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SOLID WASTE SERVICES AGREEMENT

BETWEEN

THE COUNTY OF EL DORADO

AND

SIERRA DISPOSAL SERVICE

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Effective Date: December 2, 2014

## TABLE OF CONTENTS

---

RECITALS.....	1
SECTION 1 - DEFINITIONS.....	2
A. AB 939.....	2
B. AB 32 .....	2
C. AB 341.....	2
D. Affiliate .....	2
E. Alternative Daily Cover .....	2
F. Assignment.....	2
G. Bin.....	2
H. Biomass Conversion Facility .....	2
I. Board of Supervisors.....	3
J. Bulky Waste / Bulky Items .....	3
K. CalRecycle.....	3
L. Can.....	3
M. Cart.....	3
N. Change in Control .....	3
O. Collect / Collection .....	3
P. Commercial Solid Waste .....	3
Q. Commencement Date.....	3
R. Compactor .....	3
S. Compostable Materials.....	3
T. Conditionally Exempt Small Quantity Generators.....	4
U. Construction and Demolition Debris .....	4
V. Contract Administrator .....	4

W.	Contractor.....	4
X.	County .....	4
Y.	County Facilities.....	5
Z.	Disposal .....	5
AA.	Divert / Diversion.....	5
BB.	El Dorado County Solid Waste Management Plan .....	5
CC.	Electronic Waste / E-Waste.....	5
DD.	Food Waste.....	5
EE.	Forest Biomass .....	5
FF.	Forested Land .....	5
GG.	Franchise Area.....	5
HH.	Franchise Fee .....	6
II.	Generator.....	6
JJ.	Group Collection Area.....	6
KK.	Green Waste / Yard Waste.....	6
LL.	Hazardous Waste or Materials .....	6
MM.	Household Hazardous Waste.....	7
NN.	Industrial Solid Waste.....	7
OO.	Landfill / Solid Waste Landfill .....	7
PP.	Large Venue Collection Service .....	7
QQ.	Material Recovery Facility / MRF.....	7
RR.	Material Recovery Services.....	7
SS.	Medical Waste / Infectious Waste.....	7
TT.	Multi-Family Unit.....	7
UU.	Operating Year .....	8
VV.	Permanent Household Hazardous Waste Collection Facility .....	8

WW.	Prior Agreements .....	8
XX.	Process.....	8
YY.	Processing Residues .....	8
ZZ.	Recovered Materials.....	8
AAA.	Recyclables / Recyclable Material .....	8
BBB.	Recycle .....	9
CCC.	Repurpose .....	9
DDD.	Residual .....	9
EEE.	Residential Solid Waste.....	9
FFF.	Roll-Off Containers.....	9
GGG.	Self-Haul Customer .....	9
HHH.	Single-Family Unit.....	9
III.	Solid Waste / Municipal Solid Waste / MSW .....	10
JJJ.	Solid Waste Rate Setting Policies and Procedures Manual for Unincorporated Areas.....	10
KKK.	Special Wastes .....	10
LLL.	Transformation .....	10
MMM.	Transfer Station / Processing Station / Station.....	10
NNN.	Universal Waste .....	10
OOO.	Used Oil.....	11
PPP.	Used Oil Collection Service (Residential Only) .....	11
QQQ.	Used Oil Container (Residential Only).....	11
RRR.	Used Oil Filter (Residential Only) .....	11
SSS.	Used Oil Filter Container (Residential).....	11
TTT.	Wastestream.....	11
UUU.	White Goods.....	11

SECTION 2 - PRIOR AGREEMENTS .....	11
------------------------------------	----

SECTION 3 - GRANT AND ACCEPTANCE OF EXCLUSIVE RESIDENTIAL AND COMMERCIAL FRANCHISE .....	12
---	----

A. Grant of Franchise .....	12
B. Acceptance of Franchise .....	12
C. Exceptions to Exclusivity .....	12
D. Sale or Donation of Recyclables .....	13
E. Franchise Area .....	13
F. Rights Reserved as to Hazardous Wastes, Medical Wastes, Special Wastes, and Forest Biomass.....	14
G. Enforcement of Exclusivity of Franchise .....	14

SECTION 4 - FRANCHISE FEES / OTHER COMPENSATION .....	14
---	----

A. Franchise Fees .....	14
B. Other Compensation.....	14

SECTION 5 - COMPLIANCE WITH LAWS AND REGULATIONS.....	15
---	----

A. Compliance with Federal, State, and Local Laws .....	15
B. Nondiscrimination .....	15

SECTION 6 - SOLID WASTE AND RECYCLABLE COLLECTION SERVICES PROVIDED BY CONTRACTOR.....	15
---	----

A. The County to Approve All Services .....	15
A. Initial Service Levels / Expanded Services .....	16
B. Once A Week Service .....	16
C. Biweekly Service .....	17
D. Hours of Collection .....	17
E. Manner of Collection .....	17

F.	Service on County and Non-County Roads .....	17
G.	Extreme Snow Events .....	18
H.	On-Call.....	18
I.	Collection on Holidays .....	19
J.	Christmas Tree Collection .....	19
K.	Bulky Waste Pick-Up .....	19
L.	Green Waste.....	19
M.	Commercial Food Waste Collection.....	19
N.	Community Clean-Up Events .....	19
O.	Large Venue Collection Services.....	19
P.	Used Oil Collection / Used Oil Filter Collection .....	20
Q.	Batteries .....	20
R.	Fluorescent Tubes / Bulbs / e-waste.....	20
S.	Medical, Hazardous, Special, and Universal Wastes .....	21
T.	Unsecured Load Fee .....	21
U.	Spillage and Litter .....	21
V.	Pick-up of Illegally Disposed Waste .....	21
W.	Containers .....	21
X.	Inspections .....	23
Y.	Waste Generation and Characterization Studies.....	23
Z.	Site Waste Assessment.....	23
AA.	Sustainability Coordinator .....	24
BB.	Participation in Advisory Committees .....	24
CC.	Solid Waste Management Plan Goal Implementation .....	24
DD.	Procurement Policy .....	24
EE.	Emergency Services.....	24

