' notice of any changes in the Franchise Fee. Any increase in the Franchise Fee shall result in a corresponding rate adjustment to Contractor's rates and/or be passed through to Contractor's customers.

SECTION 5 - COMPLIANCE WITH LAWS AND REGULATIONS

Contractor warrants that it will comply with all applicable federal and state laws legally binding on Contractor in effect during the term of this Agreement, including implementing regulations, as they may, from time to time, be amended, specifically including, but not limited to the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. 9601, et seq., the California Integrated Waste Management Act of 1989 ("AB 939"), and all other applicable laws of the State of California. Moreover, Contractor shall comply with all local laws and regulations applicable to Contractor to the extent they are not inconsistent with the terms of this Agreement. Contractor shall comply with all final and binding judgments entered against Contractor regarding its services performed under this Agreement.

SECTION 6 - SOLID WASTE AND RECYCLABLE COLLECTION SERVICES PROVIDED BY CONTRACTOR

A. **County to Approve All Services.** The nature of the services Contractor offers and provides to customers residing or doing business in the Franchise Area shall be determined by the Board of Supervisors. The Board of Supervisors may require the Contractor to change the level of such services from time to time on reasonable notice to Contractor, provided that the Board of Supervisors shall adjust Contractor's rates to reflect Contractor's documented increased and reasonable costs caused by the change in service levels. The services that Contractor offers and provides to its customers affected by this Agreement shall be subject to the prior approval of the Board of Supervisors or its designee. Nothing in this Agreement, however, shall be construed or interpreted as authorizing County to reduce or adversely affect Contractor's exclusive franchise rights as specified in Section 3 of this Agreement.

B. **Service on County and Non-County Roads.** The Contractor shall be required to provide garbage service to all customers on County-maintained roads. Contractor shall further provide service on all non-County maintained private roads, provided that said roads are kept in a safe and good traveling condition for a one-ton vehicle. Contractor may provide smaller collection trucks to provide collection services on non-County maintained roads in instances where such roads are not reasonably usable by Contractor's regular collection vehicles. The use of these smaller vehicles is intended to avoid the occurrence of "Group Areas"—that is, a single location where several Solid Waste and/or Recyclable Materials containers are placed for collection by multiple residential generators. Contractor shall not provide collection services to Group Areas, except as expressly authorized in advance in writing by the County. In the event any road is, in Contractor's reasonable judgment, unsafe or in such a state of disrepair that the road will be either hazardous or potentially cause injury to even the smaller sized vehicles of Contractor, Contractor shall not be required to provide service to customers on said road. In such event, this Franchise shall not include the customers located on the road or portion of the road that Contractor refuses to service, and the County may in its sole discretion franchise the provision of Solid Waste collection services to those customers to a person or entity other than Contractor. In addition, Contractor may request that customers on non-County maintained roads sign a waiver and indemnification agreement prior to receiving service from Contractor, and Contractor may refuse to provide service to any such customers that fail to sign such waiver and indemnification, but Contractor shall provide service to those customers that do sign such a waiver and indemnification. The form of this indemnification and waiver shall be subject to the advance written approval of the County, which shall not be unreasonably withheld.

C. Initial Service Levels; Expanded Services. The services that the Contractor shall provide to its customers under this Agreement upon the Commencement Date are set forth in Exhibit B. Effective on October 1, 2004 Contractor shall begin to offer to customers and provide to its customers the "New Services" described in Exhibit B within the entire Franchise Area, and will implement those services in accordance with the implementation schedule set forth in Exhibit D. Contractor's failure to implement these New Services by the dates on Exhibit D shall constitute a material breach by Contractor of this Agreement, unless such failure is due to the negligent acts or omissions of the County. The parties acknowledge that, with the exception of Cameron Park, the New Services are being offered by Contractor on a subscription basis and are not mandatory for customers in the Franchise Area. Within thirty (30) days following the execution of this Agreement, Contractor shall deliver to the County documentary evidence of Contractor's progress in procuring the new equipment (vehicles and carts) that will be utilized by Contractor to provide the New Services described in Exhibit B.

D. Once-A-Week Service. In order to protect the public health and safety, arrangements made by Contractor with its customers in the Franchise Area for the collection of Solid Waste not defined in the Agreement as Recyclable Material, shall provide for the collection of such waste generated or accumulated in residential, commercial, and industrial premises within the Franchise Area at least once per week, or more frequently, as Contractor and its customers may agree.

(1) Single-Family Units. Except as otherwise set forth in Exhibit B, the Contractor shall collect from Single-Family Units Solid Waste (except Bulky Wastes and Special Wastes) which have been properly placed, kept or accumulated in authorized Solid Waste containers, at curbside or other authorized collection station(s) prior to Contractor's normal weekly collection time. Any excess refuse that does not fit within closed lid of the authorized Solid Waste container shall be deemed excess material and may be subject to the excess charges as described and limited by Schedule B.

(2) Multi-Family Units. Contractor shall empty all multi-family authorized Solid Waste containers not less than once per week, and more frequently if required to handle the Multi-Family Unit wastestream of the premises where the containers are located, in a manner consistent with public health and safety.

E. Hours of Collection. Contractor agrees that, in order to protect the peace and quiet of residents, its arrangements for the collection of solid waste will provide that collections for residential and commercial areas shall not start before 4:00 A.M., or continue after 7:00 P.M., seven (7) days per week. Contractor agrees to reasonably adjust the hours of commencement of collection operations in selected areas at the request of County where early collection activities have generated numerous complaints from nearby residents.

F. Collection on Holidays. Contractor has informed County that Contractor's arrangements with its Solid Waste customers will provide that if the day of collection on any given route falls on a legal holiday, i.e., New Year's Day, Christmas Day, July 4th, Labor Day, Memorial Day, or Thanksgiving Day ("Authorized Collection Holidays"), Contractor shall provide collection service for such route on the work day next following such holiday or moved back one day at the discretion of Contractor.

G. Medical, Hazardous and Special Wastes. Contractor shall have the non-exclusive right under this franchise, but is not obligated to, collect, transport and dispose of material defined

as Hazardous Waste or Special Waste herein. Contractor shall negotiate separate contracts and rates for Hazardous and Special Waste collection with each individual customer, which rates shall not require advance County approval, but may be reviewed by the County in its discretion at the request of any customer. Contractor shall not engage in the collection of Medical Waste; however, Contractor's principals may form a separate and independent company to engage in the collection and disposal of Medical Waste. County reserves the right to franchise other parties to perform Hazardous, Medical and Special Waste handling services.

H. County Approval of Contractor's Recycling Programs. Before initiating new Recycling programs or activities ("programs") within the Franchise Area, Contractor shall seek and obtain the express approval of County before implementing such Recycling programs. In seeking County's approval for such new programs, Contractor shall provide the County with a detailed description of the proposed program, as well as a projection of costs and revenues associated with the program, and the anticipated level of diversion to be achieved by such program. In determining whether to approve any such proposed program, County may, in its sole discretion, choose to completely or partially subsidize the program.

I. Annual On Call Bulky Waste Pick-Up. Contractor shall provide free Bulky Waste pick-up for all customers within the Franchise Area, as described in Exhibits B, on an "on-call" basis, by appointment set between the customer and Contractor. Bulky items need not be placed in special containers for collection. Contractor shall pick up all bulky items left for collection at curbside by the customer; provided that each bulky pick-up shall be limited to 2.5 cubic yards of material—equivalent to one regular sofa or couch, one appliance or white good and two car tires. Contractor shall have no duty or responsibility to collect any Hazardous Waste except as otherwise required in this Agreement.

J. Pick-up of Illegally Disposed Waste. Contractor shall, at the written request of the County, pick up, dispose of or Recycle, as appropriate, illegally disposed waste within the Franchise Area, and shall dispose of and/or Recycle waste collected by the County's litter abatement crews, at no extra charge to the County. Contractor may schedule such pick ups concurrent with Contractor's bulky waste pick ups, but no less often than once per week when requested by County. This section is not intended to replace the County's current litter abatement program. If the County desires to replace its current litter abatement crews with Contractor-provided labor, then the County and Contractor shall negotiate mutually agreeable pricing terms for such services and shall adjust the rates set forth in this Agreement accordingly.

K. Free Dump Coupons. Contractor will mail, on an annual basis, a coupon to all residential customers in the Franchise Area allowing them to dispose of up to 2.5 cubic yards of unsorted Solid Waste (or an equivalent value for disposal of other items) at the WERS Materials Recovery Facility, as described in Exhibit B. The form and conditions of the coupon shall be approved in advance by the County. Contractor shall send these coupons to its residential customers each year with their billing statement.

SECTION 7 - MATERIALS RECOVERY SERVICES TO BE PROVIDED BY CONTRACTOR

A. General Responsibilities and Compensation. Contractor shall provide all Processing, Recycling and Materials Recovery Services described in this Agreement. Contractor's compensation for these services for Solid Waste and Recyclable Materials brought to the WERS

Materials Recovery Facility in Contractor's collection vehicles shall be included in Contractor's collection rates approved by the County. Contractor's compensation for these services for Solid Waste and Recyclable Materials brought to the WERS Materials Recovery Facility by members of the public or other private third parties in their own vehicles shall be as set forth in the "Gate Rates" for the WERS Materials Recovery Facility. The initial Gate Rates for such public or private third party loads are set forth in Exhibit B attached hereto. These Gate Rates shall be subject to annual adjustment in accordance with the Consumer Price Index adjustment set forth in Section 22 and otherwise under this Agreement.

B. WERS Materials Recovery Facility. Contractor shall, at its sole cost and expense, provide all management, supervision, personnel, materials, equipment, utilities, services and supplies necessary to operate, maintain and repair the WERS Materials Recovery Facility in a manner consistent with good engineering, operational and maintenance practices and with industry standards, in order to receive, transfer and/or Process Solid Waste brought to the Materials Recovery Facility by Contractor, the public and others, and to divert from landfilling and to Recycle Recyclable Materials contained in such Solid Waste, to the extent practicable and in accordance with its reasonable business judgment, provided that the diversion requirements of this Agreement are being met. The services and functions to be performed at the Materials Recovery Facility are more fully described in the Operations Plan which is set forth in Exhibit E, which is attached hereto. Contractor's failure to comply with the plan for the facility set forth in Exhibit E shall constitute a material breach of this Agreement. Contractor shall receive Solid Waste from the public at the WERS Materials Recovery Facility during the following days and hours: Monday through Sunday, 8 a.m. to 5 p.m., except for Christmas Day and New Year's Day, which shall be deemed "Authorized MRF Holidays." In addition, subject to the prior written approval of the County, early closure of the WERS MRF (i.e., by 1:00 p.m.) may be authorized on the following days: Christmas Eve, New Year's Eve, Easter Sunday, July 4th, and/or Thanksgiving Day.

Contractor shall continue to remit to the County on a quarterly basis the surcharge of \$2.70 a ton on all tons of solid waste received at the WERS Materials Recovery Facility and disposed of at the Lockwood Landfill or any other solid waste landfill. This surcharge shall be paid by Contractor to the County within forty five (45) days after the end of each calendar quarter. The County may increase this per ton fee, but only if such increase is compensated for by an increase in Contractor's rates hereunder.

Contractor shall install, maintain and operate video monitoring cameras at the WERS MRF, the number and locations of which shall be approved by the County, and shall provide the County, at no extra cost to County, with real time on line access to the video monitoring output of each camera.

Contractor shall receive and Process and, where necessary, dispose of Solid Waste and Recyclables collected pursuant to the County's expanded West Slope Litter Abatement program at the WERS MRF free of charge.

C. Lodi Materials Recovery Facility. Where applicable, Contractor may also collect and transport commingled, "single stream" Recyclable Materials generated by Single Family Units, Multi-Family Units, and certain Commercial and industrial customers in Contractor's Franchise Area, which are set out by such customers for collection by Contractor, to Contractor's Materials Recovery Facility located in Lodi, California, and Contractor or its Affiliate(s) shall Process and Recycle these commingled Recyclable Materials at the Lodi facility. Contractor shall

at its sole cost and expense provide all transportation of Recyclable Materials to its Lodi facility and shall provide all management, supervision, personnel, materials, equipment, utilities, services and supplies necessary to operate, maintain and repair the Lodi facility in a manner consistent with good engineering, operational and maintenance practices and with industry standards, in order to receive and Process Solid Waste brought to the Lodi Facility by Contractor and others, and to divert from landfilling and to Recycle such commingled Recyclable Materials. The parties acknowledge that a certain limited amount of residual Solid Waste will invariably be mixed in with Recyclable Materials and that these residuals may be landfilled. Contractor may choose another facility as an alternative to the Lodi Facility, provided that Contractor gives the County written notice of Contractor's proposed use of the alternative facility and further provided that Contractor shall not be entitled to any increase in the rates for its services by reason of Contractor's use of such alternative facility.

D. Performance Criteria. The following objective performance criteria shall also apply to the MRF facilities that are used by Contractor to process Recyclable Materials under this Agreement. These criteria shall be evaluated on an annual basis, and are to be considered in an integrated fashion (i.e. combining the recycling efforts conducted at various facilities, rather than on a facility-by-facility basis), in order to allow Contractor the flexibility to manage recycling efforts in the most efficient and effective manner.

- a. To the extent applicable, Processing by such MRF facilities of the aggregate of all source separated "single stream" recyclable materials (including, but not limited to, recyclable materials collected pursuant to this Agreement) shall not result in a residual amount of non-recyclable solid waste that exceeds 14%, measured quarterly on a facility wide basis. Contractor shall, or shall cause the MRF facilities to, conduct quarterly content analyses of the "single stream" recyclable materials collected pursuant to this Agreement and report the results of such analyses to the County. Contractor shall prepare and distribute to its customers educational material regarding recycling programs to promote the reduction of the residual amount of non-recyclable materials from "single stream" recyclable materials collected pursuant to this Agreement.
- b. To the extent that source separated Green Waste materials are collected under this Agreement, Processing by such MRF facilities of the aggregate of all Green Waste materials (including, but not limited to, Green Waste materials collected pursuant to this Agreement) shall not result in a residual amount of non-recyclable solid waste that exceeds 5%, measured quarterly on a facility wide basis. Contractor shall, or shall cause the MRF facilities to, conduct quarterly content analyses of the Green Waste materials collected pursuant to this Agreement and report the results of such analyses to the County. Contractor shall prepare and distribute to its customers educational material regarding recycling programs to promote the reduction of the residual amount of non-recyclable materials from Green Waste materials collected pursuant to this Agreement.
- c. Extraordinary or unusual materials generated within the County, such as might occur in the case of a major fire or other extraordinary or unusual event, may be received at a MRF facility and materially increase the amount of residual material at such MRF facility. In which case such materials shall be excluded from the percentage recycling calculations, provided that Contractor notifies County of the

nature and approximate amount of such materials within thirty (30) days of their receipt at a MRF facility and provides a reasonable explanation as why such materials are extraordinary or unusual compared with the wastestream typically received at such MRF facilities.

SECTION 8 – PERMANENT HOUSEHOLD HAZARDOUS WASTE COLLECTION FACILITY

A. Overall Responsibilities . The County shall be the Operator of the PHHWCF under the applicable regulations of the Department of Toxic Substances Control and hereby subcontracts with the Contractor such that the Contractor shall be responsible for the operations and closure and any required post-closure monitoring or maintenance of the PHHWCF on the County's behalf. In performing its duties as the County's subcontractor:

(1) The Contractor shall, at its sole cost and expense, provide management, supervision, personnel, materials, equipment, services and supplies necessary to operate, maintain and repair the PHHWCF, throughout the term of this Agreement, in a manner consistent with good engineering, operational and maintenance practices and procedures, and in compliance with all applicable federal, state and local laws, regulations and ordinances, in order to receive Household Hazardous Waste during the PHHWCF operating hours, and to store and arrange for recycling or disposal of such Hazardous Waste all in accordance with the terms of this Agreement. The operating hours of the PHHWCF shall be Friday and Saturday, 8:00 a.m. through 5:00 p.m.

(2) The Contractor shall provide for the removal and transportation to Licensed Hazardous Waste Recycling Treatment or Disposal Facilities ("TSDFs") of all Hazardous Waste received at the PHHWCF. Wherever possible, Hazardous Waste shall be recycled or, if not possible, treated or incinerated. Any such recycling or material recovery shall count toward the Recycling Guarantee. If recycling, treatment and incineration all are not available alternatives, then, and only then, may Contractor arrange for the landfilling of Hazardous Waste. County hereby agrees that all Hazardous Waste Manifests for such removal, transportation and disposal shall bear the name of County as Generator of the waste, and shall be signed by Contractor as an authorized representative of County. Contractor shall dispose in the aforesaid manner of all Hazardous Waste received at the PHHWCF in accordance with all applicable federal, state, and local laws and regulations. Contractor shall remove such Hazardous Waste in a reasonable and cost-effective manner consistent with the other provisions of this section. Contractor shall determine the TSDFs to be used for recycling, treatment, incineration, or disposal of such Hazardous Wastes, and Contractor shall use such TSDFs for such purposes unless otherwise directed by the County or unless Uncontrollable Circumstances require use of an alternative TSDF. Notwithstanding any of the foregoing, Contractor shall obtain the prior written approval of the County before landfilling any Hazardous Waste.

B. Compliance With Laws. Throughout the duration of this Agreement, Contractor shall operate and maintain the PHHWCF, and shall arrange for the storage of Hazardous Waste at the PHHWCF and the shipment or delivery of Hazardous Waste to Licensed Hazardous Waste Recyclers or Disposal Facilities in compliance with all applicable federal, state and local statutes, laws, regulations and ordinances, as currently in existence or as may be enacted or modified during the Term of this Agreement. The Contractor shall comply with, and pay, any fine, penalty or other

charge with respect to the Contractor's failure to adhere to, all requirements of any applicable environmental laws and regulations or other applicable laws, ordinances, codes, regulations and rules, and any permits issued thereunder, which are necessary for the operation of the PHHWCF, unless such fine, penalty or other charge is imposed by reason of acts or omissions of County or other third parties beyond Contractor's control. In connection with the performance of work under this Contract, the Contractor agrees not to discriminate against any employee or applicant for employment because of sex, race, religion, color, national origin or handicap.

C. Safety of Persons and Property. Throughout the term of this Agreement the Contractor agrees that it will: (a) take all reasonable precautions to prevent damage, injury or loss, by reason of or related to the operation and maintenance of the PHHWCF, to any property on the PHHWCF Site or adjacent thereto, including equipment, structures and utilities; (b) establish and maintain safety procedures for the PHHWCF for the protection of employees of the Contractor and all other Persons, invitees and permittees at the PHHWCF in connection with the operation and maintenance thereof at a level consistent with applicable law and with good industry standards and practices for Hazardous Waste collection facilities; (c) comply with all applicable laws, ordinances, rules, regulations and lawful orders of any governmental agency relating to the safety of persons or property at the PHHWCF or their protection at the PHHWCF from damage, injury or loss; and (d) designate a qualified and responsible member of its organization at the PHHWCF Site whose duties shall include safety and the prevention of fires and accidents at the PHHWCF and the PHHWCF Site and to coordinate such activities as shall be necessary with federal, state, local, and municipal officials.