FF.	Non-Collection Due to Non-Payment.....	25
GG.	Charges / Non-Collection for Excess Solid Waste.....	25
<u>SECTION 7 - MATERIALS RECOVERY SERVICES TO BE PROVIDED BY CONTRACTOR</u>		<u>25</u>
<u>SECTION 8 – PERMANENT HOUSEHOLD HAZARDOUS WASTE COLLECTION FACILITY .....</u>		<u>25</u>
<u>SECTION 9 – FACILITIES FOR SOLID WASTE PROCESSING AND DISPOSAL .....</u>		<u>26</u>
A.	Contractor To Provide Fully Permitted Disposal Facility .....	26
B.	Contractor To Provide Fully Permitted Materials Recovery and Transfer station .....	26
C.	Disposal in Compliance with Laws and Regulations .....	26
D.	Future Facilities for Solid Waste Processing and Disposal Advanced Technologies.....	26
E.	MRF Modernization .....	27
<u>SECTION 10 - CASH BOND AND INSURANCE .....</u>		<u>27</u>
A.	Cash Bond .....	27
B.	Insurance .....	28
<u>SECTION 11 - TERM .....</u>		<u>29</u>
A.	Initial Term .....	29
B.	Renewal Options.....	30
<u>SECTION 12 - FRANCHISE TRANSFERABLE / CONSENT REQUIRED .....</u>		<u>30</u>
A.	No Assignment without Consent.....	30
B.	Assignment Defined.....	30
C.	“Change in Control” Defined.....	30
D.	Transition .....	31

E.	Breach .....	31
F.	The County's Option to Terminate / Conditions to Assignment.....	31
G.	Conditions for Obtaining The County's Consent .....	31
<u>SECTION 13 - FRANCHISE TRANSFER FEES.....</u>		<u>32</u>
A.	Transfer Fees.....	32
B.	Non-Recoverable Costs .....	33
<u>SECTION 14 - PERFORMANCE STANDARDS.....</u>		<u>33</u>
A.	Intent .....	33
B.	Administrative Charges.....	33
C.	Notice of Intent to Assess Administrative Charges .....	35
D.	Procedure for Review of Administrative Charges .....	35
<u>SECTION 15 - TERMINATION .....</u>		<u>36</u>
A.	Material Breach of Contractor's Obligations.....	36
B.	Contractor's Default.....	36
C.	Events of Insolvency.....	37
D.	No Waivers .....	38
E.	Termination .....	38
F.	Right to Suspend .....	38
G.	Right to Possess Property and Perform Services.....	39
H.	Nonexclusive Remedies .....	39
<u>SECTION 16 - RIGHTS OF THE COUNTY TO PERFORM DURING EMERGENCY.....</u>		<u>39</u>
A.	Emergency Collection .....	39
B.	Contractor to Cooperate .....	39
C.	Contractor to Pay County Costs .....	39

D.	Right to Perform.....	40
E.	Contractor’s Notice .....	40
F.	Interruption of Collection Service.....	40
<u>SECTION 17 - PRIVACY.....</u>		<u>41</u>
A.	Privacy of Customer Information.....	41
B.	Mailing Lists.....	41
C.	Video Camera Monitoring .....	41
<u>SECTION 18 - RECORDS AND ACCOUNTING.....</u>		<u>41</u>
A.	Financial Reporting.....	41
B.	Service Records .....	42
C.	Underpayment of Franchise Fees.....	42
D.	Examination of Financial Records.....	42
E.	Public Records .....	43
F.	The County Access to Customer Lists .....	43
G.	Billing and Payment.....	44
<u>SECTION 19 - REPORTS AND ADVERSE INFORMATION .....</u>		<u>44</u>
A.	Annual Reports.....	44
B.	Quarterly Reports.....	46
C.	Monthly Reports .....	46
D.	Vendor Change Notification .....	46
E.	Adverse Information .....	46
F.	Future Legislation .....	47
<u>SECTION 20 - REVIEW OF PERFORMANCE AND QUALITY OF SERVICE.....</u>		<u>47</u>
A.	Performance Review .....	47

B.	Public Hearing.....	47
C.	Report on Performance .....	47
D.	Customer Satisfaction Survey .....	47
<u>SECTION 21 - SYSTEM AND SERVICES REVIEW .....</u>		<u>48</u>
A.	Public Hearing.....	48
B.	Contractor's Report .....	48
C.	Services Review Topics .....	48
D.	Contractor Cooperation .....	48
E.	The County's Report.....	49
<u>SECTION 22 - COMPENSATION.....</u>		<u>49</u>
<u>SECTION 23 - COLLECTION EQUIPMENT .....</u>		<u>49</u>
A.	Vehicle Standards.....	49
B.	Low Emissions Requirement .....	50
C.	Weight Restrictions .....	50
D.	Equipment List .....	50
<u>SECTION 24 - PUBLIC ACCESS TO CONTRACTOR.....</u>		<u>50</u>
A.	Office Hours .....	50
B.	Regular Meetings With The County.....	50
<u>SECTION 25 - CUSTOMER COMPLAINTS.....</u>		<u>51</u>
A.	Service Complaints.....	51
B.	Complaint Resolution.....	51
C.	The County Review of Complaints.....	51
D.	Remedy .....	51

E.	Non-Collection Tags.....	51
----	--------------------------	----

## SECTION 26 - SERVICE EXCEPTIONS / HAZARDOUS WASTE NOTIFICATIONS..... 52

A.	Compliance with Hazardous Waste Laws .....	52
B.	Notice to Agencies Regarding Toxics .....	52
C.	Inspection for Toxics.....	52
D.	No Collection or Disposal of Hazardous Waste.....	52
E.	Ammunitions, Explosives, or other Ordnance.....	52
F.	Hazardous Waste Program .....	53

## SECTION 27 – INDEMNIFICATION..... 53

A.	Indemnification of County.....	53
B.	Hazardous Substance Indemnification .....	53
C.	AB 939 Indemnification .....	54

## SECTION 28 - GENERAL PROVISIONS ..... 55

A.	Force Majeure .....	55
B.	Strikes or Similar Labor Action .....	55
C.	Independent Contractor .....	56
D.	Right of Entry .....	57
E.	Law to Govern / Venue.....	57
F.	Fees and Gratuities .....	57
G.	Prior Agreements and Amendments.....	57
H.	Compliance with Agreement.....	57
I.	Notices .....	57
J.	Savings Clause and Entirety .....	58
K.	Entire Agreement / Incorporation of Exhibits.....	58

L.	Joint Drafting .....	58
M.	Judicial Review .....	58
N.	Police Powers .....	58
O.	Successors and Assigns .....	58
P.	Survival.....	58
Q.	Administrator.....	59
R.	No Use of The County Name .....	59
S.	Parties in Interest.....	59
T.	Waiver.....	59

EXHIBIT LIST..... 61

A.	Franchise Area .....	61
B.	Solid waste Rate Setting Policies and Procedures Manual for unincorporated areas.....	61
C.	Franchise Agreement Negotiations Letter dated October 29, 2014 .....	61
D.	Contingency Plan .....	61

This Solid Waste Services Agreement (Agreement) is entered into, effective December 2, 2014, between the County of El Dorado (County), and South Tahoe Refuse Service, Inc., dba Sierra Disposal Service (Contractor) for the Collection, transportation, Processing, and Disposal of Solid Waste and Recyclable Materials.

## R E C I T A L S

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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, the Board of Supervisors has determined and finds 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 the County; and

WHEREAS, the County and Contractor are mindful of the provisions of the laws governing the safe Collection, transport, Recycling, and Disposal of Solid Waste, including the Resource Conservation and Recovery Act (RCRA), and the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA); and

WHEREAS, the 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 the 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 a Material Recovery Facility and/or Transfer Station and/or Disposal facilities of Municipal Solid Waste, and Recyclable Materials; and

WHEREAS, the Board of Supervisors determines and finds that the public 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 County is willing to grant Contractor a new Solid Waste Services Agreement in view of Contractor's prior satisfactory service in the Franchise Area and to enable the County to reach its State mandated Recycling goals; and

WHEREAS, the Board of Supervisors declares its intention of maintaining reasonable rates for Collection, transportation, Processing, and Disposal of Solid Waste within the area covered by this grant of franchise.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

## SECTION 1 - DEFINITIONS

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Whenever any term used in this Agreement has been defined by the El Dorado County Ordinance Code 8.42 ("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 shall apply unless the term is otherwise defined in this Agreement.

### A. AB 939

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"AB 939" means the California Integrated Waste Management Act of 1989, Public Resources Code, sections 40000, et seq., as it may be amended from time to time.

### B. AB 32

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"AB 32" means the California Global Warming Solutions Act of 2006, California Health & Safety Code, sections 38500, et seq., as it may be amended from time to time.

### C. AB 341

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"AB 341" means the Mandatory Commercial Recycling Regulation approved by the Office of Administrative Law in May 2012, Title 14, California Code of Regulations, chapter 9.1, commencing with section 18835. Includes SB 1018 signed by the Governor in June 2012.

### D. AFFILIATE

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"Affiliate" means Contractor, its officers, directors, shareholders, employees, and any corporation, partnership, joint venture or other entity directly or indirectly controlling Contractor, or directly or indirectly owned or controlled by Contractor or its principals.

### E. ALTERNATIVE DAILY COVER

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"Alternative Daily Cover" means cover material other than earthen material placed on the surface of the active face of a Municipal Solid Waste landfill at the end of each operating day to control vectors, fires, odors, blowing litter, and scavenging.

### F. ASSIGNMENT

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"Assignment" means any dissolution, merger, consolidation, or other reorganization of Contractor, which results in change of control of 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 Contractor or to an Affiliate on the date of the execution of this Agreement.

### G. BIN

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"Bin" means a container, with a capacity of at least one (1) cubic yard designed or intended to be mechanically dumped into a loader packer type truck. Bins may also include Compactors that are owned by the customer wherein the Collection services occur.

### H. BIOMASS CONVERSION FACILITY

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"Biomass Conversion Facility" means any facility, including any intermediate staging area, processing biomass waste into energy, fuel, and other products.

#### **I. BOARD OF SUPERVISORS**

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“Board of Supervisors” means the County of El Dorado Board of Supervisors. The County of El Dorado Board of Supervisors is the County of El Dorado’s governing body, consisting of elected representatives from each of the County’s five (5) districts.

#### **J. BULKY WASTE / BULKY ITEMS**

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“Bulky Waste” or “Bulky Items” means large items of Solid Waste, such as appliances, furniture, large auto parts, White Goods, and other oversize wastes.

#### **K. CALRECYCLE**

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“CalRecycle” means the California Department of Resources Recycling and Recovery.

#### **L. CAN**

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“Can” means a metal or plastic receptacle, with a lid and handles, capable of being Collected manually not to exceed forty-five (45) gallons in capacity.

#### **M. CART**

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“Cart” means a heavy plastic receptacle with a rated capacity of at least twenty (20) gallons and not more than ninety-six (96) gallons, having a hinged tight-fitting lid, and two (2) wheels, that is approved by the County and is colored and labeled as designated by the County.

#### **N. CHANGE IN CONTROL**

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“Change in Control” means any sale, transfer, or acquisition of Contractor.

#### **O. COLLECT / COLLECTION**

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“Collect” or “Collection” means to pick-up, transport, and remove Solid Waste, Recyclables, Green Waste, Christmas trees, Bulky Items, E-Waste, Universal Waste, Used Oil, Used Oil Filters, and/or Construction and Demolition Debris.

#### **P. COMMERCIAL SOLID WASTE**

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“Commercial Solid Waste” means 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.

#### **Q. COMMENCEMENT DATE**

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“Commencement Date” means the date when this Agreement is approved by the Board of Supervisors.