D. Repair and Maintenance of the PHHWCF and PHHWCF Site. The Contractor shall operate and maintain the PHHWCF and the PHHWCF Site in a good, clean and orderly condition, reasonable wear and tear excepted, including necessary repairs and equipment maintenance. Any capital improvements or major repairs shall be paid for by the County, or if paid by Contractor, shall be reflected in an adjustment to Contractor's rates; provided, however, that Contractor may not seek reimbursement through Contractor's rates for capital improvements or repairs not approved in advance in writing by the County.

E. Personnel. All of the Contractor's personnel assigned to the PHHWCF shall be appropriately trained in accordance with all applicable rules, regulations and law so that the PHHWCF will be operated and maintained in accordance with all applicable federal, state and local laws and regulations.

F. Operating Period; Receiving Time; Legal Holidays.

(a) The Contractor shall keep the PHHWCF open for receiving and shall receive Hazardous Waste from the general public and CESQGs on Fridays and Saturdays, from 8 am to 5 p.m.

(b) The Contractor agrees to receive Hazardous Waste at the PHHWCF at hours other than the Receiving Time, if (i) requested by the County to accommodate unusual quantities of Hazardous Waste resulting from an emergency or from programs of the County or any local governmental entity designed to promote clean-up of an area serviced by the PHHWCF; (ii) the PHHWCF is able, in the reasonable judgment of the Contractor, to receive such additional quantities of Hazardous Waste without adversely affecting the Contractor's operation or maintenance of the PHHWCF and/or the MRF; and (iii) the

County provides the Contractor with reasonably adequate advance notice of such delivery of Hazardous Waste to enable the Contractor to respond to any such request. Written confirmation shall be provided within ten days of such event.

(c) Contractor, with the consent of the County (which shall not be unreasonably withheld) may change the list of Household Hazardous Waste materials that are acceptable for disposal at the PHHWCF. Contractor shall be under no obligation to accept or receive Hazardous Waste that is not identified as acceptable for disposal at the PHHWCF.

G. Weighing of Conditionally Exempt Small Quantity Generator's Hazardous Waste; Contractor Data; Testing of Scales; Collection of Gate Fees. Contractor shall maintain access to accurate weigh scales, for the purpose of determining the total weight of Hazardous Waste received at the PHHWCF Site from CESQGs. A gate fee (approved by County pursuant to the MRF) shall be established and collected for CESQG waste.

H. Closure. Contractor shall conduct the proper closure of the PHHWCF and any required post-closure monitoring or maintenance thereof, in accordance with any and all applicable federal or state laws and regulations now existing or which may hereafter be promulgated. Contractor shall be responsible for providing adequate financial assurances for the closure and post-closure of the PHHWCF and for establishing the existence of such financial assurances to the satisfaction of the County and any applicable regulatory agencies, and shall comply with the provisions of 22 CCR 67450.30 or any successor regulation or amendment thereof.

I. Subcontractor. Contractor may subcontract the operation of the PHHWCF to a third party, with the County's consent, provided that such consent shall not be unreasonably withheld. The parties acknowledge that as of the Commencement Date, MSE is an approved subcontractor to operate the PHHWCF, and shall be governed by the terms of this Section 8.

SECTION 9 – FACILITIES FOR PROCESSING AND DISPOSAL OF SOLID WASTE

A. Contractor To Provide Fully Permitted Disposal Facility. Contractor shall be responsible for choosing the facility for disposal of Solid Waste under this Agreement; provided, however, that any landfill utilized by the Contractor must be designed and constructed in accordance with 23 California Code of Regulations Section 2510 et seq. ("Subchapter 15"). The landfill must have all required permits from federal, state, regional, county and city agencies necessary for it to operate as a Class II or III Sanitary Landfill and be in full regulatory compliance with all such permits. The Contractor shall provide copies to the County of all notices of violations, that could affect the Contractor's ability to perform under this Agreement, or amendments to permits, including any extensions. The landfill shall not maintain the co-disposal of municipal solid waste and hazardous waste (other than household hazardous waste) in the same lined cell.

Any landfill must be authorized to accept, under its existing permits, and have sufficient uncommitted capacity to accept, all Solid Waste delivered to it from the Franchise Area for the duration of this Agreement. The Contractor shall immediately notify the County of any notice of breach or default received from the landfill. The Contractor shall ensure that the landfill is in full compliance with all closure and post-closure planning requirements applicable to the landfill, and

the landfill has posted with the applicable governmental authorities all required financial assurances for closure and post-closure.

B. Contractor To Provide Fully Permitted Materials Recovery and Transfer Facilities. Any materials recovery or transfer facilities utilized by the Contractor must be designed and constructed in accordance with all applicable laws and regulations. The facilities must have all required permits from federal, state, regional, county and city agencies necessary for them to operate and be in full regulatory compliance with all such permits. The Contractor shall provide copies to the County of all notices of violations respecting any such facility used by Contractor, that could affect the Contractor's ability to perform under this Agreement, or amendments to permits, including any extensions. Any such facility must be authorized to accept, under its existing permits, and have sufficient uncommitted capacity to accept, all Solid Waste delivered to it from the Franchise Area for the duration of this Agreement.

C. Disposal in Compliance with Laws and Regulations. Throughout the term of this Agreement, it shall be the Contractor's sole responsibility and duty to dispose of the Solid Waste collected by virtue of this Agreement, and do so in a safe manner and in compliance with all federal, state, and to the extent not inconsistent with this Agreement, local laws and regulations.

SECTION 10 - CASH BOND AND INSURANCE

A. Cash Bond. In the event Contractor fails to make timely payment of any Franchise Fees owed to County, County may require Contractor, in addition to paying the late Franchise Fee payment plus default interest thereon, to deposit with County a cash bond, a performance bond or a letter of credit for the benefit of County in the sum of Three Hundred Thousand Dollars (\$300,000.00). The County shall deposit the cash deposit in an interest-bearing account. The cash bond, performance bond or letter of credit shall be on terms acceptable to County's counsel. The cash bond, performance bond or letter of credit shall serve as security for the faithful performance by Contractor of all the provisions and obligations of this Agreement. All interest shall be paid to the Contractor.

(1) After thirty (30) days following Contractor's failure to pay the County an amount owing under this Agreement plus interest at the rate of fifteen percent (15%) per annum, or, if less, the maximum interest rate allowed by law, the cash bond or letter of credit may be assessed by the County upon five (5) days' prior written notice to the Contractor for purposes including, but not limited to:

(a) Failure of Contractor to pay the County sums due under the terms of the Agreement;

(b) Reimbursement of costs borne by the County to correct Agreement violations not corrected by Contractor, after due notice; and

(c) Monetary remedies or liquidated damages assessed against Contractor due to breach of Agreement.

(2) The Contractor shall deposit a sum of money sufficient to restore the cash bond or provide a renewed letter of credit to the original amount within thirty (30) days

after notice from the County that any amount has been withdrawn from the cash bond or letter of credit.

B. Insurance. The Contractor shall provide proof of a policy of insurance satisfactory to the El Dorado County Risk Manager and documentation evidencing that the Contractor maintains insurance that meets the following requirements:

(1) Full Workers' Compensation and Employers' Liability Insurance covering all employees of the Contractor as required by law in the State of California.

(2) Commercial General Liability Insurance of not less than Five Million Dollars (\$5,000,000) combined single limit per occurrence for bodily injury and property damage, including but not limited to endorsements for the following coverage: Premises, personal injury, operations, products and completed operations, blanket contractual, and independent contractors liability.

(3) Automobile Liability Insurance of not less than Five Million Dollars (\$5,000,000) is required in the event motor vehicles are used by the Contractor in performance of the contract.

(4) Environmental Impairment Insurance in an amount not less than Five Million Dollars (\$5,000,000) per occurrence.

(5) Explosion, Collapse and Underground coverage is required when the scope of work includes XCU exposures.

(6) Contractor shall furnish proof of coverage satisfactory to the El Dorado County Risk Manager as evidence that the insurance required herein is being maintained. The insurance will be issued by an insurance company acceptable to the Risk Manager (which approval shall not be unreasonably withheld), or be provided through partial or total self-insurance likewise acceptable to the Risk Manager.

(7) The County of El Dorado, its officer, officials, employees, and volunteers are included as additional insured, but only insofar as the operations under this agreement are concerned. This provision shall apply to all liability policies except Workers' Compensation and professional liability insurance policies. Proof that the County is named additional insured shall be made by providing the Risk Manager with a certified copy, or other acceptable evidence, of an endorsement to Contractor's insurance policy naming the County additional insured.

(8) In the event Contractor cannot provide an occurrence policy, Contractor shall provide insurance covering claims made as a result of performance of this Contract for not less than three (3) years following completion of performance of this Agreement.

(9) Any deductibles or self-insured retentions must be declared to and approved by the County (which approval shall not be unreasonably withheld).

(10) The insurance required herein shall provide that no cancellation or material change in any policy shall become effective except upon thirty (30) days prior written

notice to the County of El Dorado at the office of the Department of Environmental Management, 2850 Fairlane Court, Placerville, CA 95667.

(11) Contractor agrees that the insurance required herein shall be in effect at all times during the term of this agreement. In the event said insurance coverage expires at any time or times during the term of this contract, Contractor agrees to provide at least 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.

(12) Certificate shall meet such additional standards as may be reasonably determined by the contracting County Department either independently or in consultation with the Risk Manager, as essential for protection of the County.

(13) Contractor shall not commence performance of this Agreement unless and until compliance with each and every requirement of the insurance provisions is achieved.

(14) Failure of Contractor 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.

(15) 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.

(16) The Contractor's insurance coverage shall be primary insurance as respects to the County, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the County, its officers, officials, employees or volunteers shall be excess of the Contractor's insurance and shall not contribute with it.

(17) 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.

(18) Contractor's indemnity and other obligations shall not be limited by the insurance required herein and shall survive the expiration of the Agreement.

(19) 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 11 - TERM

A. Initial Term. The Initial Term of this Agreement shall commence immediately upon execution and terminate on December 31, 2012. If, by December 31, 2006, Contractor has achieved a 50% Recycling rate for all Solid Waste and Recyclables handled or managed under this

Agreement, then the Board of Supervisors will, in good faith, undertake a review of the Contractor's performance under this Agreement and may, in its reasonable discretion, extend the term of this Agreement for up to an additional five year period.

B. Renewal Options. The County shall have the right, in its sole discretion, to unilaterally extend the term of this Agreement for additional periods of one year each, up to a maximum of two such extensions. If the County elects to so extend this Agreement for either one or both of these optional extension periods, the County shall give the Contractor notice of its election to exercise each such option a minimum of ninety (90) days before then current termination date of this Agreement.

SECTION 12 - FRANCHISE TRANSFERABLE; COUNTY'S CONSENT REQUIRED

A. No Assignment Without Consent. The franchise granted by this Agreement shall not be transferred, sold, hypothecated, sublet or assigned, nor shall any of the rights or privileges herein by hypothecated, leased, assigned, subcontracted, 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 Contractor, by act of the Contractor, without the prior written consent of the County expressed by Resolution of the Board of Supervisors. Any attempt by Contractor to assign this franchise without the consent of County shall be void. Notwithstanding the foregoing, Contractor may assign or subcontract this agreement or a portion thereof to another corporate affiliate of Contractor upon advance written notice to the County, provided that the assignor and Guarantor shall each shall remain liable for performance of this Agreement.

B. Assignment Defined. The term "assignment" shall include any dissolution, merger, consolidation or other reorganization of the Contractor, which results in change of control of the Contractor, or the sale or other transfer of a controlling percentage of Contractor's capital stock to a person not a shareholder, immediate family member, management employee or principal of the Contractor or to an affiliate on the date of the execution of this Agreement.

C. "Change in Control" Defined. County consent is required for any change in control of Contractor. "Change in control" shall mean any sale, transfer or acquisition of Contractor. If Contractor is a corporation, any acquisition of more than ten percent (10%) of Contractor's voting stock by a person, or group of persons acting in concert, who already owns less than fifty percent (50%) of the voting stock, shall be deemed a change in control; provided, however, any transfer of ownership of any or all of the stock of Contractor to a wholly owned subsidiary or corporate affiliate of Contractor shall not constitute a change in ownership, provided that the transferor and Guarantor shall each shall remain liable for performance of this Agreement.

D. Breach. Any assignment or change in control of the Contractor occurring without prior County approval shall constitute a material breach of this Agreement.

E. County's Option to Terminate. In the event the Contractor herein attempts to assign or subcontract this Agreement or any part hereof or any obligation hereunder, the County shall have the right to elect to terminate this Agreement forthwith, without suit or other proceeding.

F. Involuntary Assignments. Each or any of the following acts shall be considered an involuntary assignment providing the County with the right to elect to terminate the Agreement forthwith, without suit or other proceeding:

(1) If Contractor is or becomes insolvent, or makes an assignment for the benefit of creditors;

(2) If a writ of attachment or execution is levied on this Agreement, or other property of Contractor, such that it would affect Contractor's ability to perform its duties and obligations under this Agreement; or

(3) If, in any proceeding to which Contractor is a party, a receiver is appointed with authority to take possession of Contractor's property, such that would affect Contractor's ability to perform its duties and obligations under this Agreement.

G. Conditions to Obtaining County's Consent. The County's consent to an assignment or change of control may be withheld if, inter alia, the following conditions are not satisfied:

(1) The Contractor shall give the County at least ninety (90) days' advance written notice of the Contractor's intent to sell, transfer or assign this Agreement. As part of that notice, the Contractor shall provide to the County the following written information:

(a) The name, address and telephone number of the proposed assignee;

(b) The character of the legal entity owning or controlling the assignee, and the names, addresses and telephone numbers of all principals, partners and/or shareholders thereof, as the case may be; and

(c) A copy of any and all purchase and assignment agreements containing, at a minimum, the terms and conditions of the sale, transfer or assignment of this Agreement, and of Contractor's Solid Waste and Recycling business; provided, however, that the dollar amount of any financial consideration may be deleted from said copies unless and until said information becomes relevant to the review of Contractor's transferee rates under this Agreement. Further, however, that nothing in this Agreement shall obligate County to treat any of said acquisition costs as an allowable expense of said transferee for rate setting purposes.

(2) The proposed transferee must be shown, by credible and sufficient evidence, to be qualified, by financial condition, background and experience to be able to fully assume and satisfactorily perform all of the Contractor's obligations hereunder, and particularly, to be able to perform under this Agreement in a fashion that will assure the County of complying with AB 939.

(3) The transferee must be willing to, in writing, assume all of the obligations hereunder.

SECTION 13 - FRANCHISE TRANSFER; FEES

A. Transfer Fee. Any application for a franchise transfer shall be made in a manner prescribed by the County. The application shall include a transfer fee in an amount to be set by County by Resolution of the Board of Supervisors, to cover the anticipated cost of all direct

administrative expenses of County, including consultants and attorneys, necessary to adequately analyze the application and to reimburse County for all direct and indirect expenses. Such transfer fee shall not exceed Ten Thousand Dollars (\$10,000). County's request for reimbursement shall be supported with evidence of the expense or cost incurred. The applicant shall pay such bills within thirty (30) days of receipt.

B. Non-Recoverable Costs. These franchise transfer fees are over and above any franchise fees specified in this Agreement, and shall not be recoverable costs for rate setting purposes.

SECTION 14 - PERFORMANCE STANDARDS

A. Intent. Contractor acknowledges and agrees that one of County's primary goals in entering into this Agreement is to ensure that the services rendered by Contractor are of the highest caliber, that customer satisfaction is at the highest level, that Recycling goals are achieved, and that performance standards are met.

B. Administrative Charges. It shall be the duty of Contractor to perform all services under this Agreement in such a manner as to implement the goals and specifications set forth in this Section and this Agreement. In the event Contractor fails to satisfactorily perform the services set forth in this Agreement, County may assess an administrative charge against Contractor in the following amounts:

- | | | |
|----|---|--|
| a. | For each occurrence over 4 during any calendar year, failure or neglect to respond to and take corrective action to address each customer complaint within a reasonable period of time, not to exceed five calendar days. | \$300.00 per incident per customer |
| b. | Failure to respond to and take corrective action to address spillage or litter caused by Contractor within seventy two hours of notification. | \$300.00 per incident per location. |
| c. | Failure to maintain or timely submit to County all documents and reports required under the provisions of this Agreement, and Contractor fails to cure said failure within 5 days of notification from the County. | \$300.00 per incident. |
| d. | For each occurrence over 6 during any calendar year, failure to properly cover materials in collection vehicles to prevent littering of highways. | \$500.00 per incident. |
| e. | Failure to comply with the hours of operation of the WERS Materials Recovery facility as required by this Agreement. | \$300.00 per incident per day. |
| f. | Failure or neglect to complete at least ninety percent (90%) of each route on the regular scheduled Collection Service Work Day, except for Holidays and extreme weather conditions. | \$1,000.00 for each route not completed. |
| g. | Contractor's Missed Pick-Up rate shall not exceed .005%, which means Contractor is allowed to miss no more than 5 pick-ups per 1,000 scheduled pick-ups, on average during any given collection day. A "Missed Pick-Up" is defined as a customer calling to complain that their trash/recycling | \$300.00 per day. |

container was not serviced on the scheduled day. If a customer's container is not accessible and it is noted as such in Contractor's system via driver communication (Haul or Call process) or is due to inclement weather, a Missed Pick-Up will not be assigned. Also, if the service is perceived as late but is still completed by Contractor on the scheduled service day, this does not count as a Missed Pick-Up.

- h. Failure to answer customer phone calls within 45 seconds on average during normal business hours, measured on a daily basis. This time is measured by Contractor's phone system. The official time is the span between the time the customer makes their final selection from the prompts and a live CSR answers the phone. \$100.00 per day
- i. Contractor's average abandon rate (dropped calls) can be no greater than 5%, measured on a daily basis. Calls dropped within 10 seconds do not count as abandoned calls. \$100.00 per day
- j. For each occurrence over 5 in a calendar year, failure to timely service customers at the Materials Recovery Facility, such that the waiting time before unloading of a vehicle is longer than fifteen minutes per vehicle (from time of entry through the scale house onto Contractor's site to time of unloading). \$150.00 per incident

The parties recognize that if Contractor fails to achieve the performance standards set forth above, the County will suffer damages and that it is and will be impracticable and extremely difficult to ascertain and determine the exact amount of damages that the County will suffer. Therefore, the parties agree that the foregoing administrative charges represent a reasonable estimate of the amount of such damages considering all of the circumstances existing on the Commencement Date, including the relationship of the sum to the range of harm to the County that reasonably could be anticipated and anticipation that proof of actual damages would be costly or inconvenient. In placing their initials at the places provided, each party specifically confirms the accuracy of the statements made above and the fact that each party had ample opportunity to consult with legal counsel and obtain an explanation of this provision at the time that this Agreement was made.