#### **R. COMPACTOR**

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“Compactor” means any container which has compaction mechanisms whether stationary or mobile, used or unused, operable or inoperable, all inclusive.

#### **S. COMPOSTABLE MATERIALS**

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“Compostable Materials” means plant material (leaves, grass clippings, branches, brush, flowers, roots, pine needles, 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 include pre- or post-consumer food waste, if Contractor begins a Food Waste Collection program within the County.

#### **T.      CONDITIONALLY EXEMPT SMALL QUANTITY GENERATORS**

“Conditionally Exempt Small Quantity Generators” (CESQG) means a Generator who generates one hundred (100) kilograms or less per month of Hazardous Waste or one (1) kilogram or less per month of acutely Hazardous Waste.

Requirements for CESQGs include: must identify all the Hazardous Waste generated, may not accumulate more than one thousand (1,000) kilograms of Hazardous Waste at any time, and must ensure that Hazardous Waste is delivered to a person or facility that is authorized to manage it (Reference: Title 40 Code of Federal Regulations, section 261.5).

#### **U.      CONSTRUCTION AND DEMOLITION DEBRIS**

“Construction and Demolition Debris” (C&D Debris) means Solid Wastes Generated by or resulting from Projects within the County of El Dorado that require a building permit (excluding grading) (Reference: Ordinance Code 8.43).

C&D Debris includes components of the building or structure that is the subject of the construction work including, but not limited to: untreated lumber and untreated wood, gypsum wallboard, glass, metal, roofing material, tile, carpeting and floor coverings, window coverings, plastic pipe, concrete, fully cured asphalt, heating, ventilating, and air conditioning systems and their components, lighting fixtures, appliances, equipment, furnishings and other fixtures; tools and building material consumed or partially consumed in the course of the construction work including material generated at construction trailers, such as blueprints, plans, and other similar wastes; cardboard and other packaging material derived from materials installed in or applied to the building or structure or from tools and equipment used in the course of the construction work. Construction refers to Standard Industrial Classification (SIC) Code sections, 1500 through 1794, 1796, and 1799. Demolition refers to Standard Industrial Classification Code, section 1795. (Reference: Title 14, California Code of Regulations, section 18720(a)(14).) The term “C&D Debris” also includes Recyclables generated by construction and demolition activities.

#### **V.      CONTRACT ADMINISTRATOR**

The “Contract Administrator” for this Agreement means the County of El Dorado Community Development Agency Environmental Management Division Director or his/her designee.

#### **W.      CONTRACTOR**

“Contractor” means South Tahoe Refuse Company dba Sierra Disposal Service and its current ownership. Contractor shall also mean any County-approved assignee, transferee, or successor in interest of Contractor.

#### **X.      COUNTY**

“County” means the County of El Dorado.

## Y. COUNTY FACILITIES

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“County Facilities” means any building, structure, yard, park, or any other facility owned, leased, or operated, by the County, or any subsidiary public entity of the County within the Franchise Area.

## Z. DISPOSAL

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“Disposal” means the final Processing and disposition of materials Collected by Contractor under the terms of this Agreement.

## AA. DIVERT / DIVERSION

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“Divert” or “Diversion” means to make use of discarded materials for any purpose and; therefore, to avoid Disposal of such material at a Landfill.

## BB. EL DORADO COUNTY SOLID WASTE MANAGEMENT PLAN

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“El Dorado County Solid Waste Management Plan” means the document adopted by the Board of Supervisors on January 31, 2012. The document consists of four (4) sections: Action Plan, Executive Summary, Detailed Strategies and Support, and Response to Public Comments.

## CC. ELECTRONIC WASTE / E-WASTE

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“E-Waste” or “Electronic Waste” typically means discarded electronic equipment such as stereos, radios, speakers, televisions, computers, monitors, VCRs, printers, copiers, facsimile machines, DVD players, microwaves, telephones, and similar items (including cathode ray tubes and other Universal Waste which may require special handling).

The Department of Toxic Substances Control (DTSC) has adopted regulations designating E-Wastes as Universal Wastes. (Reference: Title 22, California Code of Regulations, chapter 23).

## DD. FOOD WASTE

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“Food Waste” means all animal and vegetable Solid Wastes generated by food facilities, as defined in California Health & Safety Code, section 27521, or from residences, that result from the storage, preparation, cooking, or handling of food. (Reference: Title 14, California Code of Regulations, section 18720).

## EE. FOREST BIOMASS

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“Forest Biomass” means vegetation from trees, brush, and other plants grown in Forested Land.

## FF. FORESTED LAND

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“Forested Land” means areas in the County that require a Smoke Management Plan for agricultural and prescribed burning pursuant to the requirements of the California Air Resources Board and the County of El Dorado Air Quality Management District.

## GG. FRANCHISE AREA

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“Franchise Area” is defined in Exhibit A. The current boundaries of the Franchise Area are also shown by maps incorporated herein by reference, and which are on file in the office of the Clerk of the Board of Supervisors.

#### HH. FRANCHISE FEE

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“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 the County for its expenses in administering this Agreement, and to fund other waste management activities.

#### II. GENERATOR

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“Generator” is a person, commercial business, or any other entity that produces Solid Waste, Recyclables, Green Waste, Bulky Items, Christmas trees, Universal Waste, E-Waste, Used Oil, Used Oil Filters, and/or C&D Debris.

#### JJ. GROUP COLLECTION AREA

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“Group Collection Area” means a single location where multiple residential customers place Solid Waste, Recyclable Material, and Green Waste items for Collection. Solid Waste, Recyclable Material, and Green Waste item must be in containers to be Collected.

#### KK. GREEN WASTE / YARD WASTE

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“Green Waste” or “Yard Waste” means any wastes generated from the maintenance or alteration of public, commercial, or residential landscapes including, but not limited to, yard clippings, leaves, tree trimmings, prunings, brush, and weeds (Reference: Title 14, California Code of Regulations, section 18720).

#### LL. HAZARDOUS WASTE OR MATERIALS

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“Hazardous Waste or Materials” means any and all of the following:

- 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 (Title 42 U.S. Code, section 6901 et seq.) as amended from time to time, or regulations promulgated there under;
- Wastes, 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 DTSC, CalRecycle, and EPA) having jurisdiction over Hazardous Waste generated by facilities within the State, and pursuant to any other applicable governmental regulations;
- Wastes, materials, or substances, the storage, treatment, transportation or Disposal of which is subject to regulation under the Toxic Substances Control Act; Title 15 U.S. Code, sections 2601-2654, as amended from time to time, or regulations promulgated there under;
- 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 (2) or more governmental entities having concurrent or overlapping jurisdiction over Hazardous Waste.

#### MM. HOUSEHOLD HAZARDOUS WASTE

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“Household Hazardous Waste” or “HHW” means Hazardous Waste generated at Single-Family Units or Multi-Family Units.

#### NN. INDUSTRIAL SOLID WASTE

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“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.

#### OO. LANDFILL / SOLID WASTE LANDFILL

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“Landfill”, or “Solid Waste Landfill” means a Disposal facility that accepts Solid Waste for land Disposal, but does not include a facility which receives only wastes generated by the facility owner or operator in the extraction, beneficiation, or Processing of ores and minerals, or a cemetery which disposes onsite only the grass clippings, floral wastes, or soil resulting from activities on the grounds of that cemetery (Reference: Public Records Code, section 40195.1).

#### PP. LARGE VENUE COLLECTION SERVICE

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“Large Venue Collection Service” means Collection of Solid Waste, Recyclables, and other materials as appropriate at Large Venue Special Events.

#### QQ. MATERIAL RECOVERY FACILITY / MRF

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“Material Recovery Facility” or “MRF” means an intermediate Processing facility designed to remove Recyclables and other Reusable or Transformable materials from the Wastestream. A “dirty MRF” removes Reusable materials from unseparated trash. A “clean MRF” separates materials from commingled Recyclables, typically Collected from residential or commercial curbside programs.

#### RR. MATERIAL RECOVERY SERVICES

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“Material Recovery Services” means the Processing of Solid Waste and Recyclable Materials at permitted Material Recovery Facilities, and the subsequent recovery, reuse, Recycling, Repurposing, or other Diversion of such materials from Land-Filling in such a manner that the County receives Diversion credit for such materials and activities by CalRecycle.

#### SS. MEDICAL WASTE / INFECTIOUS WASTE

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“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: Health & Safety Code, sections 117690 and 118215 and et seq., especially 25117.5).

#### TT. MULTI-FAMILY UNIT

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“Multi-Family Unit” shall mean each individual living unit within a multi-family complex composed of five or more individual residential units which receive communal refuse and/or Recycling services.

#### UU. OPERATING YEAR

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“Operating Year” means the twelve (12) month period from December 31 to January 1 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 and as determined by the Solid Waste Rate Setting Policies and Procedures Manual for Unincorporated Areas (Exhibit B).

#### VV. PERMANENT HOUSEHOLD HAZARDOUS WASTE COLLECTION FACILITY

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“Permanent Household Hazardous Waste Collection Facility” or “PHHWCF” means a facility operated by a public agency or its contractor which: (a) is operated in accordance with section 67450.25; and (b) is permanently sited at a location. (Reference: Title 22, California Code of Regulation, section 66260, Definitions).

#### WW. PRIOR AGREEMENTS

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“Prior Agreements” means: (a) the Agreement between Contractor and the County dated August 22, 2000; and (b) other agreements with Contractor; and all subsequent modifications or amendments to any such agreements.

#### XX. PROCESS

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To “Process” means the separation, sorting, handling, and/or baling of Solid Waste and/or Recyclable Materials by automated or manual means at a Material Recovery Facility, for the purpose of Recycling a portion of these materials. Material that is received at a Material Recovery Facility and is directly loaded into a transfer vehicle for delivery to a Landfill for Disposal without Recyclable Materials being sorted, separated, handled, and/or baled; therefor, has not been “Processed” within the meaning of this definition.

#### YY. PROCESSING RESIDUES

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“Processing Residues” means all materials remaining after the Processing of Recyclables, Green Waste, Bulky Items, and C&D Debris, which cannot be Diverted from the Landfill.

#### ZZ. RECOVERED MATERIALS

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“Recovered Materials” mean 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.”

#### AAA. RECYCLABLES / RECYCLABLE MATERIAL

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“Recyclables” or “Recyclable Material” means materials which are reused, Recovered, Repurposed, 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 Land-Filling 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 C&D Debris, Alternative Daily Cover, materials Processed for land application including sludge 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, polyethylene terephthalate (PET), high-density polyethylene (HDPE), beverage containers, Compostable Materials, asphalt, concrete, brick, stone, Used Oil, Used Oil Filters, Electronic Waste, Universal Waste, and such other materials designated as Recyclables by CalRecycle, or any other agency with jurisdiction.

### **BBB. RECYCLE**

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“Recycle” means Recovery, Repurposing, reuse, Transformation, or other Diversion of Recyclable Materials from Land-filling in such a manner that the County receives Diversion credit for such materials and activities by CalRecycle.

### **CCC. REPURPOSE**

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“Repurpose” means the use of something for a purpose other than its original intended used. Repurposing an item can be done by modifying it to fit a new use, or by using the item as is in a new way with the intention of Diverting the item from a Landfill.

### **DDD. RESIDUAL**

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“Residual” means the Solid Waste destined for Disposal, further transfer/Processing as defined in Title 14, California Code of Regulations, section 17402(a)(30) or (31), or Transformation which remains after processing has taken place and is calculated in percent as the weight of residual divided by the total incoming weight of materials.

### **EEE. RESIDENTIAL SOLID WASTE**

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“Residential Solid Waste” means all types of Solid Waste that originates from Single-Family Units.

### **FFF. ROLL-OFF CONTAINERS**

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“Roll-Off Containers” means a container with a capacity of at least ten (10) cubic yards designed or intended to be mechanically hoisted onto a truck.