Contractor

County

Initial Here: _____

Initial Here: _____

C. Notice of Intent to Assess Administrative Charges. Before the County may assess administrative charges pursuant to this Article, for each category of violation (that is, for each of the categories (a) through (j) in the above chart), the County shall give Contractor written notice of Contractor's violation of the performance standard and of the County's intent to assess administrative charges for any future violation of the same performance standard. Such notice shall not be required if the County has previously assessed administrative charges against Contractor for a prior violation of the same performance standard within the prior twelve (12) months. The purpose of this provision is to give the Contractor notice that the County considers

the Contractor to have violated a performance standard, and that the County will assess administrative charges if such violations are repeated.

D. Procedure for Review of Administrative Charges. The County may assess administrative charges pursuant to this Section on a monthly basis. At the end of each month during the term of this Agreement, the County shall issue a written notice to Contractor ("Notice of Assessment") of the administrative charges assessed and the basis for each assessment. The assessment shall become final unless, within ten (10) calendar days of the date of the notice of assessment, Contractor provides a written request for a meeting with the County to present evidence that the assessment should not be made. The County shall schedule a meeting with Contractor as soon as reasonably possible after timely receipt of Contractor's request. The County shall review Contractor's evidence and render a decision sustaining or reversing the administrative charges as soon as reasonably possible after the meeting. Written notice of the decision shall be provided to Contractor. The County's decision will be final and binding. In the event Contractor does not submit a written request for a meeting within ten (10) calendar days of the date of the Notice of Assessment, the County determination shall be final and County may assess the administrative charges, unless the County waives this requirement. Contractor's failure to pay administrative charges within thirty (30) days of the County's final assessment of such charges shall be a material breach of this Agreement. County's assessment or collection of administrative charges shall not prevent County from exercising any other right or remedy, including the right to terminate this Agreement, for Contractor's failure to perform the work and services in the manner set forth in this Agreement.

SECTION 15 - TERMINATION

Each of the following shall constitute a material breach of this Agreement on the part of the Contractor:

A. Material Breach of Contractor's Obligations. The material failure or refusal of Contractor to comply with the obligations and duties imposed on Contractor pursuant to this Agreement. In the event of any material breach of any of the terms of this Agreement by Contractor, County and Contractor shall meet and confer in good faith in an effort to agree on a resolution and cure of the breach. If the parties are unable to agree on the informal resolution or cure of the breach, County shall have the right to terminate this Agreement if:

(1) The County shall have given prior written notice to the Contractor specifying that a particular default or defaults exist which will, unless corrected, constitute a material breach on the part of the Contractor of this Agreement; and

(2) The Contractor has not corrected such default within ninety (90) days from the date of the notice given pursuant to clause (A)(1) of this section, or, if said default is not reasonably correctable within said time, Contractor has not taken reasonable steps to commence to correct the same within said ninety (90) days, or thereafter does not diligently continue to take reasonable steps to correct such default.

B. Events of Insolvency. The Contractor (i) being or becoming insolvent or bankrupt, or ceasing to pay its debts as they mature, or making an arrangement with or for the benefit of its creditors, or consenting to or acquiescing in the appointment of a receiver, trustee or liquidator for a substantial part of its property; or (ii) being or becoming a party to a voluntary or involuntary

bankruptcy, winding up, reorganization, insolvency, arrangement or similar proceeding instituted by or against the Contractor under the laws of any jurisdiction, which proceeding, if involuntary in nature, has not been dismissed within sixty (60) days; or (iii) taking any action approving of, consenting to, or acquiescing in any such proceeding; or (iv) being a party to the levy of any distress, execution or attachment upon the property of the Contractor which shall substantially interfere with the Contractor's performance hereunder. In the event of the Contractor being or becoming insolvent or bankrupt, the Contractor shall (i) assume or reject this Agreement within sixty (60) days after the order for relief; (ii) promptly cure any failure to perform its obligations or any event of default arising under this Agreement for reasons other than the event set forth in this paragraph; and (iii) provide adequate assurance of future performance under this Agreement under 111 USC Section 365(b)(1)(c), or any successor provision of the Federal Bankruptcy Code. The foregoing provisions shall not prevent the County from requesting such other conditions to assumption of this Agreement, as it deems reasonable and necessary.

C. No Waivers. Any waiver of a breach shall not be deemed to be a waiver of any subsequent breach or to be construed as approval of a course of conduct.

D. Termination. Upon the occurrence of a material breach and the declaration of termination of this Agreement by the Board of Supervisors, this Agreement and the franchise granted thereunder shall be of no further force and effect, excepting those provisions concerning County's right to indemnity and to temporarily assume Contractor's obligations. County then shall be free to enter into whatever other arrangements are deemed justified and necessary for the collection, removal and disposal of solid waste within the franchise area.

Should Contractor at any time contend that the County has breached any material provision of this Agreement, Contractor shall immediately notify the County in writing of Contractor's contention. The County shall have a reasonable time to cure any such alleged breach, which in all events shall not be less than ninety (90) days or any such longer period as reasonably needed to cure said breach. If County fails to cure the breach within such time, the Contractor may terminate this Agreement.

SECTION 16 - RIGHTS OF COUNTY TO PERFORM DURING EMERGENCY

A. Emergency Collection. Should Contractor, for any reason whatsoever, except the occurrence or existence of any of the events or conditions of Force Majeure as defined below, refuse or be unable to collect, transport and dispose of any or all of the Solid Waste which it is obligated under this Agreement to collect, transport and dispose of for a period of more than seventy-two (72) hours, and if as a result thereof, Solid Waste should accumulate in the Franchise Area to such an extent, in such a manner, or for such a time that the County in the exercise of his/her sole discretion, should find that such accumulation endangers or menaces the public health, safety or welfare, then in such event County shall have the right, upon twenty-four (24) hour prior written notice to Contractor, during the period of such emergency, to contract on a temporary basis with third parties to collect and transport any and all Solid Waste which Contractor would otherwise be obligated to collect and transport pursuant to this Agreement.

B. Contractor to Cooperate. Contractor agrees that in such event it will fully cooperate with County and its third-party contractor to effect such a transfer of operations in as smooth and efficient a fashion as is practicable.

C. Contractor to Pay Increased Costs. All costs, fees, rates and other expenses incurred by the County and/or its third-party contractor that exceed those which would have been incurred by County had no such emergency arisen shall be the responsibility of the Contractor, and shall be paid to the County within thirty (30) days of Contractor's receipt of written notice to so pay.

SECTION 17 - PRIVACY

A. Privacy of Customer Information. Contractor shall use all reasonable efforts to observe and protect the rights of privacy of its employees and customers. Information identifying individual customers, or the composition or contents of a customer's refuse or recyclables shall not be revealed to any person, private agency or company, unless upon the request of federal or state law enforcement personnel, the authority of a court of law, by statute, or upon valid authorization of the customer. This provision shall not be construed to preclude Contractor from preparing, participating in, or assisting in the preparation of waste characterization studies or Wastestream analyses which may be required by AB 939, or any other reports requested by the County under the Agreement or required or requested by any governmental agency.

B. Mailing Lists. Contractor shall not market or distribute outside the normal course of its business, mailing lists with the names and addresses of customers.

C. Video Camera Monitoring. Contractor shall comply with all federal and states laws, including the Health Insurance Portability and Accountability Act of 1996, concerning the use of video monitoring cameras at the WERS Materials Recovery Facility and other areas of Contractor's operations, and shall provide the County evidence of Contractor's compliance. The County shall use good faith efforts to notify Contractor of any theft, violence, or other criminal or otherwise unlawful behavior it observes in monitoring activities at the WERS MRF.

SECTION 18 - RECORDS AND ACCOUNTING

A. Financial Reporting. Contractor shall maintain a proper set of books and records on an accrual basis, and an annual reviewed financial statement in accordance with generally accepted accounting principles, accurately reflecting the business done by it under this Agreement. Contractor shall submit to the County each year a copy of its reviewed annual financial statement as soon as it is received by Contractor, but in all events no later than four (4) months following the close of Contractor's fiscal year. Notwithstanding the foregoing, should Contractor seek an extraordinary rate adjustment or any other increase in its rates (other than a deflation/inflation adjustment under Section 22 C.) then Contractor shall provide the County as part of such rate adjustment application with an audited financial statement covering at least the prior full calendar year of Contractor's operations.

B. Service Records. Contractor shall maintain all records relating to the services provided hereunder, including, but not limited to, customer lists, billing records, route maps, AB 939 records, and customer complaints for a period of five (5) years from the date of the generation of each such record. The County or its agent(s) shall have the right, upon ten (10) business days' advance notice, to inspect all maps, AB 939 records, Contractor's books and records, customer complaints, and other like materials of the Contractor which reasonably relate to Contractor's compliance with the provisions of the Agreement. Such records shall be made available to County at Contractor's regular place of business, but in no event outside of El Dorado County. Contractor

shall further maintain and make available to County, records as to number of customers, total and by type, route maps/route listings, service records and other materials and operating statistics in such manner and with such detail as County may require. County shall treat the information required by this paragraph that affects the competitive position of the Contractor as confidential information to the extent permitted by law. County shall not make or retain copies or photocopies containing information set forth in Contractor's confidential financial and business records pertaining to the establishment of rates and payment of franchise fees without executing a Confidentiality Agreement providing that County shall hold and keep such copies and photocopies confidential. The Confidentiality Agreement shall be negotiated in good faith between the County and Contractor, and commemorated in a separate legally binding document prior to any subsequent rate increase.

C. Underpayment of Franchise Fees. Should any examination or audit of Contractor's records reveal an underpayment of any fee required under this Agreement, the amount of such underpayment shall become due and payable to County no later than thirty (30) days after written notice of such underpayment is sent to Contractor by County. Should an underpayment of more than two percent (2%) be discovered, Contractor shall bear the entire cost of the County's audit or examination, and said cost shall not be recoverable through rate setting.

D. Examination of Financial Records.

(1) The information required by this section shall pertain to Contractor's operations covered and regulated by this Agreement, and nothing contained herein shall require the Contractor to provide the County with information pertaining to the Contractor's or its Affiliates' operations which are not regulated by the County, except in conformance with this section.

(2) Whenever Contractor seeks an extraordinary rate adjustment or any other increase in rates (other than a deflation/inflation adjustment under Section 22 C below), the County's agents shall be entitled to examine the books, records and financial statements of Contractor and its Affiliates pertaining to operations regulated by the County under this Agreement for the sole purpose of gathering information necessary to allow the agents to ascertain whether claimed expenses are competitive, fair, and reasonable, and to assess the reasonableness of any transactions between Contractor and any of its Affiliates, and to assess the reasonableness of Contractor's requested adjustment to the rates. A transaction shall be deemed to be reasonable if, in the judgment of County's agent, the price for any goods or services provided by an Affiliate to Contractor represent an established going market price for such goods or services. Contractor shall obtain County's written approval of its method of segregating its financial records between County-regulated and non-County regulated operations, which approval shall not be unreasonably withheld.

(3) Any information gained from examination of records under this section pertaining to operations regulated or not regulated by the County shall be treated by the County and its agents as confidential information. County's agents shall prepare a confidential report regarding the results of such examination of Contractor's operations and transactions with affiliates. County's agent shall issue its report on Contractor's operations and Contractor's transactions with Affiliates to County's counsel, and said report shall remain confidential, except that the dollar amount and general description of any costs that County's agent recommends be disallowed shall be disclosed to County's governing body.

If Contractor appeals the conclusions of said report to County's governing body, Contractor shall decide what portions, if any, of said report shall be disclosed to County's governing body. County's governing body shall then consider Contractor's appeal, but may, in its discretion, deny said appeal if inadequate information has been disclosed to County's governing body to make an informed decision on the appeal.

(4) For review of books and other financial records necessary to verify the Contractor's income, expenses, assets and liabilities, "Agent" shall mean an independent certified public accountant or public accountancy firm or other independent agent designated by County.

E. Public Records. Nothing in this section will prevent County from allowing public access to County's records as provided for under the California Government Code, and in the event any dispute arises as to the public access to information provided by Contractor under the terms of this Agreement, the County shall, in its discretion, provide public access to said information according to law or tender the defense of any claims made against the County concerning said information to Contractor. Prior to releasing any information pursuant to this paragraph, County shall make a good faith effort to notify Contractor of the intended release and give the Contractor a reasonable opportunity to seek a protective order preventing the disclosure of such information.

F. County Access to Customer Lists. Upon reasonable notice or as otherwise agreed herein, and at those times designated by the County, Contractor shall supply to the County lists of the names of all customers of Contractor who are provided any service by Contractor within the Franchise Area. At the same or other time, the County may request, and the Contractor shall provide information specifying each customer's address, type of service provided to that customer, the number and type of authorized solid waste containers used by or provided to each customer, whether and which customers are believed to be violating this Agreement, any mandatory subscription ordinance or any other provision of the law, and any other information that the County determines, in its sound discretion, reasonably required to monitor implementation of this Agreement and/or discharge the County's responsibilities under the law.

SECTION 19 - REPORTS AND ADVERSE INFORMATION

A. Annual Reports. Upon request by the County, within one hundred and twenty (120) days after the close of Contractor's fiscal year (Contractor's fiscal year ends on June 30th of each year), Contractor shall submit to the County a written annual report, in a form approved by the County, including, but not limited to, the following information:

(1) A summary of the previous year's activities (or in the case of the initial year, the initial year's activities), including, but not limited to, services begun or discontinued during the reporting year, and the number of customers for each class and level of service;

(2) A revenue statement setting forth quarterly Franchise Fees, and the basis for the calculation thereof, certified under penalty of perjury by an officer of Contractor; and

(3) A list of Contractor's officers and members of its Board of Directors.

B. Adverse Information. Contractor shall provide County with two (2) copies of all reports or other material adversely reflecting on Contractor's performance under this Agreement,

submitted by Contractor to the California or U.S. EPA, the California Integrated Waste Management Board, or any other federal, state or county agency. Copies shall be submitted to County simultaneously with Contractor's filing of such matters with said agencies. Contractor's routine correspondence to said agencies need not be automatically submitted to County, but shall be made available to County upon written request, as provided in this section.

(1) The Contractor shall submit to County copies of all pleadings, applications, notifications, communications and documents of any kind, submitted by the Contractor to, as well as copies of all decisions, correspondence and actions by, any federal, state and local courts, regulatory agencies and other governmental bodies relating specifically to all material aspects of Contractor's performance of services pursuant to this Agreement. Any data which the Contractor seeks to be excluded from provisions of the California Public Records Act shall be clearly identified as such by Contractor with the basis for such exclusion clearly specified. In the event County receives a request under the Public Records Act, or by subpoena, the County shall notify Contractor to permit Contractor to object to the release of the information requested or subpoenaed.

(2) Contractor shall submit to the County such other information or reports in such forms and at such times as the County may reasonably request or require.

(3) All reports and records required under this or any other section shall be furnished by the Contractor, and the expense therefore in the gathering and preparation of such information, reports and records shall be included in the rate base.

C. AB 939 Requirements. During the term of this Agreement, Contractor shall submit to County quarterly, and more often if required by law, information reasonably required by County to meet its reporting obligations imposed by AB 939, and the regulations implementing AB 939, in a manner approved by County. Such reports include, but are not limited to: El Dorado Disposal Inbound and Outbound Tonnage, Western El Dorado Recovery Systems Monthly Waste Facility Diversion Summary, Western El Dorado Recovery Facility Diversion Summary, and Western El Dorado Recovery Daily Tons for Facility Diversion Summary. Contractor agrees to submit such reports and information on computer disks, or by model, in format compatible with County's computers, if practicable. Contractor agrees to render all reasonable cooperation and assistance to the County in meeting the requirements of County's source reduction and recycling element and non-disposal facility element.

D. Waste Audits.

(1) Contractor shall conduct waste audits at the request of County where such waste audits are necessary to enable County to comply with the requirements of federal or state law.

(2) The results of such audits will be memorialized on forms either designed or approved by the County.

(3) The purpose of the audit will be to identify volume and characteristics of solid waste being generated by the customer.

(4) A copy of the audit shall be provided by the Contractor to the customer, the County, and to Contractor's own files.

E. Failure to Report. The refusal, failure or neglect of the Contractor to file any of the reports required, or to provide material information to County, or the intentional inclusion of any materially false or misleading statement or representation made knowingly by the Contractor shall be deemed a material breach of the Agreement, and shall subject the Contractor to all remedies, legal or equitable, which are available to the County under the Agreement.

SECTION 20 - REVIEW OF PERFORMANCE AND QUALITY OF SERVICE

A. Performance Review. From time to time, at its sole discretion, County may examine Contractor's operation in order to evaluate whether or not the Contractor is operating at a satisfactory level of efficiency and customer satisfaction. Contractor agrees to cooperate in any such examination, and shall permit County's representatives to inspect, at Contractor's principal place of business, such information pertaining to Contractor's obligations hereunder as County may require, including but not limited to, such things as customer inquiry records, collection routes and equipment records. Access to Contractor's records shall be subject to Section 17.

B. Public Hearing. At County's sole option, within ninety (90) days of the first anniversary of the effective date of this Agreement, and each year thereafter throughout the term of the Agreement, County may hold a public hearing at which the Contractor shall be present and shall participate, to review the Contractor's performance and quality of service. The reports required by this Agreement regarding customer complaints shall be utilized as the basis for review. In addition, any customer may submit comments or complaints during the review meetings, either orally or in writing, and these shall be considered.

C. Report on Performance. Within thirty (30) days after the conclusion of the public hearing, County shall issue a report with respect to the adequacy of performance and quality of service. If any non-compliance with the franchise is found, County may direct Contractor to correct the inadequacies or initiate default proceedings in accordance with Section 15 above.

D. Customer Surveys; Billing Information.

(1) Contractor shall provide prompt, efficient, continuous and professional service to its customers.

(2) Upon the request of the County, as part of the annual review of performance described above, Contractor shall, at a cost not to exceed \$20,000, conduct a survey or surveys of all customers to determine their satisfaction with Contractor's service, including, without limitation, response to customer complaints. The survey methodology, format and content shall be subject to the prior review and approval of the County. A copy of the survey results shall be sent to the County within sixty (60) days of completion of the survey. Nothing in this paragraph shall limit the right of the County to conduct additional surveys at its own expense. The Contractor shall reasonably cooperate with the County in such cases.