### **GGG. SELF-HAUL CUSTOMER**

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“Self-Haul Customer” means a generator of Solid Waste, Recyclables, Green Waste, Bulky Items, E-Waste, Universal Waste, Christmas trees, Used Oil, Used Oil Filters, and/or C&D Debris within the County’s jurisdiction who delivers materials to a facility permitted to accept the material rather than by Collection by Contractor.

### **HHH. SINGLE-FAMILY UNIT**

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“Single-Family Unit” means a dwelling which receives individual refuse Collection service, but includes duplexes, or other complexes consisting of four (4) units or less, and all other living units that are not defined as Multi-Family Units or Commercial Solid Waste Generators.

### III. SOLID WASTE / MUNICIPAL SOLID WASTE / MSW

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“Solid Waste”, also known as “Municipal Solid Waste”, or “MSW”, means all putrescible and non-putrescible solid, semi-solid, and liquid wastes, including residential, commercial, and municipal garbage, trash, refuse, paper, rubbish, ashes, industrial wastes, C&D Debris, discarded home and industrial appliances, manure, vegetable or animal solid and semi-solid wastes, and other discarded Solid Wastes and semi-Solid Wastes, but specifically excludes Hazardous Wastes, Special Wastes, and Medical Wastes.

### III. SOLID WASTE RATE SETTING POLICIES AND PROCEDURES MANUAL FOR UNINCORPORATED AREAS

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“Solid Waste Rate Setting Policies and Procedures Manual for Unincorporated Areas” means the step-by-step guide for the County of El Dorado, and its franchise haulers serving unincorporated areas, to prepare and approve changes to Solid Waste Collection rates. This manual establishes rate change policies, provides application forms, specifies reporting formats, identifies required supporting documentation, and describes the procedure for requesting, reviewing, and adopting rate changes. See Exhibit B.

### KKK. SPECIAL WASTES

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“Special Waste” means any Hazardous Waste listed in Title 22, California Code of Regulations, section 66740 or any waste which has been classified as a Special Waste pursuant to Title 22, California Code of Regulations, section 66744 or which has been granted a variance for the purpose of storage, transportation, treatment, or Disposal by the Department of Health Services pursuant to Title 22, California Code of Regulations, section 66310. Special Waste also includes any Solid Waste that, 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, California Code of Regulations, section 18720(a)(73)).

Some examples of Special Waste include, but are not limited to, ash, sewage sludge, industrial sludge, asbestos, auto shredder waste, auto bodies, and other Special Wastes like dead animals.

### LLL. TRANSFORMATION

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“Transformation” refers to incineration, pyrolysis, distillation, or biological conversion other than composting. The statutory definition of Transformation does not include composting, gasification, or biomass conversion (Reference: California Public Resources Code, section 40201).

### MMM. TRANSFER STATION / PROCESSING STATION / STATION

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“Transfer Station,” “Processing Station,” or “Station” includes those facilities utilized to receive Solid Wastes, temporarily store, separate, and consolidate the materials or to transfer the Solid Wastes directly from smaller to larger vehicles for transport.

### NNN. UNIVERSAL WASTE

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“Universal Waste” mean Hazardous Wastes that are widely produced by households and many different types of businesses. Universal Wastes include Electronic Waste such as televisions, computers, and other electronic devices as well as batteries, fluorescent lamps, mercury thermostats, and other mercury containing equipment, among others. The

Hazardous Waste regulations (Title 22, California Code of Regulations, section 66261.9) identify seven (7) categories of Hazardous Wastes that can be managed as Universal Wastes. Any unwanted item that falls within one (1) of these Wastestreams can be handled, transported, and Recycled following the simple requirements set forth in the Universal Waste regulations (UWR) (Title 22, California Code of Regulations, chapter 23).

#### **000. USED OIL**

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“Used Oil” means any oil that has been refined from crude oil or has been synthetically produced, and is no longer useful to the customer because of extended storage, spillage, or contamination with non-hazardous impurities such as dirt or water, or has been used, and as a result of such use, has been contaminated with physical or chemical impurities.

#### **PPP. USED OIL COLLECTION SERVICE (RESIDENTIAL ONLY)**

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“Used Oil Collection Service” means the Collection of Used Oil and Used Oil Filters in Used Oil Containers and Used Oil Filter Containers respectively, by Contractor, from Residential Solid Waste customers in the Franchise Area who make an appointment and place the containers appropriately closed and labeled at the curbside.

#### **QQQ. USED OIL CONTAINER (RESIDENTIAL ONLY)**

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“Used Oil Container” means a plain plastic container for the accumulation of Used Oil that is at least one (1) gallon in capacity, leak-proof, has a screw-on lid, and has a label designating it for use as a Used Oil Container.

#### **RRR. USED OIL FILTER (RESIDENTIAL ONLY)**

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“Used Oil Filter” means any oil filter that is no longer useful to the customer because of extended storage, spillage, or contamination with non-hazardous impurities such as dirt or water, or has been used and as a result of such use has been contaminated with physical or chemical impurities.

#### **SSS. USED OIL FILTER CONTAINER (RESIDENTIAL)**

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“Used Oil Filter Container” means a container approved by Contractor and authorized by the County for the accumulation of Used Oil Filters that has a label designating it for use as a Used Oil Filter Container.

#### **TTT. WASTESTREAM**

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“Wastestream” means all Solid Waste and Recyclable Materials Collected by Contractor pursuant to this Agreement or delivered by any person to the Material Recovery Facility.

#### **UUU. WHITE GOODS**

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“White Goods” means discarded household appliances such as washers, dryers, refrigerators, stoves, water heaters, freezers, small air conditioning units, and other similar items.

## **SECTION 2 - PRIOR AGREEMENTS**

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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:

- (1) 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;
- (2) 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
- (3) Any amounts owed by Contractor to the 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

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### A. GRANT OF FRANCHISE

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The 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 Recyclables and Recyclable Material), 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. In addition, Contractor shall have an exclusive franchise to Collect C&D Debris except as provided in Section 3(C)(4) below.

### B. ACCEPTANCE OF FRANCHISE

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Contractor agrees to be bound by and comply with all the requirements of this Agreement.