(3) Upon initiation of service, and at least once a year, Contractor shall send or deliver to its customers, information concerning the conditions of service, including, but not limited to, rates, fees, charges, service options, payment options, discounts (if any), days of collections, the amount and manner of refuse to be collected, service level and inquiry/complaint procedures, including the name, address and local telephone number of Contractor. The form and content shall be subject to the review and approval of the County.

SECTION 21 - SYSTEM AND SERVICES REVIEW

To provide for technological, economic and regulatory changes in solid waste collection, to facilitate recycling programs, to promote competition in the solid waste industry, and to achieve a continuing, advanced solid waste collection system, the following system and services review procedures are hereby established.

A. , Public Hearing. At County's sole option, County may hold a public hearing on or about the first anniversary date of the Agreement to review Contractor's collection systems and services. Subsequent system and services review hearings may be scheduled by County each two (2) years thereafter. It is County's intent to conduct any system and services review concurrently with any annual review of performance and quality of service as provided for in Section 20, above.

B. Contractor's Report.

Sixty (60) days after receiving notice from the County, Contractor shall submit a report to County indicating the following:

(1) All solid waste collection and recycling services reported in solid waste collection and recycling industry trade journals that are being commonly provided on an operational basis, excluding tests and demonstrations, to communities in the United States with comparable populations, that are provided by Contractor to County;

(2) Changes recommended to improve the County's ability to meet the goals of AB 939; and

(3) Any specific plans for provision of such new services by the Contractor along with the estimated expenses and adjustments to rates necessary to compensate Contractor for providing such services, or a justification indicating why Contractor believes that such services are not feasible for the franchise area.

C. Services Review Topics. Topics for discussion and review at the system and services review hearing shall include, but shall not be limited to, services provided, customer complaints, rights of privacy, amendments to the Agreement, developments in the law, and new initiatives for meeting or exceeding AB 939's goals and regulatory constraints.

D. Contractor Cooperation. County and the Contractor may each select additional topics for discussion at any system and services review hearing. The Contractor agrees to cooperate in any such examination and shall provide for inspection to the County or its designated representatives, at the Contractor's principal place of business, such information as the County may require, including, but not limited to, such things as collection routes and equipment records.

E. County's Report. After the conclusion of each system and services review hearing, County may issue a report. The report shall summarize the systems and services review hearing and address services not being provided to County that is considered technically and economically feasible by County. County may require Contractor to provide such services within a reasonable time, for reasonable rates and compensation.

SECTION 22 - COMPENSATION

A. Contractor Rates. Contractor shall provide all management, supervision, personnel, materials, equipment, utilities, services, supplies and all other things necessary to perform all services, obligations, covenants and other acts required of Contractor under this Agreement for the rates specified in Exhibit C and Exhibit B as adjusted pursuant to this Section. Contractor shall pay all real estate taxes and assessments, general or special, ordinary or extraordinary, of every name, nature and kind whatsoever, and any possessory interest tax, which may be levied, assessed, charged or imposed, or may be or become a lien or charge upon any of the buildings, improvements, equipment or other real or personal property of Contractor. Contractor shall not receive any form of payment or other consideration from the County for its performance under this Agreement except for the grant of the exclusive franchise provided in this Agreement. Contractor instead shall look solely to its customers in the Franchise Area for payment for all of Contractor's services and performance hereunder.

(1) Effective Date. The rates specified in Exhibit C shall be effective as of the Commencement Date, except for the rates for those New Services to be implemented after the Commencement Date. As to those New Services to be implemented after the Commencement Date, the rates specified in Exhibit C for those new services will not become effective until the New Services are provided to a given customer, and such rates will not be subject to the COLA adjustment provided in this Section until July 1, 2005.

(2) County Rate Review. Contractor acknowledges that as of the date of execution of this Agreement, the County has retained an independent firm to conduct a review of Contractor's financial records and the reasonableness of Contractor's current and proposed rates at the outset of this Agreement, as set forth in Exhibits C. Should the rate review consultant conclude that Contractor's current or proposed rates are not reasonable or supported by appropriate documentation, and are not consistent with historical industry averages for similar exclusive solid waste franchises, the Board may, in its reasonable discretion, revise Contractor's rates upward or downward, to reasonable levels as determined by the Board based on the report of the County's rate review consultant. The parties acknowledge that this rate review is being performed only at the outset of the Agreement, and that, following completion of this initial rate review, the rates under this Agreement shall be set and adjusted in accordance with the remainder of this Section 22.

(3) County's Powers. To the extent that Contractor's rates are established by this Agreement and are subject to automatic rate adjustments for deflation/inflation under Section 22 C, the terms of this Agreement shall govern the setting of Contractor's rates. The Board of Supervisors shall set and regulate all other rates and charges assessed by Contractor for any and all services and activities it performs or engages in the Franchise Area.

(4) Commercial Rates. Contractor shall ensure that its rates for commercial collection services within the Franchise Area are comparable to and competitive with Contractor's commercial rates to customers in neighboring jurisdictions.

(5) Extra Charges. Contractor shall not impose extra charges on Customers for extra services or for other reasons, except where expressly allowed by the Rate Schedule approved by the Board of Supervisors. Contractor's Ombudsman shall be readily available to answer customer complaints regarding extra charges.

B. Time for Rate Settings and Rate Settings Procedures. The Board of Supervisors shall set the rates to be charged by Contractor pursuant to this Agreement annually at the beginning of each Operating Year (commencing with July 1, 2005), unless a longer period is agreed on by the County and Contractor; provided, however, that Contractor's rates shall remain unchanged unless Contractor submits a written request to the Board of Supervisors for a rate adjustment no earlier than January 1st and no later than April 1st prior to the commencement of each new Operating Year. The Board of Supervisors may also (but is not obligated to) act on its own initiative in the event Contractor declines to request a CPI adjustment to its rates, and adjust Contractor's rates consistent with the CPI formula in this Agreement.

The Contractor shall provide written notice to each rate payer in a form approved by the County, of the time, date and place of each hearing set by the Board of Supervisors to set rates. Contractor shall provide said notice at least ten (10) but no more than sixty (60) days prior to such date.

Except as provided in Section 22.A.2, Contractor expressly assumes the risk that its costs may be higher than the rates in this Agreement shall provide compensation for, or that its revenues may be lower than projected.

By this Agreement, neither the County nor its governing body or employees or consultants agree, guarantee or warrant that such Contractor will achieve reimbursement for all of its operating costs or pass-through costs, or that Contractor will achieve any profit margin.

C. Inflation/Deflation Adjustment. Subject to the limitations specified in the foregoing paragraphs regarding New Services, Contractor's rates for services described in Exhibit C (but exclusive of Franchise Fees) shall be adjusted, upward or downward, annually, effective July 1st of each year during the Term of this Agreement, commencing on July 1, 2005, based on the increase or decrease in the Consumer Price Index- All Items- for the State of California, published by the U.S. Bureau of Labor Statistics ("CPI") during the most recent twelve month period ending no later than December 30 of the calendar year preceding the upcoming Operating Year. Thus, if the CPI increased 3% from January 1, 2004 through December 30, 2004, then Contractor's rates in Exhibit B and B1 would be subject to a 3% increase effective as of July 1, 2005.

In the event the CPI index is no longer published, the parties shall confer in good faith to select an alternative index and shall confirm their agreement on a substitute index in writing. If the parties are unable to agree on a substitute index, either party may submit the selection of the substitute index to binding arbitration before a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. All percentages shall be computed to the third decimal place and the change in Contractor's rates shall be calculated to the nearest cent (\$.01).

D. Adjustments for Extraordinary Circumstances. In addition to the adjustment mechanism set forth in Section 22.C above, the Contractor may request an adjustment to Contractor's rates for services described in Exhibit C, under the following extraordinary circumstances: (i) any changes in federal, state, or local laws or regulations that result in an increase in Contractor's costs, including but not limited to the imposition of new or the increase to existing governmental taxes or fees; and (ii) in the event that unforeseen circumstances arise which materially affect Contractor's costs or revenues under this Agreement, including but not limited to material increases or decreases in the cost of fuel. The Contractor's application for an extraordinary rate adjustment shall include a statement of the amount of the requested rate adjustment, the basis therefor, and all financial and other records on which Contractor relies for its claim that Contractor's costs have increased. County staff shall promptly review Contractor's rate application and notify Contractor if its application is complete or whether County staff wishes to review and/or audit any additional documents or information reasonably related to the requested increase before submitting the matter to the Board of Supervisors for their consideration. Rate adjustments made under this Section 22.D may be requested by Contractor at anytime during the course of an Operating Year; provided, however, that Contractor may not request more than one adjustment due to extraordinary circumstances per Operating Year. The Board of Supervisors shall review and consider approval of adjustment requests under this Section 22.D in its discretion; provided however that such approval shall not be unreasonably withheld. The Board shall review and consider such requests within a reasonable period of time after the complete submittal by Contractor of its application for an extraordinary rate adjustment and after the County has had a reasonable period of time to request, review and audit any applicable financial records of Contractor and/or its Affiliates. The Board may grant Contractor's requested rate adjustment or, based on the information presented, may increase or decrease Contractor's rates in amounts differing from Contractor's request. The adjusted rates, if approved by the Board of Supervisors, shall go into effect 30 days after such approval or at such other time as established by the Board of Supervisors. The notice provisions of Section 22.C shall apply to Board of Supervisors review of rate adjustments under this Section 22.D.

E. Resolution of Issues Regarding the Rate Adjustments. Any issue regarding rates, or the computation thereof, or any other question regarding Contractor's reimbursement for fees, special services or extraordinary costs shall be decided by the Board of Supervisors. The rates in effect at the time any issue or dispute is submitted to the Board of Supervisors shall remain in effect pending resolution of any issue or dispute. The effective date of any dispute resolution, whether retroactive or prospective, shall reasonably be determined by the Board of Supervisors.

F. Billing and Payment.

(1) Contractor shall bill all customers for all services, whether regular or special. Contractor shall provide itemized bills, distinctly showing charges for all classifications of services, including the charges for late payment and tipping fees. The Contractor shall also collect and remit to County any AB 939 fees and other surcharges imposed by the Board of Supervisors on customers within the Franchise Area. Billings may be made no less frequently than every quarter and may be mailed at the beginning of the billing period for all services to residential and commercial customers.

(2) County may, at County's sole option, upon such terms and conditions as may be mutually agreed upon between the parties, elect to bill residents for solid waste

collection. If County elects to do so, mutually agreed upon guidelines will be established and amended into this Agreement.

G. Refunds. Contractor shall refund to each customer, on a pro-rata basis, any advance service payments made by such customer for service not provided when service is discontinued by the customer after reasonable advance written notice or for service not provided by Contractor due to no fault of the customer.

H. Recyclable Revenues. As further compensation to Contractor for its services under this Agreement, Contractor shall be entitled to receive and retain all revenues from the sale of Recyclable Materials received by Contractor from its customers.

SECTION 23 - COLLECTION EQUIPMENT

A. Vehicle Standards. Contractor warrants that it shall provide an adequate number of vehicles and equipment for the collection and transportation services for which it is responsible under this Agreement. All vehicles used by Contractor under this 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. Solid waste collection vehicles shall be washed such that they are maintained in a reasonably clean and sanitary condition. Contractor's name, telephone number and vehicle number shall be visibly displayed on its vehicles. Loads shall be kept completely covered at all times except when material is being loaded or unloaded, or when vehicles are in the process of collection. Collection vehicles shall be designed and operated while in route in such a manner as to prevent solid waste, including leachate and garbage juice, from leaking, escaping or spilling. Any spillage of materials shall be immediately cleaned up by Contractor at Contractor's sole expense. The noise level generated by compaction vehicles using compaction mechanisms during the stationary compaction process shall be such that it does not unreasonably interfere with the quiet enjoyment of nearby properties. The equipment of Contractor used under this Agreement shall be subject to inspection by County on a semi-annual basis but shall not be subject to any permit fees therefor.

Notwithstanding the generality of the foregoing, Contractor's equipment shall at all times be in conformance with the Ordinance Code provisions applicable thereto.

B. Low Emissions Requirement. If changes in federal, state or local laws, including, but by no means limited to, the proposed California Air Resources Board Heavy Duty Engine Standards to be contained in CCR Title 13, Section 2020 et seq., and the Federal EPA's Highway Diesel Fuel Sulfur regulations, mandate that Contractor convert or retrofit its collection fleet to use the most cost-effective means to reduce air pollutant emissions, Contractor shall take all necessary steps to so comply, and shall be in full compliance with all other local, state and federal clean air requirements.

C. Equipment List. Upon execution of this Agreement, and at least annually thereafter, the Contractor shall provide the County a written list of all equipment (including trucks and containers) being used within the franchise area, including make and model, age, mileage or hours of operation and type of vehicle.

SECTION 24 - PUBLIC ACCESS TO CONTRACTOR

A. Office Hours. Contractor's office hours shall be, at a minimum, from 8:00 A.M. to 5:00 P.M., Monday through Friday. An adequate number of customer service representatives of Contractor shall be available during office hours for communication with the public in person and by telephone at Contractor's principal office in Diamond Springs. Contractor shall also provide County with an emergency telephone number for use during other than normal business hours. Contractor shall have a representative or answering service available at said after-hours telephone number during all hours other than normal office hours. Provided the other requirements of this Section are met, Contractor may respond to telephone calls from customers via Contractor's regional customer service call center. Contractor's call center shall be staffed such that, at any given time during Contractor's office hours, there will be a minimum of five persons dedicated to answering customer service calls originating from within El Dorado County. Contractor shall also ensure that incoming calls received at the call center are answered on average each day by a customer service representative (as opposed to an automatic answering machine) within no more than forty-five seconds, as measured from the time the customer makes their final selection from the prompts and a live person answers the phone. Contractor shall provide the County upon the County's request with Contractor's call center logs (showing the time, as measured above). Customers who indicate they are not satisfied with the customer service representatives' response shall be immediately transferred to the Ombudsman for further response.

B. Withholding of Service. Service may be withheld during any period in which bills for prior service remain delinquent, such bills becoming delinquent forty five (45) days after the end of each full month for which services have been rendered. Contractor shall notify the County in writing before stopping service to any customer of the customer's name, address and phone number, and the amount and time period covered by all unpaid bills for Contractor's services. Notwithstanding the foregoing, Contractor may not withhold service from a given customer in mandatory collection areas without the County's prior written consent as to each such affected customer.

C. Service Complaints.

(1) All customer complaints shall be directed to Contractor. Contractor shall record all complaints received by mail, by telephone, or in person (including date, name, address of complainant and nature of complaint). Contractor agrees to use its best efforts to resolve all complaints by the close of business of the second business day (waste collection) following the date on which such complaint is received. Service complaints may be investigated by the County or his/her designee. Unless a settlement satisfactory to the complainant and the Contractor is reached, the complainant may refer the matter to the County or his/her designee for review.

(2) Contractor will maintain records listing the date of customer complaints, the customer, describing the nature of the complaint or request, and when and what action was taken by the Contractor to resolve the complaint. All such records shall be maintained for a period of twenty-four (24) months and shall be available for inspection by the County.

D. Customer Ombudsmen. The Contractor shall designate one or more full time Customer Ombudsmen (as necessary to handle the workload) who shall maintain his/her office at Contractor's principle place of business in Diamond Springs who shall be responsible for working

with the County or his/her designated representative to resolve consumer complaints. The Customer Ombudsman shall have a 24 hour telephone number for receiving and recording customer calls after hours. The Ombudsman shall maintain office hours each collection day of 8:00 a.m. to 5:00 p.m. The Ombudsman shall be readily available to resolve customer disputes and complaints, and to help customers reduce their waste generation and their collection costs and to maximize Recycling opportunities. Contractor shall notify the County of the name and phone number of its Customer Ombudsman, and of any change in its personnel staffing such position(s).

E. Regular Meetings With County. At the reasonable request of County, Contractor shall meet with the County at 2850 Fairlane Court, Placerville, to discuss matters of mutual concern, including, but not limited to, problems in Contractor's service, compliance with AB 939 and future planning. The person attending these meetings on behalf of Contractor shall be vested with sufficient authority to make decisions binding on Contractor.

SECTION 25 - CUSTOMER COMPLAINTS

A. Notice to Customers. The Contractor shall notify customers of the complaint arbitration procedure as required by County.

B. Non-Collection Tags. When Solid Waste is not collected from any customer, Contractor shall notify its customer as to why the collection was not made, and shall attach tags approved by the County to the waste not so collected which clearly identify the reasons for such non-collection. County shall approve in advance Contractor's written procedures for determining when not to collect Solid Waste, and Contractor shall adhere to these approved written procedures in making such determinations and placing Non-Collection Tags on a customer's Solid Waste container.

C. County Review of Complaints. A customer dissatisfied with Contractor's decision regarding a complaint may ask the County to review the complaint. To obtain this review, the customer must request County's review within thirty (30) days of receipt of Contractor's response to the complaint, or within forty-five (45) days of submitting the complaint to the Contractor if the Contractor has failed to respond to the complaint. The County may extend the time to request its review for good cause.

D. Remedy. The County or his/her designee shall determine if the customer's complaint is justified, and if so, what remedy, if any, shall be imposed. The remedy under this Section shall be limited to a rebate of customer charges related to the period of breach of any of the terms of this Agreement.

SECTION 26 - SERVICE EXCEPTIONS: HAZARDOUS WASTE NOTIFICATIONS

A. Compliance With Hazardous Waste Laws. The parties hereto recognize that federal, state and local agencies with responsibility for defining Hazardous Waste and for regulating the collection, hauling or disposing of such substances, are continually providing new definitions, tests and regulations concerning these substances. Under this Agreement, it is Contractor's responsibility to keep current with the regulations and tests on such substances, and to identify such substances, and to comply with all federal, state, and to the extent not inconsistent with this agreement, local regulations concerning such substances. Contractor shall make every

reasonable effort to prohibit the collection and the disposal of Hazardous Waste in any manner inconsistent with federal and state law. Contractor shall have no duty or responsibility to collect or manage Hazardous Waste, other than as explicitly set forth in this Agreement.

B. Notice to Agencies Regarding Toxics. Contractor has represented to County that Contractor will carry out its duties to notify all agencies with jurisdiction, including the California Department of Toxic Substances Control and local emergency response providers, and, if appropriate, the National Response Center, of reportable quantities of Hazardous Waste, found or observed by Contractor in Solid Waste anywhere within the County, including on, in, under or about County's property, including streets, easements, right of ways and County's waste containers. In addition to other required notifications, if Contractor observes any substances which it or its employees reasonably believe or suspect to contain Hazardous Wastes unlawfully disposed of or released on County's property, including streets, storm drains, or public right of ways, Contractor will also immediately notify the County or his/her designee.

C. Inspection for Toxics. Contractor shall conduct a visual inspection, consistent with its normal operating procedures, of all Solid Wastes that it collects, transports and/or disposes pursuant to this Agreement for the purpose of discovering, identifying and refusing to collect, transport and dispose of Hazardous Wastes or materials.

D. No Collection or Disposal of Hazardous Waste. Except as provided in this subsection, Contractor shall not knowingly collect, handle, process, transport, arrange for the transport of or dispose of Hazardous Waste pursuant to this Agreement.

E. Hazardous Waste Program. Notwithstanding subsection E above, Contractor agrees to provide, upon County's request and with appropriate fee reimbursement, a program for residents in Contractor's Franchise Area, identifying Hazardous Waste and complying with all federal, state, and to the extent not inconsistent with this Agreement, local statutes and regulations dealing with Hazardous Waste. Subject to permitting, said program shall include, and be expanded to include, collection of all items listed on Exhibit "C," attached hereto and incorporated into this Agreement, which list may be amended from time to time by the County.

SECTION 27 - INDEMNIFICATION

A. Indemnification of County. Contractor shall protect, defend (with counsel selected by Contractor and reasonably acceptable to County), indemnify and hold harmless County, its board members, officers, directors, employees, agents, consultants, successors and assigns (hereinafter "County Indemnified Parties") from and against any and all claims, suits, losses, damages and liability for damages of every name, kind and description, including attorneys fees and costs incurred, brought for, or on account of, injuries to or death of any person, including but not limited to workers, County employees, and the public, or damage to property, or any economic or consequential losses, which are claimed to or in any way arise out of or are connected with the Contractor's services, operations, or performance hereunder, regardless of the existence or degree of fault or negligence on the part of the County Indemnified Parties, except for the sole active negligence of the County, its officers and employees, or as expressly prohibited by statute. This duty of Contractor to indemnify and save the County Indemnified Parties harmless includes the duties to defend set forth in California Civil Code Section 2778.

B. Hazardous Substance Indemnification. Contractor shall protect, defend (with counsel selected by Contractor and reasonably acceptable to County), indemnify and hold harmless the County, its board members, officers, directors, employees, agents, consultants, successors and assigns (hereinafter "County Indemnified Parties"), from and against all claims for actual damages (including but not limited to special and consequential damages), natural resources damages, punitive damages, restitution, injuries, costs, response costs, 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, the County Indemnified Parties, arising out of or resulting from any repair, cleanup, detoxification, or preparation and implementation of any removal, remedial, response, closure, corrective action or other plan (regardless of whether undertaken due to governmental action), concerning the release or threatened release of any hazardous substance or Hazardous or municipal Solid Waste at any place where Hazardous or Solid Waste is or has been transported, transferred, processed, stored, disposed or has otherwise come to be located by Contractor pursuant to the Franchise Agreement, which may result in a release of Hazardous Waste or hazardous substance into the environment. As used herein, the phrases "hazardous substance" and "Hazardous Waste" shall coincide with the broadest definition thereof contained in any present or future federal or state laws. The foregoing indemnity is intended to operate as an agreement pursuant to Section 107(e) of the Comprehensive Environmental Response and Liability Act ("CERCLA"), 42 U.S.C. Section 9607(e), and California Health and Safety Code Section 25364, to defend, protect and hold harmless and indemnify the County Indemnified Parties from liability. This provision shall survive the termination of this agreement between Contractor and the County. The foregoing indemnity shall not have any dollar limitation. The foregoing indemnity is for the exclusive benefit of the County Indemnified Parties and in no event shall such indemnity inure to the benefit of any third party.

The foregoing indemnity shall not apply with respect to: (1) any Hazardous Waste or hazardous substance generated by the County and delivered by the County to Contractor; (2) the closure and post-closure of the Union Mine Landfill; (3) the disposal or release of hazardous substances or Hazardous Waste, which disposal or release has resulted from the active negligence or willful misconduct of County; or (4) Contractor's operation of the PHHWCF, unless the release is caused by the negligence of Contractor. This indemnity shall include and cover any activities of Contractor under the Prior Agreements. Nothing in these exclusions shall be deemed a waiver of any other rights or claims the County may have against the Contractor independent of this indemnity.

C. AB 939 Indemnification. Contractor shall protect, defend with counsel reasonably acceptable to the County, indemnify and hold the County harmless from any and all fines, penalties and assessments levied against or threatened to be levied against the County for the County's failure to meet the requirements of AB 939, its amendments or any successor legislation and/or all rules and regulations promulgated thereunder, but only to the extent such liability is caused by Contractor's failure to comply with Contractor's express obligations under this Agreement and/or Contractor's failure to comply with said laws, rules or regulations binding on Contractor, including but not limited to failing to timely supply the County with information or reports in order to comply with AB 939. Contractor shall not be obligated to indemnify County for fines or penalties caused by County's modifications of Contractor's information, or by County's own acts or omissions which result in County's failure to provide timely reports to the state. In

addition, the Contractor's duty to indemnify under this Section is subject to the following restrictions:

1. The Contractor's obligation to indemnify the County shall not be enforceable if the Board-imposed penalty is based solely upon the failure of the County to establish and maintain a source reduction and recycling element pursuant to Sections 41000 et seq. of the Public Resources Code.
2. No payment required under the Contractor's obligation to indemnify the County may exceed that portion of any penalty assessed by the Board against the County that was caused by Contractor's failure to comply with an express obligation or requirement of this Agreement. Further, the Company shall not be liable under the indemnity obligation to the extent that the Company's failure to comply resulted from County's action or failure to act, determined as a result of judicial review, hearing or appeal to the California Integrated Waste Management Board.

SECTION 28 - GENERAL PROVISIONS

A. Force Majeure. Contractor shall not be in default under this Agreement in the event that the collection, processing, transportation and/or disposal services of Contractor are temporarily interrupted or discontinued for reasons outside the reasonable control of the Contractor, including but not limited to riots, wars, sabotage, civil disturbances, acts of terrorism, insurrection, explosion, natural disasters such as floods, earthquakes, landslides and fires, strikes, lockouts and other labor disturbances, excessive snow, acts of God, or other similar or dissimilar events which are beyond the reasonable control of Contractor. Other events do not include the financial inability of the Contractor to perform or the failure of the Contractor 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 Contractor. In the event a labor disturbance interrupts collection, transportation and/or disposal of solid waste by Contractor as required under this Agreement, County may elect to exercise its rights under Section 16 of this Agreement.

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

C. Right of Entry. Contractor shall have the right, until written notice revoking permission to pass is delivered to Contractor, to enter or drive on any private street, court, place, easement or other private property for the purpose of collecting or transporting solid waste pursuant to this Agreement.

D. Law to Govern; Venue. The law of the State of California shall govern this Agreement. In the event of litigation between the parties, venue in state trial courts shall lie exclusively in the County of El Dorado. In the event of litigation in a U.S. District Court, exclusive venue shall lie in the Eastern District of California.

E. Fees and Gratuities. Contractor shall not, nor shall it permit any agent, employee or subcontractor employed by it, to request, solicit, demand or accept, either directly or indirectly, any compensation or gratuity for the collection of solid waste otherwise required to be collected under this Agreement.

F. Prior Agreements and Amendments. No amendment of this Agreement shall be valid unless in writing duly executed by the parties. This Agreement contains the entire agreement between the parties, and no promises, representations, warranty or covenant not included in this Agreement have been or are relied upon by either party. This Agreement is intended to supersede and replace all prior agreements between the parties, except as otherwise specifically provided in this Agreement.

G. Compliance With Agreement. Contractor shall comply with those provisions of the Ordinance Code which are applicable, and with any and all amendments to such applicable provisions during the term of this Agreement, provided that such provisions are not inconsistent with the terms of this Agreement.

H. Notices. All notices required or permitted to be given under this Agreement shall be in writing and shall be personally delivered or sent by telecopier or United States certified mail, postage prepaid, return receipt requested, addressed as follows:

To County: Mr. Jon Morgan, Director
Environmental Management Department
2850 Fairlane Court
Placerville, CA 95667

To Contractor: Mike Goudreau, District Manager
P.O. Box 1270
Diamond Springs, CA 95619

With a copy to: West Group Legal Dept.
Waste Management
801 2nd Avenue, Suite 614
Seattle, WA 98104

or to such other address as either party may from time to time designate by notice to the other given in accordance with this section. Notice shall be deemed effective on the date personally served or sent by telecopier or, if mailed, three (3) business days from the date such notice is deposited in the United States mail.

I. Savings Clause and Entirety. 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.

J. Exhibits Incorporated. Exhibits "A" through "E" are attached hereto and incorporated in this Agreement by reference.

K. Joint Drafting. This Agreement was drafted jointly by the parties to the Agreement.

L. Judicial Review. Nothing in this Agreement shall be construed to prevent either party from seeking redress to the Courts for the purposes of legal review of administrative proceedings in regard to rate setting or County's actions taken pursuant to this Agreement, or for the purpose of interpreting or enforcing the provisions contained in this Agreement.

M. Police Powers. Nothing in this Agreement is intended to or may limit County's authority pursuant to its police power.


N. Successors and Assigns. Subject to the other terms and conditions herein, this Agreement shall be binding upon and inure to the benefit of the respective successors, permitted assigns, administrators and trustees of the County and Contractor.

O. Survival. All confidentiality and indemnification provisions of this Agreement shall survive this Agreement.

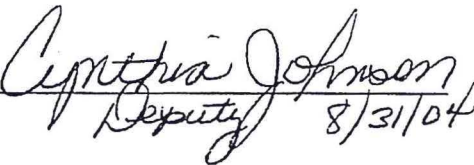
P. Administrator. The County Officer or employee with responsibility for administering this Agreement is Jon A. Morgan, Director, Environmental Department or his successor.

IN WITNESS THEREOF, County and Contractor have executed this Agreement this 31st day of August, 2004.

COUNTY OF EL DORADO

By  8/31/04
Rusty Dupray, Chairman
Board of Supervisors

ATTEST:
Cindy Keck, Clerk of the
Board of Supervisors

By  8/31/04
Deputy

Contractor

By: _____

Its: President

By: _____

Its: Secretary

IN WITNESS THEREOF, County and Contractor have executed this Agreement this 31st day of August, 2004.

COUNTY OF EL DORADO


By _____

Rusty Dupray, Chairman
Board of Supervisors

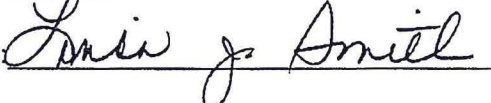
ATTEST:
Cindy Keck, Clerk of the
Board of Supervisors

By _____

Contractor

By: 

Its: President

By: 

Its: Secretary

EXHIBIT A
El Dorado Disposal Service Co., Inc.
DEFINITION OF FRANCHISE 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 Township 10 North, Range 8 East; all of Townships 10 North, Range 9 East; Township 10 North, Range 10 East; Township 10 North, Range 11 East; and Township 10 North, Range 12 East, M.D.B. & M.

All of Sections 31, 32, 33, 34, 35 and 36 of Township 11 North, Range 9 East, M.D.B. & M.,

All of Sections 31, 32, 33, 34 and those portions of Section 35, 36 and 25 lying south of the South Fork of the American River, in Township 11 North, Range 10 East, M.D.B. & M.

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

All of Sections 30, 31 and that portion of Section 19 lying South of the South Fork of the American River, Township 11 North, Range 13 East, M.D.B. & M.

All of Sections 5, 6, 7, 8, 17, 18, 19, 20, 29, 30, 31 and 32 of Township 10 North, Range 13 East, M.D.B. & M.

All of Sections 5, 6, 7, and 8 of Township 9 North, Range 12 East, M.D.B. & M. |

All of Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 17 and 18, and those portions of Sections 15, 16, 19 and 20 lying north of the North Fork of the Cosumnes River, Township 9 North, Range 11 East, M.D.B. & M.

All of Section 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23 and that part of Section 24 lying North of the North Fork of the Cosumnes River, Township 9 North, Range 11 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 and 24, Township 9 North, Range 9 East, M.D.B. & M.

EXCEPTING THEREFROM the following real property located in and near the City of Placerville, to wit:

All of Sections 5, 6, 7, 8, 9, 10, 16, 17, 18 and those portions of Sections 15, 19, 20, 21, and 22 lying north of Weber Creek, Township 10 North, Range 11 East, M.D.B. & M.

All of Sections 1, 12, those portions of Sections 13 and 24 lying north of Weber Creek, the South Half of the Southeast Quarter of Section 11, and the North Half of the Northeast Quarter of Section 14, Township 10 North, Range 10 East, M.D.B. & M.

EXHIBIT B
LEVEL OF SERVICE

1. GENERAL

Contractor will perform the following collection services under the Agreement:

Weekly Solid Waste Collection

- Residential service using existing 32 or 45 gallon "trash cans" or wheeled carts
- Commercial service using existing 32 or 45 gallon "trash cans", wheeled carts or bins
- Bi-Weekly Recyclables Materials collection from Single-family, Multi-family, Mobile Home Parks and Small Commercial customers using 64 or 96 gallon wheeled carts provided by the Contractor or at the customers option they may place recycling materials in bags or bundles separated from the trash receptacle. Recycling collections will alternate weekly with Green Waste collection.
- Bi - Weekly Green Waste collection from Single-family, Multi-family and mobile home parks and Small Commercial customers. Green Waste collection is offered as an option for an additional \$2.00 per month. On the scheduled service day, Green Waste will be collected separate from the trash in a 64 or 96 gallon wheeled cart provided by the Contractor or at the customers option they may place green waste in bags or bundles separated from the trash receptacle. Green Waste collection will alternate weekly with Recycling collection.
- Commercial commingled recycling for high volume generators using a 2 or 4 cubic yard container provided by the Contractor.
- Recyclable Materials processing and marketing services.
- Green Waste Materials processing and marketing services.

Other services include:

- Curbside oil collection
- One transfer station clean up voucher per year (limit 2.5 cubic yards per voucher)
- Recycling Clean Up Day Events: Up to 6 events per year, limited to 9-20 cubic yard bins per event
- Illegal dump clean up
- Christmas tree collection
- Recycling buy-back centers
- Side yard service at no additional charge for disabled or frail elderly residential customers

The Contractor will be responsible for purchasing, distributing, and maintaining any collection carts, containers, or bins provided to customers. The cost of any such carts, containers or bins will be included in the Rates. Contractor will use good faith efforts to provide different colored carts for Solid Waste, Recycling, and Green Waste collection, and if it is unable to do so, will ensure that all carts are clearly marked and labeled. Customers that choose to continue using their existing 32 or 45 gallon "trash cans" will be responsible for providing such cans. Bags used for Recycling or Green Waste services will be provided by the Contractor at no additional cost.

Multi-Family and Mobile Home Park Solid Waste Collection

The Contractor will collect Solid Waste from Multi-family and Mobile Home Park customers. The Contractor will provide three collection options to these customers. The customer may choose to retain their 32/45 gallon "trash can" service. Upon request, they may choose the option of utilizing cart service. This option provides each residential unit within the complex with a separate Solid Waste cart, Recyclables Materials cart, and Green Waste Materials cart. The third option is by utilizing front or rear loader container service, which provides Solid Waste and Recyclable Materials containers that are shared by multiple residential units. The selection of service options will be mutually agreed upon by the customer and Contractor.

In cases where cart service is provided to multi-family or mobile home park residents, the Contractor will bill and collect rates for each residential unit separately if requested by the property owner. If cart service is specified by the property owner, it is intended that all the multi-family or mobile home park residents will receive the Solid Waste, and Recycling services.

Debris Box and Compactor Solid Waste

The Contractor will provide compactors and/or debris boxes for regular and on-call Residential and Commercial customers. The debris box size will be variable and will include debris boxes providing 6, 8, 20, 30, 40 and 50 cubic yards of capacity. The Contractor will arrange, on an on-call-basis, to provide debris box customers with boxes sized to appropriately service their needs. The Contractor is responsible for collecting the compactor or debris box and transporting it to the applicable Disposal, Transfer or Material Recovery Facility. The Contractor must conform to the receiving facility's receiving and unloading standards.

3. RECYCLABLE MATERIALS COLLECTION

Recyclables collection services will be provided bi-weekly on the same day as Solid Waste collection. One or combination thereof, sixty-four (1- 64) gallon or one, ninety-six (1-96) gallon wheeled cart will be offered to all Residential customers. Although the Contractor encourages the residents to use carts for their recycling service, as an alternative the residential customer may choose to utilize bags or bins for their recycling service. Bags for recycling will be provided by the Contractor. The base service will include collection at the curb using semi-automated or automated collection vehicles. Residents with excess recycling material, free of contaminants and appropriately bagged or containerized and set out next to the recycling cart will be serviced at no additional charge. Each set out unit shall weigh less than 50lbs. Customers may also choose to have an additional wheeled cart with no additional fee. The additional cart may be used for "overflow" from either Recyclables and/or Green Waste at the option of the customer. The Contractor will provide side yard service to disabled customers for free if qualified by the County and, at an additional fee, to individuals desiring the convenience of side yard pickup. Recyclables from Commercial customers, Multi-family and Mobile Home Park shall be collected from the on-site location(s) designated by the property owner.

Please refer to APPENDIX 1, ACCEPTABLE RECYCLABLES MATERIALS and APPENDIX 2, ITEMS NOT ACCEPTABLE AS RECYCLABLE MATERIALS.

Multi-Family and Mobile Home Park Solid Waste Collection

The Contractor will collect Solid Waste from Multi-family and Mobile Home Park customers. The Contractor will provide three collection options to these customers. The customer may choose to retain their 32/45 gallon "trash can" service. Upon request, they may choose the option of utilizing cart service. This option provides each residential unit within the complex with a separate Solid Waste cart, Recyclables Materials cart, and Green Waste Materials cart. The third option is by utilizing front or rear loader container service, which provides Solid Waste and Recyclable Materials containers that are shared by multiple residential units. The selection of service options will be mutually agreed upon by the customer and Contractor.

In cases where cart service is provided to multi-family or mobile home park residents, the Contractor will bill and collect rates for each residential unit separately if requested by the property owner. If cart service is specified by the property owner, it is intended that all the multi-family or mobile home park residents will receive the Solid Waste, and Recycling services.