### C. EXCEPTIONS TO EXCLUSIVITY

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The exclusive franchise granted by this Agreement shall not apply where:

- (1) A person, including employees (excluding a person who hires a third party for a fee), 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, notwithstanding anything herein to the contrary, this provision shall not in any way modify any mandatory Solid Waste ordinance or requirements; or

- (2) A person or entity contracts for landscaping, gardening, or similar work and where Contractor engaged therefore removes and Recycles or otherwise Disposes of garden and other Compostable Materials resulting therefrom, provided that such removal and Recycling or Disposal is incidental to the landscaping or gardening work performed by Contractor performing those services and not as a hauler or Recycler; or
- (3) A person or entity has been given an exemption by the County from any mandatory Collection ordinance that the County may adopt in the future; or
- (4) A person or entity licensed to engage in construction and/or demolition work that is performing construction and/or demolition work on a premises pursuant to a valid construction permit that hauls away C&D Debris to a licensed Recycling or Disposal facility using its own employees and vehicles. The above exception to this exclusive Agreement does not permit or allow a person or entity to hire or contract with another person or entity, whether as an agent or independent contractor, to pick-up, remove, haul, Dispose of, or transport Solid Waste. Likewise, the rental of equipment wherein a driver/operator is furnished is not permitted and would be a violation of the exclusivity provision of this Agreement. The use of rented equipment with hired equipment operators to pick-up, remove, haul, Dispose of, or transport Solid Waste is not permitted; and
- (5) Nothing in this Agreement shall require that Collection services be accepted by the County or any entity governed by the Board of Supervisors, the State of California, or other state agency, any school district, or any other entity that is excluded by law from the obligation to subscribe to the Collection services set forth herein; and
- (6) A person or entity handles, hauls, transports, hires, or contracts with another person or entity to handle, haul, or transport, Forest Biomass generated in Forested Land for purposes of disposing same at an authorized Biomass Conversion Facility. This Agreement does not confer any exclusive rights to Contractor to handle, haul or transport Forest Biomass or operate a Biomass Conversion Facility and/or conduct biomass conversion operations.

#### **D. SALE OR DONATION OF RECYCLABLES**

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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. Recyclables shall not be considered to have been sold or donated where the generator of such materials incurs any expense in connection with the removal of those materials from the Generator's premises.

#### **E. FRANCHISE AREA**

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The Franchise Area covered by this Agreement shall be all areas, including, but not limited to, 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.

**F. RIGHTS RESERVED AS TO HAZARDOUS WASTES, MEDICAL WASTES, SPECIAL WASTES, AND FOREST BIOMASS**

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The County reserves the right to contract with other parties to have Hazardous, Medical Wastes, Special Wastes, and Forest Biomass, Collected, transported, Disposed of, Processed, and/or Diverted.

**G. ENFORCEMENT OF EXCLUSIVITY OF FRANCHISE**

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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 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 FEES / OTHER COMPENSATION**

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**A. FRANCHISE FEES**

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Contractor shall pay to the 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 and supporting documents 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 lesser. The County shall give Contractor a minimum of ninety (90) days' notice of any changes to the surcharge. Any increase in the surcharge shall result in a corresponding rate adjustment to Contractor's rates and/or be passed through to Contractor's customers.

**B. OTHER COMPENSATION**

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Contractor shall also collect from its customers and pay to the County any surcharge set by the County to fund the County Solid Waste management activities, El Dorado County Solid Waste Management Plan implementation, AB 939 implementation programs, new regulatory requirements, and Landfill closure, post-closure, and remediation costs. This surcharge shall be treated for rate-setting purposes as a pass-through cost in the same manner as the Franchise Fee. Any change in such surcharge shall be reflected in a corresponding adjustment to Contractor's rates. Such surcharge 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 lesser. The County

shall give Contractor a minimum of ninety (90) days' notice of any changes in the surcharge. Any increase in the surcharge 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

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### A. COMPLIANCE WITH FEDERAL, STATE, AND LOCAL LAWS

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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"), Title 42 U.S. Code, section 9601, et seq., 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.

### B. NONDISCRIMINATION

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Contractor hereby agrees to abide by all local, state, and federal laws and regulations pertaining to discrimination in employment including that no person shall, on the grounds of race, creed, color, disability, sex, sexual orientation, national origin, age, religion, political affiliations, or any other non-merit based factors, be subject to discrimination under this Agreement.

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

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### A. THE COUNTY TO APPROVE ALL SERVICES

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- (1) 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 Contractor to change the level of such services from time to time on reasonable notice to Contractor. The Board of Supervisors may also require Contractor to change the level of service to implement the El Dorado County Solid Waste Management Plan. 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 the County to reduce or adversely affect Contractor's exclusive franchise rights as specified in Section 3 of this Agreement.
- (2) Before initiating new Recycling or Biomass Conversion programs or activities ("programs") within the Franchise Area, Contractor shall seek and obtain the express approval of the County. In seeking the 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, if any, and revenues associated with the program, and the anticipated level of Diversion to be achieved by such program.

- (3) New services will be implemented in accordance with the Solid Waste Rate Setting Policies and Procedures Manual for Unincorporated Areas (Exhibit B).

#### **A. INITIAL SERVICE LEVELS / EXPANDED SERVICES**

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Contractor shall perform all education, outreach, monitoring, and reporting for all Commercial Solid Waste and Multi-Family Unit properties as required by AB 939 and AB 341 and under the direction of the County. These activities shall include educating Commercial Solid Waste and Multi-Family Unit customers regarding the mandatory recycling requirements of AB 341, and notifying non-compliant Commercial Solid Waste and Multi-Family Unit customers at least semi-annually.

Contractor shall identify, educate, and monitor all Commercial Solid Waste and Multi-Family Unit customers required to be in compliance with AB341, and shall implement a recycling program(s) that supports and educates the public about state requirements and the El Dorado County Solid Waste Management Plan. Contractor shall ensure that on-line and print materials related to Commercial Solid Waste and Multi-Family Unit customers contain up-to-date information pertaining to AB341 or other mandatory requirements.