Debris Box and Compactor Solid Waste

The Contractor will provide compactors and/or debris boxes for regular and on-call Residential and Commercial customers. The debris box size will be variable and will include debris boxes providing 6, 8, 20, 30, 40 and 50 cubic yards of capacity. The Contractor will arrange on an on-call-basis, to provide debris box customers with boxes sized to appropriately service their needs. The Contractor is responsible for collecting the compactor or debris box and transporting it to the applicable Disposal, Transfer or Material Recovery Facility. The Contractor must conform to the receiving facility's receiving and unloading standards.

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Recyclables collection services will be provided bi-weekly on the same day as Solid Waste collection. One or combination thereof, sixty-four (1- 64) gallon or one, ninety-six (1-96) gallon wheeled cart will be offered to all Residential customers. Although the Contractor encourages the residents to use carts for their recycling service, as an alternative the residential customer may choose to utilize bags or bins for their recycling service. Bags for recycling will be provided by the Contractor. The base service will include collection at the curb using semi-automated or automated collection vehicles. Residents with excess recycling material, free of contaminants and appropriately bagged or containerized and set out next to the recycling cart will be serviced at no additional charge. Each set out unit shall weigh less than 50lbs. Customers may also choose to have an additional wheeled cart with no additional fee. The additional cart may be used for "overflow" from either Recyclables and/or Green Waste at the option of the customer. The Contractor will provide side yard service to disabled customers for free if qualified by the County and, at an additional fee, to individuals desiring the convenience of side yard pickup. Recyclables from Commercial customers, Multi-family and Mobile Home Park shall be collected from the on-site location(s) designated by the property owner.

Please refer to APPENDIX 1, ACCEPTABLE RECYCLABLES MATERIALS and APPENDIX 2, ITEMS NOT ACCEPTABLE AS RECYCLABLE MATERIALS.

Recyclables will be collected fully commingled (i.e. Single Stream) using the wheeled carts, bags, bundles or containers or in front load or rear load containers. Contractor shall have a right to reject (and tag) recyclable materials that, upon visual inspection, appear to contain excessive amounts of contamination (i.e. non-Recyclable Materials).

4. CURBSIDE USED MOTOR OIL COLLECTION

Curbside used motor oil and oil filters collection service, will be provided, one time per week to Single family Residential and Mobile Home Park customers.

The oil and oil filters shall be collected outside of the trashcans or wheeled carts, using containers (including plastic jugs and plastic bags) provided by the customer or specified by the Contractor. The used oil and oil filter service is for Residential Single family, and Mobile Home Park customers only and does not apply to Commercial customers.

5. COMMERCIAL RECYCLING

Contractor shall, if requested, provide Recyclables collection in excess of 96-gallons per week to Commercial customers. Such request may be made directly by a Commercial customer or third party contractor, acting on behalf of the Commercial customer. The Contractor shall provide, by mutual consent, commingled recycling services to Commercial customers by providing either a two (2) or four (4) cubic yard container, serviced one time per week, without additional charge or compensation. The cost of the containers will be included in the commercial service rates. Additional Recycling services will be provided to Commercial customers in excess of four (4) cubic yards of Recyclables per week for additional charges. Contractor shall have a right to reject (and tag) loads that, upon visual inspection, appear to contain excessive amounts of contamination (i.e. non-Recyclable Materials). Recyclables from Commercial customers, Multi-family and Mobile Home Park shall be collected from the on-site location(s) designated by the property owner.

6. GREEN WASTE MATERIALS COLLECTION

Green Waste Materials Collection Service is included at no extra fee for those customers that choose either 64 or 96-gallon trash cart service (i.e. the 3-Cart program). In addition, Green Waste Materials Collection Service will be offered for an additional \$2.00 per month as a service option to those customers that choose to retain their existing 32/45-gallon trashcans. On the scheduled service day, Green Waste will be collected separate from the trash in either a 64 or 96 gallon wheeled cart provided by the Contractor or at the customers option they may place green waste in bags or bundles separated from the trash receptacle. Customers may also choose to have an additional wheeled cart with no additional fee. The additional cart may be used for "overflow" from either Green Waste and/ or Recyclables at the option of the customer. Excess Green Waste material, free of contaminants and appropriately bagged, bundled or containerized and set next to the green waste cart will be serviced at no additional charge. Bags for Green Waste will be provided by the Contractor. Each set out unit shall weigh less than 50lbs. Green Waste Collection service will be provided bi-weekly, alternating with Recycling Collection on the same day as Solid Waste collection. Green Waste service will be provided to any Residential customers, Multi-family dwellings, Mobile Home Parks and Small Commercial customers that request such service. The base service will include collection at the curb using semi-automated or automated collection vehicles.

The Contractor will provide side yard service to disabled customers for free if qualified by the County and, at an additional fee, to individuals desiring the convenience of side yard pickup.

Contractor shall have a right to reject (and tag) loads that, upon visual inspection, appear to contain excessive amounts of contamination (i.e. non-Green Waste Materials).

Please refer to APPENDIX 3, ACCEPTABLE GREEN WASTE MATERIALS

7. RECYCLABLE MATERIALS PROCESSING AND MARKETING

The Contractor will be responsible for all Recyclable and Green Waste Materials processing and marketing services associated with the collection of Recyclable and Green Waste Materials under this Agreement. The Contractor shall provide adequate processing facility capacity. In meeting the obligation to provide processing facility capacity, the Contractor may purchase, lease, subcontract, or make other arrangements with a new or existing facility for the processing and marketing of the Recyclable and Green Waste Materials collected in the County. Ownership or leasing arrangements will be the sole responsibility of the Contractor. The Contractor will have the responsibility to ensure the technical and environmental suitability of any processing site for its intended purpose. The Contractor will be compensated for Recyclable and Green Waste Materials processing and marketing solely through the Service Rates.

The Contractor shall arrange for the transportation of the Recyclable, Green Waste or other Solid Waste Materials to the processing, transfer or disposal facility. If the Contractor chooses to consolidate the Recyclable or Green Waste Materials to reduce transportation costs to a distant processing site, the Contractor will be responsible for securing and operating a staging area for temporary storage, consolidation, and loading of materials into transfer vehicles for long-hauling to the processing facility.

In accordance with the terms of the Agreement, the Contractor shall receive and process the source separated Recyclable and Green Waste Materials, prepare Recyclable and Green Waste Materials for markets, and market the recovered materials for sale, reuse, or other beneficial purpose. All revenues earned from the sale of the Recyclable or Green Waste Materials will be retained by the Contractor.

By mutual written agreement, the Contractor will process and market additional types of Recyclables.

Disposal of residue remaining after the segregation of the Recyclable or Green Waste Materials will be the Contractor's responsibility. The costs of residue transportation and disposal will be borne by the Contractor and shall be included in the Rates.

8. CHRISTMAS TREE COLLECTION

The Contractor will, without additional compensation, collect all Christmas trees discarded by all Single-family, multi-family, and mobile home park residents during the first three regularly scheduled collection days after Christmas Day for each collection route.

Christmas trees must be cut to three (3) foot by three (3) foot dimensions and placed either inside the ninety-six (96) gallon wheeled cart or place next to the cart on the scheduled service day. Residential customers will also have the option to deliver their tree to the

WERS facility on the special WERS scheduled day. As an option for those customers who do not wish to cut their tree or deliver their tree to the WERS facility the Contractor will collect the whole tree by appointment for an additional charge.

9. TRANSFER STATION VOUCHER

Contractor shall provide to each Residential customer one (1) "Transfer Station Voucher" per year, throughout the term of the Agreement. The voucher will allow each Residential customer to dispose of large bulky trash items, up to two and one-half (2.5) cubic yards per voucher at no additional cost. The voucher must be presented to the gate attendant upon entrance into the WERS facility. Unacceptable items will include liquids, toxics, cathode ray tubes (CRT) or other hazardous materials.

10. BULKY ITEMS PICK-UP BY APPOINTMENT

Contractor shall provide free Bulky Item pick-up on an as-requested basis, by appointment, for an additional charge, at rates to be negotiated in good faith by the Contractor and the County. Customers will be required to contact the Contractor to arrange for an appointment to collect their Bulky Items.

11. SIDE YARD SERVICE FOR DISABLED AND FRAIL ELDERLY RESIDENTIAL CUSTOMERS

Qualified individuals requiring side yard service, due to physical disability or frailty and as determined by the County's qualification procedure, will be provided this service by the Contractor at no additional fee. The side yard service will include collection of Solid Waste, Recyclable Materials and Green Waste Materials.

12. E-WASTE COLLECTION PROGRAM

In the event the County opts to phase out its current single day collection event for electronic waste (e.g., computers), the County and Contractor will work in cooperation to have Contractor establish a curbside collection program for E-Waste, upon terms and at rates that are mutually agreed upon by the parties.

13. COLLECTION IN MANDATORY SERVICE AREAS

In designated mandatory services areas within the County (e.g. Cameron Park), Contractor will offer all Residential Single-family, Multi-family, Mobile Home Parks and small Commercial customers the following collection services:

- Weekly curbside collection of Solid Waste using a Contractor provided 64 or 96 gallon wheeled cart. Excess trash in bags or containers will be serviced for an additional fee.
- Bi-weekly curbside collection of Recyclable materials using a Contractor provided 64 or 96 gallon wheeled, or if customers choose they may place recyclables in bags or bundles separate from the trash receptacle. Excess bags or bundles, weighing less than 50lbs each, will be serviced at no additional charge. Recycling collection will alternate weekly with Green Waste collection.
- Bi-weekly curbside collection of Green Waste in bags or bundles, separate from the trash receptacle. Extra bags and bundles, weighing less than 50lbs each, will be serviced at no additional charge. Green Waste collection will alternate weekly with Recycling collection.

APPENDIX 1
ACCEPTABLE RECYCLABLE MATERIALS

- Newspaper with inserts, coupons, and store advertisements
 - Corrugated cardboard
 - Mixed waste paper, including; colored paper, construction paper
 - Kraft bags and Kraft paper, paperboard, egg cartons, grocery bags
 - Chip board, including; shoe, cereal and, tissue boxes
 - Office paper, computer paper, junk mail, envelopes, legal pad and backings.
 - Magazines and catalogs
 - Phone books
 - Glass containers such as brown, clear, and green, bottles, jugs and jars including caps and lids
 - Aluminum beverage containers, food containers and clean foil
 - Steel, tin and bi-metal cans
 - Plastic bottles, jugs such as milk jugs, shampoo bottles, household cleaning product, both colored and clear including caps and lids
 - Plastic beverage containers such as water bottles, soda bottles and juice bottles both clear and colored including caps and lids
-

APPENDIX 2
ITEMS NOT ACCEPTABLE AS RECYCLABLE MATERIALS

- Mirrors, window and auto glass
 - Packing material such as bubble wrap, plastic peanuts
 - Carpet and textiles
 - CDs and DVDs
 - Ceramics and tile
 - Diapers
 - Styrofoam
 - Foam and sponges
 - Water hoses
 - Light bulbs
 - Leather
 - Food waste such as; meat, fish, poultry, bones, dairy products, fruit, vegetables and grain products
 - Pens and pencils
 - Pet waste and kitty litter
 - Photographs and film
 - Plastic hangers, utensils, straws, bags (including grocery bags)
-

APPENDIX 3
ACCEPTABLE GREEN WASTE MATERIALS

- Grass clippings
- Leaves
- Brush
- Pruning
- Wood (unpainted and untreated and less than 3" in width and 36" in length)
- Branches (less than 3" in width and 36" in length)
- Flowers
- Pine needles
- Pine cones

EXHIBIT C
SCHEDULE OF RATES

RESIDENTIAL SERVICE RATES

Residential Service (Seniors, Age 65 and over, May Request a 10% Discount)	Current Rate	Proposed Rate
(Subscription Service by Customer Provided Trash Cans)		
(1) 32 Gallon Trash Can Picked Up Weekly	14.83/mo.	15.87/mo.
(2) 32 Gallon Trash Cans Picked Up Weekly	23.32/mo.	24.02/mo.
(3) 32 Gallon Trash Cans Picked Up Weekly	31.80/mo.	32.69/mo.
(4) 32 Gallon Trash Cans Picked Up Weekly	40.60/mo.	40.44/mo.
(1) 45 Gallon Trash Can Picked Up Weekly	17.48/mo.	18.04/mo.
(2) 45 Gallon Trash Cans Picked Up Weekly	27.38/mo.	28.17/mo.
(3) 45 Gallon Trash Cans Picked Up Weekly	--	38.18/mo.
All the above Levels of Service Include Every Other Week Mixed Recyclable Collection by Blue bags, or Up to (2) 64 Gallon Carts		
Add Alternating Week Green Yard/organic Collection in bags, bundles and/or Up to (2) 96 Gallon Carts Provided by WM.	--	Additional 2.00/month
WM Provided Trash Cart Collection System		
(1) 64 Gallon Trash Cart Picked Up Weekly	--	23.78/mo.
(1) 96 Gallon Trash Cart Picked Up Weekly Includes Alternating Week Mixed Recyclable Collection by Bags or Up to (2) 64 Gallon Carts and Green Yard/Organic Waste Collection In Bags, Bundles and/or a Up to (2) 96 Gallon Carts Provided by WM.		24.35/mo
WM Provided Trash Cart Collection System In Mandatory Collection Areas		
(1) 64 Gallon Trash Cart Picked Up Weekly	--	19.57/mo.
(1) 96 Gallon Trash Cart Picked Up Weekly Includes Alternating Week Collection for Mixed Recyclables by Up to (2) 64 Gallon Carts and Green Waste by Bag or Bundles and/or a Up to (2) 96 Gallon Carts Provided by WM.	--	19.88/mo.

WM Provided Extra Services		
Extra trash, per 30 gallon bag or container on scheduled service day	2.94 per pick-up	3.04 per pick-up
Cart exchange Charges if used less than 6 months	--	12.00 per exchange
Extra Trash NOT on Same Day of Service	--	7.75 per service
Extra Recycling NOT on Same Day of Service	--	6.00 per service
Additional recycling carts		5.00 per cart

COMMERCIAL SERVICE RATES

Commercial Service (Includes Separate 2 or 4 Cubic Yard Mixed Recyclable Container serviced weekly)		
1 & 1.5 Yard Container(s)	14.69/yd.	15.87/yd.
2 Yard Containers(s)	12.72/yd.	13.74/yd.
3 Yard Container	12.67/yd.	13.68/yd.
4 Yard Container	12.50/yd.	13.50/yd.
5 Yard Container	12.50/yd.	13.50/yd.
6 Yard Container	12.23/yd.	13.50/yd.
8 Yard Container	11.96/yd.	12.92/yd.
Per Compacted Yard	Same as above times the compacted ratio 2 times the compacted ratio	Same as above times the compacted ratio 2 times the compacted ratio
Commercial Debris Boxes		
6 Yard MSW	118.82 + 62.62/ton in excess of 2 tons	130.70 + 61.80/ton in excess of 2 tons
20 Yard - Wood, Brush and Yard Waste Only	192.39 + 33.11/ton in excess of 3.5 tons	211.63 + 31.47/ton in excess of 3.5 tons
20 Yard - MSW	305.50 + 62.62/ton in in excess of 3.5 tons	336.05 + 61.80/ton in in excess of 3.5 tons
30 Yard - Wood, Brush and Yard Waste Only	288.59 + 33.10/ton in excess of 5 tons	317.45 + 31.47/ton in excess of 5 tons
30 Yard - MSW Box	384.81 + 62.62/ton in excess of 5 tons	423.29 + 61.80/ton in excess of 5 tons
40 Yard - MSW Box	456.61 + 62.62/ton in excess of 5.5 tons	467.11 + 61.80/ton in excess of 5.5 tons
50 Yard - MSW Box	543.59 + 62.62/ton in excess of 6 tons	597.95 + 61.80/ton in excess of 6 tons

WESTERN EL DORADO RECOVERY SYSTEMS (WERS) GATE FEES

DESCRIPTION:	<u>PER</u>	<u>CURRENT</u>
All untarped loads may be assessed a 25% penalty fee, based on the rates set forth below		
Minimum load (up to 2 cans; ½ cubic yard; or one 55 gal. Drum)	Load	\$5.06
Additional fifty-five (55) gallon drum of household waste	Each	\$4.50
Per additional 32 gallon can of household waste	Each	\$2.27
Mixed loose waste (greater than ½ cubic yard)	Yard	\$8.68
Clean segregated concrete or rock (market providing)	Yard	\$13.49
Clean wood waste (not painted, burnt or chemically treated)	Yard	\$6.72
Clean yard waste/clippings/small limbs (no plastic bags) min. 1yd	Yard	\$6.46
SPECIAL "HARD TO HANDLE" WASTES		
Appliances (an additional charge of \$20 will be applied for the removal of freon gases and motor(s), if applicable)	Each	\$8.94
Mattresses/box spring	Each	\$11.21
Car bodies/ vehicles/trailers (DMV clearance required)	Each	\$106.70
Stumps (wider than 18")	Ton	\$84.22
Dead animals (small – cat, dog, goats and deer)	Each	\$16.84
Dead animals (mid size – up to large goats, sheep, pig)	Each	\$33.69
Concrete/asphalt/brick/dirt/tar or combinations thereof	Ton	\$59.52
Roofing: asphalt, composition, tile	Ton	\$59.52
Tires: auto/truck less than 19.5" (on rim add \$10.00 each)	Each	\$1.71
Tires: auto/truck 20" to 24.5" (on rim add \$15.00 each)	Each	\$6.10
Tires: tractor/equipment tires up to 24"	Each	\$56.17
Other sizes not listed – Call to verify rates	-----	-----
CRT's/TV's – Small 13" – 20", Computer monitors, oscilloscopes	Each	\$22.00
CRT's/TV's – Med 21"– 36"	Each	\$30.00
CRT's/TV's – Large 37" and up, big screens, projection sets	Each	\$40.00
Waste mixed with dirt	Ton	\$73.01
COMMERCIAL TIPPING FEES		
Compacted residential waste – with blue/yellow bag recycling	Ton	\$59.52
Compacted mixed solid waste	Ton	\$61.80
Segregated and clean wood/lumber or yard waste	Ton	\$31.47
Clean concrete loads (no wood, steel, tile, or re-bar)	Ton	\$61.80



Exhibit D – Implementation Schedule August 31, 2004

El Dorado County/Cameron Park Collection Program

Implementation Plan 2005 (Residential)

Operational Implementation Plan	Component	2005 Timing											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Residential	Start New Three-Cart Service (El Dorado County)			x	x	x	x						
	Order Equipment												
	Hire staffing if necessary												
	Training of customer service, if necessary												
	Delivery of residential carts		x	x	x	x							
	Collection of old cart/container if necessary		x	x	x	x							

Public Education & Outreach Program Implementation Plan	Component	2005 Timing											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Residential	Quarterly Newsletter			x			x			x			
	Collection Day Change Card with Door Hanger Cut (if needed)		x										
	New Cart Delivery Information		x										
	Starter Kit		x										
	Notification Card: what type of service resident will want		x										
	Utility/Waste Bill Inserts		x										
	Advertising		x										
	Press Releases		x										
	Holiday Tree Collection Notification											x	x
	Holiday Schedule Notification										x	x	
Public Outreach Plan	Customer Service Information		x										
	Cart Placement Guidelines Information		x										
	Public Education Information		x										

NOTE: Schedule listed above is an approximation of timetable. Actual timing may fluctuate based on County needs, available resources and other factors.



Exhibit D – Implementation Schedule August 31, 2004

El Dorado County/Cameron Park Collection Program Implementation Plan 2004 (Residential)

Operational Implementation Plan	Component	2004 Timing											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Residential	Start New Three-Cart Service (Cameron Park)									x	x	x	x
	Order Equipment								x				
	Hire staffing if necessary								x	x		x	
	Training of customer service, if necessary								x	x	x	x	
	Delivery of residential carts									x	x	x	
	Collection of old cart/container if necessary									x	x	x	

Public Education & Outreach Program Implementation Plan	Component	2004 Timing											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Residential	Quarterly Newsletter								x			x	
	New Cart Delivery Information									x	x	x	x
	Starter Kit									x	x	x	x
	Notification Card: what type of service resident will want								x			x	
	Utility/Waste Bill Inserts									x			
	Customer Service Reminder Cart Tag												
	Advertising								x	x			
	Press Releases								x				
Public Outreach Plan	Bulky Item Collection Information												
	Holiday Tree Collection Notification											x	x
	Holiday Schedule Notification										x	x	
	Customer Service Information								x				
	Public Education Information								x		x		

NOTE: Schedule listed above is an approximation of timetable. Actual timing may fluctuate based on County needs, available resources and other factors.



Exhibit D – Implementation Schedule August 31, 2004

El Dorado County/Cameron Park Collection Program Implementation Plan (Commercial) 2004 - 2005

Implementation Plan	Component	2004 - 2005 Timing											
		Aug 04	Sep 04	Oct 04	Nov 04	Dec 04	Jan 05	Feb 05	Mar 05	Apr 05	May 05	Jun 05	Jul 05
Residential	Start New Service		x	x	x	x							
	Order Equipment		x										
	Training of customer service, if necessary	x	x	x	x								
	Delivery of new carts	x	x	x	x	x							
	Collection of old cart/container if necessary		x	x	x	x							

Public Education & Outreach Program Implementation Plan	Component	2004 - 2005 Timing											
		Aug 04	Sep 04	Oct 04	Nov 04	Dec 04	Jan 05	Feb 05	Mar 05	Apr 05	May 05	Jun 05	Jul 05
Commercial	Quarterly Newsletter			x			x			x			x
	Collection Day Change Card (if needed)	x	x	x	x								
	New cart/container Delivery Information	x	x	x	x								
	Advertising to commercial accounts	x	x										
	Recycling Programs Guidelines Education & Information (quarterly)	x			x			x			x		
Public Outreach Plan	Public Education Information	x	x	x	x								

NOTE: Schedule listed above is an approximation of timetable. Actual timing may fluctuate based on County needs, available resources and other factors.

EXHIBIT E
WERS MRF OPERATIONS PLAN

I. BACKGROUND

The Western El Dorado Recovery Systems Facility (WERS Facility) was authorized to operate as a material recovery facility (MRF) and large volume transfer station (LVTS) in Diamond Springs on November 13, 1996. The WERS Facility holds a solid waste facility permit issued by the California Integrated Waste Management Board (CIWMB), which oversees compliance and defines the regulatory and operating parameters for the Facility. The California Code of Regulation, Title 14 (14 CCR), Section 17402 (a) (8) defines a large volume transfer/processing facility as "a facility that receives 100 tons or more of solid waste per operating day for the purpose of storing, handling or processing the waste prior to transferring the waste to another solid waste operation or facility". In accordance with the current tiered permitting requirements included in 14 CCR, a full Solid Waste Facilities Permit (SWFP) is required for the WERS Facility. The scope of the WERS Facility Permit defines the regulatory and operating parameters. Compliance with the regulatory and operating parameters is overseen by the CIWMB.

The WERS Facility is an important component in Contractor's collection, transfer, processing and disposal of Solid Waste, Recyclable Materials and Green Waste, under the Agreement. This document sets forth the Parties expectations regarding the use and operation of the WERS Facility.

II. WERS FACILITY – Material Receiving, Unloading, Sorting, Processing, Handling, and/or Transfer

A. General

A wide variety of Solid Waste and Recyclable Materials are received at the WERS Facility 363 days of the year from a wide range of sources, including Contractor's collection vehicles, governmental agencies, commercial vehicles, self-haulers and the general public. The arriving vehicles enter the Facility by stopping at the scale house where loads are either weighed or estimated by scale house attendant(s). The vehicles are then directed to the appropriate designated areas for unloading.

All incoming waste is directed and unloaded in the appropriate location. The unloading areas are confined to an area necessary to conduct smooth operations and not hinder the ingress and egress of vehicles through the Facility. Traffic spotters ensure that unloading operations are conducted in the appropriate areas and are kept as confined as practicable. As set forth more specifically below, the main functions of the Facility are to process certain types of Recyclable Materials (e.g. C&D), and to transfer and transport Solid Waste, source separated Recyclable Materials, and source separated Green Waste to other facilities for disposal, processing, and/or other beneficial use.

To accommodate the implementation of the new single stream collection system, the current sorting, staging and floor operation inside the MRF building, will be reorganized to separately stage and handle single stream Recyclable Materials, source separated individual Recyclable Materials (e.g. glass, cardboard) and Trash. The reorganized staging and floor operation will maintain safe and efficient loading and unloading areas for the general public and Company vehicles.

Contractor will use good faith efforts to control odors at the WERS Facility, consistent with the Facility Permit issued by the CIWMB. Contractor will also evaluate, in cooperation with the County, new equipment and/or technologies designed to control and manage odors at the Facility and if the County and Contractor jointly agree that such equipment and/or technologies requiring a capital investment are necessary and appropriate, Contractor shall install and implement such equipment and/or technologies, upon terms to be mutually agreed upon by Contractor and the County, including an adjustment to Contractor's rates.

B. Types of Materials Handled

Solid Waste mixed with "Blue Bag" Recycling

The sorting of so-called "Blue Bag" recyclables mixed with Solid Waste will be phased out under the new contract and replaced by separately collected, single stream recycling as the new services set forth in Exhibit B, are implemented throughout the County. During the transition period prior to full implementation of the new services, however, Recyclable Materials received in "Blue Bags" that have been co-collected with Solid Waste will continue to be unloaded in the trash area located inside the WERS building. Sorters will continue to sort from the Solid Waste any Blue Bags collected by Contractor during this transition period. The Recyclable Material from the Blue Bags will then be commingled with the Single Stream Recyclable Material and transferred to a permitted Material Recovery Facility to further Process and prepare for shipping and sale. Any residual will be transferred to a permitted disposal facility.

Single Stream Recycling

Source separated, single stream Recyclable Material collected by the Contractor will be unloaded at the designated single stream Recyclables area located inside the WERS building. This material may be stored up to 72 hours. The material will then be transferred to a permitted Material Recovery Facility for further processing and prepared for shipping and final sale. Any residual will be transferred to a permitted disposal facility.

Source Separated Commercial Recycling and Buy-Back Materials

All source separated Recyclable Materials received from Commercial customers or other third parties will be unloaded and segregated from each of the other materials, at designated areas at the WERS facility, to the extent practicable. The segregated materials will then be either transferred to a permitted Material Recovery Facility for further processing or processed and prepared at the WERS facility for shipping and final sale. Source Separated Recyclable Materials currently received and processed at WERS Facility are listed below:

Aluminum Beverage Containers
Plastic Beverage Containers
Cardboard/OCC
Newspaper
California Redemption Value Buy-Back Materials
Scrap Metal

Green Waste and Other Organic Material

Source separated Green Waste Materials delivered to the WERS Facility by Contractor, governmental agencies, permitted haulers, self-haul and the general public, will be unloaded at the designated Green Waste areas located outside of the WERS building. This material may be stored for up to 48 hours. The material will be inspected for excessive contamination, and Contractor will remove excessive contaminants, to the extent it is economically feasible to do so. Once excessive contaminants have been removed, the Green Waste material may then be transferred to a Green Waste/ Organic Processing Facility for further processing and prepared for shipping to the final market. Any residual will be transferred to a permitted disposal facility. Markets for Processed Green Waste and other organic material may include:

- Soil Amendments
- Landscape Products
- Alternative Daily Cover
- Co-generation/Transformation

Construction and Demolition Materials

Construction and Demolition Waste Materials (C&D) delivered to the WERS Facility by Contractor, government agencies, permitted C&D haulers, self-haul and the general public, will be unloaded at the designated C&D areas located outside of the WERS building. C&D material includes concrete, asphalt, dirt, rock, rubble, bricks, wood, lumber, metals, etc. This material may be delivered with Recyclable C&D source separated or may be commingled. The source separated Recyclable material will be inspected for excessive contaminants, and Contractor will remove excessive contaminants, to the extent it is economically feasible to do so. Recyclable C&D, which is not source separated but is instead delivered commingled with non-recyclable C&D materials may be separated by sort-line picking or by small or heavy equipment. The decision of how the material will be sorted and handled will be predicated on safety, volume, weight, degree of contamination, economic feasibility and Facility Permit requirements. The C&D material may be stored for up to 72 hours. Any residual will be transferred to a permitted disposal facility.

Solid Waste Materials

Solid Waste Materials (which, as used in this section shall mean primarily non-sorted Trash/ Garbage Material and all other waste materials not considered source separated Recyclables, source separated Green Waste or C&D) collected from Residential, Commercial and industrial customers and/or delivered to the WERS Facility by Contractor, government agencies, permitted haulers, self-haul and the general public will be unloaded in the Trash/Garbage service area located in the

WERS building. This material unloaded in the Trash/Garbage service area is designated for disposal, and will be reloaded and transferred to a permitted disposal facility. Contaminants and residual waste sorted from the Green Waste, C&D and other recycling and recovery areas at the Facility are also designated as Trash/Garbage material and will be transferred for disposal.

Contractor will continue to Process and recover Recyclable Materials from incoming Solid Waste loads at the WERS MRF. Contractor will use best available technology, in accordance with industry standards, to achieve overall levels of recovery of Recyclable Materials at the MRF equal to or better than those achieved by Contractor for the month of July, 2004. Contractor and County may jointly agree on a reduction in the Processing efforts at the MRF. Should Contractor determine that additional capital expenditures are necessary to make the MRF more efficient in recovering Recyclable Materials, the parties will meet and confer in good faith to consider whether additional capital expenditures are necessary and appropriate. If the County approves any such capital expenditures, such expenditures may be amortized through Contractor's rates.

Contaminants and residual waste sorted from Solid Waste and from the Green Waste, C&D and other recycling and recovery areas at the Facility will be transferred for disposal. Contractor shall not allow source separated Recyclable Materials received from its collection programs and entities or Recyclable Materials separated from Solid Waste at the MRF to be re-introduced into the waste stream being sent to a landfill for disposal, unless such materials contain excessive contamination, will damage Contractor's processing equipment, or unless Contractor has received prior approval from the County.

Contractor shall continue to maintain the current drop-off recycling areas dispersed throughout the County, unless and until the parties jointly agree to discontinue such service (add list).

Used Oil and Household Hazardous Waste

The WERS Facility is open to receive used oil, "home generated sharps", paint, anti-freeze, batteries, electronic scrap and other reusable household hazardous waste.

Buy-Back Recycling

A Buy-Back recycling center may be provided by Contractor at the WERS Facility to receive source separated Recyclable Materials from those customers who wish to dispose of Solid Waste and on the same trip, deliver source separated Recycling Materials.

Other Acceptable Waste Materials

- Treated waste woods, such as utility poles, rail road ties, fence rails, guardrails and sign posts;
- Auto-Shredder waste;
- Dredge and fill materials;
- Ash (per permit requirement);
- Dead Animals;

- Pesticides Containers (Adequately cleansed, per permit criteria); and
- Appliances

These waste materials listed above are handled in accordance with the terms of the WERS facility' permit

CONTRACT ROUTING SHEET

PROCESSING DEPARTMENT:

Department: Environmental Management

Dept. Contact: Jon Morgan/Linda Milligin

Phone #: 5360/6668

Department Head

Signature: Jon A. Morgan

Jon A. Morgan

CONTRACTOR:

Name: USA WASTE OF CALIFORNIA, INC.

D/B/A El Dorado Disposal

801 2nd Avenue, Suite 614

Seattle, WA 98104

Phone:

Date: August 23, 2004

CONTRACTING DEPARTMENT: Environmental ManagementCompliance with Human Resources requirements? Yes: No: XCompliance verified by: N/A**COUNTY COUNSEL:** (Must approve all contracts and MOU's)Approved: Disapproved: Date: 8/26/04 By: Thomas L. LakeApproved: Disapproved: Date: By:

2004 AUG 24 AM 10:34

EL DORADO COUNTY COUNSEL

HMM-0215780

ASSIGNMENT

DATE

ATTORNEY

DEPT./INDEX NO

BY:

Index Code: 424100

RISK MANAGEMENT: (All contracts and MOU's except boilerplate grant funding agreements)Approved: Disapproved: Date: 8/26/04 By: Randy GreenApproved: Disapproved: Date: By: **OTHER APPROVAL** (Specify department(s) participating or directly affected by this contract).Department(s): Approved: Disapproved: Date: By: Approved: Disapproved: Date: By:



FIRST AMENDMENT OF SOLID WASTE SERVICES AGREEMENT

This First Amendment of Solid Waste Services Agreement (this "Amendment") is entered into by and between the County of El Dorado ("County") and Waste Connections of California, Inc., a California corporation d/b/a El Dorado Disposal Service ("Grantee"), and is effective as of January 1, 2010. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in that certain Solid Waste Services Agreement, dated August 23, 2004 (the "Agreement"), between El Dorado County and USA Waste of California, Inc., d/b/a El Dorado Disposal Services (as the predecessor in interest to Grantee) ("USA Waste").

This Amendment is made with reference to the following recitals:

Whereas, effective August 23, 2004, the County entered into the Agreement with USA Waste, which granted USA Waste the exclusive right and obligation, subject to certain limitations, until December 31, 2012, to, among other things, collect and dispose of municipal solid waste generated by residential, commercial and industrial customers in the Franchise Area which encompasses a portion of the unincorporated West Slope of El Dorado County, as specifically identified in Exhibit A of the Agreement; and

Whereas, effective June 6, 2006, Grantee acquired certain assets, including, without limitation, the Agreement, from USA Waste; and

Whereas, effective June 6, 2006, the County consented to the assignment of the Agreement from USA Waste to Grantee; and

Whereas, the County and Grantee wish to amend the Agreement in certain respects to, among other things, clarify how rates under the Agreement are adjusted to reflect changes in the cost of living index.

NOW THEREFORE, the parties agree as follows:

1. Section 11.B of the Agreement is hereby amended in its entirety to read as follows:

Section 11 – Term

B. Renewal Options – The County shall have the right, in its sole discretion, to unilaterally extend the term of this Agreement for additional periods of one year each, up to a maximum of two such extensions. If the County elects to extend this Agreement for either one or both of these optional extension periods, the County shall give the Contractor notice of its election to exercise each such option a minimum of at least ninety (90) days before the current termination date of this Agreement. In the event the County exercises its options to extend the terms of the Franchise Agreement for one or both years, the rate setting procedures for the extension term will be in accordance with the December base period point to point CPI calculation as described in Section 22 herein or 0% whichever is greater.

2. Section 22.C of the Agreement is hereby amended in its entirety to read as follows:

Section 22 - Compensation

C. Inflation/Deflation Adjustment – Subject to the limitations specified in the foregoing paragraphs regarding New Services, Contractor's rates for services described in Exhibit C (but exclusive of Franchise Fees) shall be adjusted annually effective July 1st of each year during the Term of this Agreement based on the Consumer Price Index- All Items - All Urban Consumers - California as published by the State of California, Department of Industrial Relations, Division of Labor Statistics and Research (Attachment A). The month to be used for purpose of measuring the point-to-point base period for which the adjustment shall be determined is December. Each December following the commencement of this Amendment shall be used for comparison purposes of the annual rate setting adjustment. By way of illustration, if the index for December 2008 is 120 and the index for December 2009 is 125 the rate adjustment for this period shall be a proposed rate increase of 4.2%.

In the event the CPI index is no longer published, the parties shall confer in good faith to select an alternative index and shall confirm their agreement on a substitute index in writing. If the parties are unable to agree on a substitute index, either party may submit the selection of the substitute index to binding arbitration before a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. All percentages shall be computed to the second decimal place and the change in Contractor's rates shall be calculated to the nearest cent (\$.01).


For purposes of the 2010 rate adjustment, the rate will be adjusted in the amount equal to the December base period point to point CPI described herein or 1.5% whichever is greater.

3. The recitals set forth above are hereby incorporated into this Amendment.
4. This Amendment may be executed in one or more facsimile or original counterparts, each of which shall be deemed an original and both of which together shall constitute one and the same instrument.
5. All terms and provisions of the Agreement not amended hereby, either expressly or by necessary implication, shall remain in full force and effect. From and after the date of this Amendment, all references to the term "Agreement" in this Amendment and in the original Agreement shall include the terms contained in this Amendment.
6. In the event of any conflict between the original terms of the Agreement and this Amendment, the terms of this Amendment shall prevail.
7. Each party executing this Amendment represents and warrants that it is duly authorized to cause this Amendment to be executed and delivered.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year last below written.


- - COUNTY OF EL DORADO - -
-County-

Dated: 1-12-10

By: 
Chair, Supervisor Norma Santiago
Board of Supervisors

ATTEST:

Dated: 1-12-10

By: 
Clerk of the
Board of Supervisors

- - WASTE CONNECTIONS OF CALIFORNIA, INC.
d/b/a EL DORADO DISPOSAL SERVICE - -
-Grantee-

Dated: 01/08/10

By: 
Ronald J. Mittelstaedt
Chief Executive Officer

ATTACHMENT A

See attached.

STATE OF CALIFORNIA
DEPARTMENT OF INDUSTRIAL RELATIONS

DIVISION OF LABOR STATISTICS AND RESEARCH
P.O. Box 420603, San Francisco, California 94142

<http://www.dir.ca.gov/DLSR>

CONSUMER PRICE INDEX - CALIFORNIA

Los Angeles-Riverside-Orange Co., San Francisco-Oakland-San Jose, San Diego
United States City Average, 2008-2009

All Items
1982 - 1984 = 100

Year & Month	All Urban Consumers					Urban Wage Earners and Clerical Workers				
	California ^a	Los Angeles ^b Riverside Orange Co.	San Francisco ^b Oakland San Jose	San Diego ^b	U.S. City ^b Average	California ^a	Los Angeles ^b Riverside Orange Co.	San Francisco ^b Oakland San Jose	San Diego ^b	U.S. City ^b Average
2008 January	-	220.918	b		211.080	-	213.825	b		206.744
February	221.357	221.431	219.612		211.693	214.121	214.231	214.913		207.254
March	-	223.606	b		213.528	-	216.493	b		209.147
April	224.323	224.625	222.074		214.823	217.587	217.914	217.913		210.698
May	-	226.651	b		216.632	-	219.702	b		212.788
June	228.324	229.033	225.181	242.440	218.815	221.798	222.435	221.454	226.591	215.223
July	-	229.886	b		219.964	-	223.245	b		216.304
August	228.024	228.484	225.411		219.086	220.946	221.230	221.385		215.247
September	-	227.449	b		218.783	-	220.285	b		214.935
October	226.572	226.159	225.824		216.573	219.161	218.726	221.192		212.182
November		222.229	b		212.425		214.083	b		207.296
December	219.775	219.620	218.528	242.185	210.228	211.519	211.007	213.685	226.829	204.813
Annual Average	224.807	225.008	222.767	242.313	215.303	217.648	217.765	218.441	226.710	211.053
2009 January	-	220.719	b		211.143	-	212.454	b		205.700
February	222.181	221.439	222.166		212.193	214.017	213.234	216.797		206.708
March	-	221.376	b		212.709	-	213.013	b		207.218
April	222.896	221.693	223.854		213.240	214.689	213.405	218.587		207.925
May	-	222.522	b		213.856	-	214.446	b		208.774
June	224.994	223.906	225.692	240.885	215.693	217.322	216.145	220.996	225.482	210.972
July	-	224.010	b		215.351	-	216.128	b		210.526
August	225.438	224.507	225.801		215.834	217.743	216.628	221.279		211.156
September		225.226	b		215.969		217.302	b		211.322
October	226.035	225.264	226.051		216.177	218.458	217.474	221.708		211.549
November										
December										
Annual Average										

^a Weighted average of the consumer price indexes for Los Angeles-Anaheim-Riverside and San Francisco-Oakland-San Jose. A conversion factor has been included for comparability of 1987 data with 1986 and prior years. Computed by the Department of Industrial Relations, Division of Labor Statistics and Research from indexes issued by the U.S. Department of Labor.

^b Source: U.S. Department of Labor, Bureau of Labor Statistics. Beginning with January 1998 data, indices for San Francisco-Oakland-San Jose will be published bi-monthly on even months only (February, April, June, etc.). Beginning with the January 2007 data, indices published by the Bureau of Labor Statistics will be rounded to three decimal places (see <http://www.bls.gov/cpi/cpithreedec.htm>). The California indices conform to this change.

11/18/2009

09-1542 3B 73 of 84

AGREEMENT FOR ASSIGNMENT OF SOLID WASTE SERVICES AGREEMENT

This Agreement is entered into by and between the County of El Dorado ("County"), USA Waste of California, Inc. d/b/a/ El Dorado Disposal Services, a California corporation ("USA Waste"), Waste Connections of California, Inc., a California corporation ("Waste Connections"), and Waste Connections, Inc. ("Guarantor"). This Agreement is effective as of June 6, 2006.

This Agreement is made with reference to the following recitals:

Whereas, effective October 1, 2004, the County entered into a Solid Waste Services Agreement (the "Agreement") with USA Waste which, among other things, granted USA Waste the exclusive right and obligation, subject to certain limitations, until December 31, 2012, to collect and dispose of municipal solid waste generated by residential, commercial and industrial customers in a delineated franchise area in the western portion of the County, and to operate the WEDRS materials recovery facility near Placerville, California; and

Whereas, USA Waste, Waste Connections and Guarantor have requested that the County consent to the assignment of the Agreement by USA Waste to Waste Connections, and Waste Connections has agreed to accept said assignment and to assume all duties and obligations of USA Waste under the Agreement from and after the effective date of the assignment; and

Whereas, the Agreement cannot be transferred or assigned by USA Waste to Waste Connections without the prior written consent of the County; and

Whereas, in order to induce the County to consent to the assignment of the Agreement by USA Waste to Waste Connections, Guarantor has agreed to guarantee the obligations of Waste Connections under the Agreement, and Waste Connections has offered additional inducements to the County to give its consent, as more particularly described in this Agreement; and

Whereas, the County's consent to the assignment of the Agreement by USA Waste to Waste Connections is made with the understanding between the parties hereto that the payment of the purchase price by Waste Connections for the acquisition of the assets of USA Waste described herein shall not result in an increase in future garbage collection and/or processing or disposal rates of County residents and businesses to be served by Waste Connections solely as a result of such acquisition, compared with what these rates would have been if no such acquisition had occurred. Accordingly Waste Connections has agreed that the purchase of USA Waste's assets in El Dorado County by Waste Connections shall not have a net adverse effect on customer rates compared to the rates that could have been charged by USA Waste under the Agreement.

NOW THEREFORE, the parties agree as follows:

1. In consideration of the representations and promises in this Agreement of USA Waste, Waste Connections and Guarantor, the County hereby approves of and consents to the transfer and assignment of the Agreement by USA Waste to Waste Connections and consents to Waste Connections purchasing the assets and operations of USA Waste in El Dorado County. The foregoing consent is given with the understanding that Waste Connections will purchase substantially all of USA Waste's solid waste collection assets and all of its solid waste collection operations in El Dorado County (including the El Dorado Hills and Cameron Park Community Services Districts) and in the City of Placerville and the WEDRS materials recovery facility near Placerville, California. This consent shall not be effective if Waste Connections does not acquire the WEDRS materials recovery facility and substantially all of the El Dorado County solid waste collection assets and all of the collection operations of USA Waste in El Dorado County.
2. Guarantor agrees to unconditionally guarantee all liabilities and obligations of Waste Connections arising under the Agreement. Guarantor shall deliver to the County a fully executed parent company guarantee in the form attached hereto as Exhibit A, properly authorized pursuant to Guarantor's Certificate of Incorporation and Bylaws.
3. Waste Connections shall deliver to the County, on or before close of any of the transactions between USA Waste and Waste Connections described in this Agreement and before Waste Connections commences solid waste collection operations in El Dorado County, a cash bond in compliance with section 10 A of the Agreement and proof of insurance and related documentation satisfactory to El Dorado County's Risk Manager in compliance with section 10 B of the Agreement.
4. Waste Connections represents and agrees that it shall not hereafter, in any manner, whether directly or indirectly, seek to receive or actually receive reimbursement for any of its costs associated solely with Waste Connection's acquisition of the assets of USA Waste. Without limiting the generality of the foregoing, Contractors 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 USA Waste or its affiliates. Notwithstanding the foregoing, nothing herein shall preclude Waste Connections from seeking to recover in future rates service improvements or enhancements implemented at the request or with the consent of the County.
5. Waste Connections agrees to diligently pursue the improvements to the WEDRS materials recovery facility described in the letters from Waste Connections to Gerri Silva, Interim Director, El Dorado County Environmental Management Department, dated May 15, 2006.
6. Waste Connections agrees to utilize litter crews and "best industry practices" to pick up and control litter on Bradley Drive, Throwita Way, Truck Street, and the stretch of Highway 49 "Adopted" by Waste Management under the Caltrans Adopt-A -Highway Program.
7. Waste Connections agrees to use "best industry practices" to control odors at the WEDRS materials recovery facility so as to minimize odor complaints from occupants of any surrounding properties.

8. Waste Connections agrees to use "best industry practices" to control vectors and vermin at the WEDRS materials recovery facility.
9. In an attempt to reduce queuing lines of incoming traffic at the WEDRS materials recovery facility, Waste Connections agrees to install a second scale and gatehouse at the WEDRS materials recovery facility. Waste Connections also agrees to install an additional traffic lane and additional tipping area for self haul customers to improve traffic circulation within the facility.
10. Waste Connections agrees to perform the Agreement using "best industry practices" from and after the closing of the transactions between USA Waste and Waste Connections. Waste Connections represents that it has read and is fully familiar with the terms and conditions of the Agreement, including the provisions for the potential imposition of liquidated damages set forth in Section 14 of the Agreement, and agrees to abide by and to be subject to all such terms and conditions.
11. USA Waste shall pay any outstanding amounts owed to the County under the Agreement, which obligations have accrued under the Agreement as of the closing of the transactions between USA Waste and Waste Connections, within the time periods required in the Agreement. Waste Connections shall pay the County any outstanding amounts owed to the County which accrue from and after the closing of the transactions between USA Waste and Waste Connections.

Waste Connections, within thirty (30) days of the County's execution of this Agreement, shall pay to the County a transfer fee, not to exceed Ten Thousand Dollars (\$10,000.00) to reimburse the County for its documented administrative expenses, including consultant's and attorney's fees, to analyze the request for transfer of the Agreement.

[Signatures continued on next page.]

Waste Connections of California, Inc.

By: _____

Ron Mittelstaedt
Chairman and Chief Executive Officer

By: _____

Robert D. Evans
Executive Vice President, General
Counsel and Secretary

Waste Connections, Inc. (Guarantor)

By: _____

Ron Mittelstaedt
Chairman and Chief Executive Officer

By: _____

Robert D. Evans
Executive Vice President, General Counsel
and Secretary

USA Waste of California, Inc.

By: _____

Robert E. Longo

Vice President and Assistant Secretary

By: _____

Ronald D. Pope

Vice President

County of El Dorado

By: _____

Jack Sweeney, Board Chairman

ATTEST: _____

County Clerk

ATTEST: CINDY KECK, Clerk
of the Board of Supervisors

By: _____

DEPUTY

GUARANTY

THIS GUARANTY (the "Guaranty") is given as of the 6th day of June, 2006, by Waste Connections, Inc., a Delaware corporation ("Guarantor"), to the County of El Dorado, a political subdivision of the State of California (hereafter the "County"). This Guaranty is made with reference to the following recitals:

Whereas, Waste Connections of California, Inc., a California corporation (Contractor), is a wholly owned subsidiary of Guarantor; and

Whereas, Contractor and Guarantor have requested that the County consent to the assignment by USA Waste of California, Inc. ("USA Waste") of its Solid Waste Services Agreement ("Agreement") with the County to Contractor, and that the County also consent to the purchase by Contractor of the Western El Dorado Recovery Systems ("WEDRS") materials recovery facility and substantially all of the solid waste collection assets and all of the collection operations of USA Waste in El Dorado County; and

Whereas, as an inducement to the County to give consent to the assignment of the Agreement to Waste Connections and to the transactions referred to herein, and for other good and valuable consideration, receipt of which is hereby acknowledged by Guarantor, Guarantor has agreed to provide the County with a guaranty of the obligations of Waste Connections under the Agreement as they now exist and may hereafter be extended, modified or amended;

NOW, THEREFORE, in consideration of the foregoing, Guarantor agrees as follows:

1. Guaranty of the Agreement. Guarantor hereby irrevocably and unconditionally guarantees to County the complete and timely performance, satisfaction and observation by Waste Connections of each and every term and condition of the Agreement and each and every other agreement of Waste Connections with the County. If Waste Connections fails to perform, satisfy or observe any of the terms and conditions of any of said agreements, Guarantor will promptly and fully perform, satisfy or observe them in the place of Waste Connections. Guarantor hereby guarantees payment to County of any damages, costs or expenses which might become recoverable by County from Waste Connections due to its breach of any of said agreements or under any indemnity to the County provided by Waste Connections.
2. Guarantor's Obligations are Absolute. The obligations of the Guarantor hereunder are direct, immediate, absolute, continuing, unconditional and unlimited, and with respect to any payment obligation of Waste Connections under said agreements, shall constitute a guarantee of payment and not of collection.
3. Waivers. The Guarantor shall have no right to terminate this Guaranty or to be released,

relieved, exonerated or discharged from its obligations under it for any reason whatsoever, including, without limitation: (1) the insolvency, bankruptcy, reorganization or cessation of existence of Waste Connections; (2) any amendment, modification or waiver of any provision of said agreements; (3) the actual or purported rejection by a trustee in bankruptcy of said agreements, or any limitation on any claim in bankruptcy resulting from the actual or purported termination of said agreements; (4) any waiver, extension, release or modification with respect to any of the obligations of the agreements guaranteed hereunder or the impairment of suspension of any of County's rights or remedies against Waste Connections; (5) any merger or consolidation of Waste Connections with any other corporation, or any sale, lease or transfer of any or all the assets of Waste Connections. Without limiting the generality of the foregoing, Guarantor hereby waives the rights and benefits under California Civil Code Section 2819.

The Guarantor hereby waives any and all benefits and defenses under California Civil Code Sections 2845, 2849 and 2850, including, without limitation, the right to require County to (a) proceed against Waste Connections; (b) proceed against or exhaust any security or collateral County may hold now or hereafter hold, or (c) pursue any other right or remedy for Guarantor's benefit, and agrees that County may proceed against Guarantor for the obligations guaranteed herein without taking any action against Waste Connections or any other guarantor or pledgor and without proceeding against or exhausting any security or collateral County may hold now or hereafter hold.

Guarantor hereby waives any right which it may have to reimbursement from Waste Connections for amounts disbursed by Guarantor and any right of subrogation to the rights of County against Waste Connections; including, without limitation, such rights as may be provided under California Civil Code Sections 2847 and 2848. Guarantor agrees that County may unqualifiedly exercise in its sole discretion any or all rights and remedies available to it against Waste Connections or any other guarantor or pledgor without impairing County's rights and remedies in enforcing this Guaranty.

The Guarantor hereby waives and agrees to waive at any future time at the request of County, to the extent now or then permitted by applicable law, any and all rights which the Guarantor may have or which at any time hereafter may be conferred upon it, by statute, regulation or otherwise, to avoid any of its obligations under, or to terminate, cancel, quit or surrender this Guaranty. Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not affect the liability of the Guarantor hereunder: (a) at any time or from time to time, without notice to the Guarantor, the time for Waste Connection's performance of or compliance with any of its obligations under said agreements is extended, or such performance or compliance is waived; (b) said agreements are modified or amended in any respect; (c) any other indemnification is modified or amended in any respect; (c) any other indemnification with respect to Waste Connection's obligations under said agreements or any security therefore is released or exchanged in whole or in part or otherwise dealt with; or (d) any assignment of said agreements is effected which does not require

County's approval.

The Guarantor hereby expressly waives diligence, presentment, demand for payment or performance, protest and all notices whatsoever, including, but not limited to, notices of non-payment or non-performance, notices of protest, notices of any breach or default, and notices of acceptance of this Guaranty. If all or any portion of the obligations guaranteed hereunder are paid or performed, Guarantor's obligations hereunder shall continue and remain in full force and effect in the event that all or any part of such payment or performance is avoided or recovered directly or indirectly from County as a preference, fraudulent transfer or otherwise, irrespective of (a) any notice of revocation given by Guarantor, Waste Connections prior to such avoidance or recovery, and (b) payment in full of any obligations then outstanding.

4. Term. This Guaranty is not limited to any period of time, but shall continue in full force and effect until all of the terms and conditions of said agreements have been fully performed by Waste Connections, and Guarantor shall remain fully responsible under this Guaranty without regard to the acceptance by County of any performance bond or other collateral to assure the performance of Waste Connection's obligations under said agreements. Guarantor shall not be released of its obligations hereunder so long as there is any claim by County against Waste Connections arising out of said agreements based on such entity's failure to perform which has not been settled or discharged.
5. No Waivers. No delay on the part of County in exercising any rights under this Guaranty or failure to exercise such rights shall operate as a waiver of such rights. No notice to or demand on Guarantor shall be a waiver of any obligations of Guarantor or right of County to take other or further action without notice or demand. No modification or waiver of any of the provision of this Guaranty shall be effective unless it is in writing and signed by County and by Guarantor, nor shall any waiver be effective except in the specific instance or matter for which it is given.
6. Attorney's Fees. In addition to the amounts guaranteed under this Guaranty, Guarantor agrees to pay actual attorneys' fees and all other costs and expenses incurred by County in enforcing this Guaranty, or in any action or proceeding arising out of or relating to this Guaranty, including any action instituted to determine the respective rights and obligations of the parties hereunder.
7. Governing Law; Jurisdiction. This Guaranty is and shall be deemed to be a contract entered into in and pursuant to the laws of the State of California and shall be governed and construed in accordance with the laws of California without regard to its conflicts of laws rules for all purposes, including, but not limited to, matters of construction, validity and performance. Guarantor agrees that any action brought by County to enforce this Guaranty may be brought in any court of the State of California and Guarantor consents to personal jurisdiction over it by such courts.

8. Severability. If any portion of this Guaranty is held to be invalid or unenforceable, such invalidity shall have no effect upon the remaining portions of this Guaranty, which shall be severable and continue in full force and effect.
9. Binding on Successors. This Guaranty shall inure to the benefit of County and its successors and shall be binding upon Guarantor and its successors, including transferee(s) of substantially all of its assets and its shareholder(s) in the event of its dissolution or insolvency.
10. Authority. Guarantor represents and warrants that it has the corporate power and authority to give this Guaranty, that its execution of this Guaranty has been authorized by all necessary action under its Certificate of Incorporation and By-Laws, and that the person signing this Guaranty on its behalf has the authority to do so.
11. Subordination. Any claims Guarantor may have against Waste Connections are hereby subordinated to any and all claims of County against such entity until such time as the obligations of that entity to County are fully satisfied and discharged.
12. Notices. Notice shall be given in writing, deposited in the U.S. mail, registered or certified, first class postage prepaid, addressed as follows:

To County:

Attn. Director, Environmental Management
El Dorado County
2850 Fairlane Court, Bldg C.
Placerville, California 95667
Facsimile (530) 295-2747

with a copy to the County Counsel at:

County Counsel
El Dorado County
330 Fair Lane
Placerville, California 95667
Facsimile (530) 621-2837

To Guarantor:

Ron Mittelstaedt
Chairman and Chief Executive Officer
Waste Connections, Inc.
35 Iron point Circle, Suite 200
Folsom, California 95630
Facsimile (916) 351-0249

With a copy to Guarantor's General Counsel at the same address and facsimile number.

IN WITNESS WHEREOF, Guarantor has executed this Guaranty.

Date: June __, 2006.

Waste Connections, Inc. (Guarantor)

By: _____

Ron Mittelstaedt
Chairman and Chief Executive Officer

By: _____

Robert D. Evans
Executive Vice President, General Counsel and
Secretary

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