#### **B. ONCE A WEEK SERVICE**

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In order to protect the public health and safety, and in accordance with the County Ordinance Chapter 8.42 arrangements made by Contractor with its customers in the Franchise Area for the Collection of Solid Waste not defined in the Agreement as Recyclable Materials, 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: Contractor shall Collect from Single-Family Units MSW (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. Recyclables and Green Waste, if applicable, will be Collected in a manner and frequency on a schedule approved by the County.
- (2) Multi-Family Units: Contractor shall empty all Multi-Family Units 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. Multi-Family Units will maintain adequate Solid Waste container capacity for pick-up services. Recyclables and Yard Waste, if applicable, will be Collected in a manner and frequency on a schedule approved by the County.  
Contractor shall visit each Multi-Family Unit Bin customer at least once every two (2) years during the term of this Agreement to perform a site waste assessment. As part of the assessment, Contractor shall meet with the customer to review level of service and to discuss Diversion opportunities. The results of each visit shall be documented and reported in the monthly report to the County.

- (3) Commercial Solid Waste Customers: Contractor provides Can and Bin Commercial Solid Waste service. Not less than once per week, Contractor shall Collect from Commercial Solid Waste Customers, MSW (except Bulky Wastes and Special Wastes) which have been properly placed, kept or accumulated in authorized Solid Waste containers, at the authorized Collection point(s) prior to Contractor's normal weekly Collection time. Recyclables and Green Waste, if applicable, will be Collected in a manner and frequency on a schedule approved by the County.

Contractor shall visit each Bin customer at least once every three (3) years during the term of this Agreement. Contractor shall meet with the property manager or business owner to review level of service, discuss Diversion opportunities, and offer to perform a site waste assessment. The results of each visit shall be documented and reported in the monthly report to the County.

#### **C. BIWEEKLY SERVICE**

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- (1) Recyclable Material: Contractor shall Collect residential Recyclable Materials which have been properly placed, kept or accumulated in an authorized container at curbside or other authorized Collection station, no less than biweekly.
- (2) Green Waste: Upon such time that Green Waste Collection is implemented, Contractor shall Collect residential Green Waste which has been properly placed, kept or accumulated in an authorized container at curbside or other authorized Collection station, no less than biweekly.

#### **D. HOURS OF COLLECTION**

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Residential Collection services shall be provided commencing no earlier than 5:00 am and terminating no later than 6:00 pm Monday through Friday with no service on Saturday or Sunday. The hours, days, or both of Collection may be temporarily extended due to extraordinary circumstances or conditions with the prior consent of the Contract Administrator.

Commercial Solid Waste Collection services shall be provided commencing no earlier than 5:00 am and terminating no later than 7:00 pm Monday through Friday. The hours, days, or both of Collection may be temporarily extended due to extraordinary circumstances or conditions with the prior consent of the Contract Administrator.

Contractor agrees to reasonably adjust the hours of commencement of Collection operations in selected areas at the request of the County where early Collection activities have generated numerous complaints from nearby residents.

#### **E. MANNER OF COLLECTION**

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Contractor shall provide Collection services with as little disturbance as possible and shall leave any Can, Cart or Bin in an upright position at the same point it was Collected, without obstructing alleys, roadways, driveways, sidewalks, or mail boxes.

#### **F. SERVICE ON COUNTY AND NON-COUNTY ROADS**

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Contractor shall be required to provide Collection service to all customers on county maintained roads. Contractor shall further provide service on all non-county maintained roads, except as provided herein. Contractor shall 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 Collection Areas" – that is, a single location where several Solid Waste and/or Recyclable Materials containers are placed for Collection by multiple residential Generators.

In the event any non-county maintained 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 damage to even the smaller sized vehicles of Contractor, Contractor shall meet and confer in good faith with the customers located in such non-county maintained road to have the condition of such road resolved so that Contractor may be able to provide Collection to the customers on such road. If the parties are unable to come to a mutually agreeable resolution regarding the condition of such road, after meeting and conferring with each other, Contractor shall work with such customers to create a Group Collection Area to meet such customers' Collection service needs. If the parties cannot agree on a Group Collection Area, Contractor shall not be required to provide Collection service to customers on said road, and in such case, such customers shall be allowed to self-haul their own MSW, Recyclables and Green Waste to an appropriate disposal or processing facility.

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.

#### **G. EXTREME SNOW EVENTS**

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During extreme snow events, Contractor may utilize delayed starts to provide Collection service as feasible, given snow removal operations and weather and road conditions throughout the area. Contractor will make every effort to complete Collection routes as scheduled. Contractor shall attempt to service missed routes the next day. If MSW cannot be picked up on the next day due to unsafe conditions, missed routes will then be serviced on the next scheduled service day with no charge for extra material. Contractor will utilize its website to notify customers of delays in service and service options.

Contractor shall allow for a customer to Self-Haul their weekly curbside Solid Waste to the MRF with voucher approval from Contractor, which can be completed through email of the voucher, in person, at the office, or through the mail.

#### **H. ON-CALL**

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In addition to all other regularly scheduled Collection services provided by Contractor herein, Contractor shall provide on-call Collection services to residential, commercial, and Multi-Family Unit customers, at the current rate structure. This on-call service is designed to cover temporary Roll-Off Containers, or Bulky Waste pick up as needed by residential, Commercial Solid Waste and Multi-Family Unit customers. Such customers shall request on-call service from Contractor and Contractor shall provide such additional Roll-Off Containers, and /or additional Collections as requested by the customer within a time-frame as set by Contractor.

#### **I. COLLECTION ON HOLIDAYS**

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Contractor has informed the 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, Memorial Day, July 4<sup>th</sup>, Labor Day, Thanksgiving Day, or Christmas Day), Contractor may provide Collection service for each route on the holiday day, or on the day before or after the holiday with advanced notification to the customer.

#### **J. CHRISTMAS TREE COLLECTION**

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Contractor agrees to Collect bare Christmas trees at no additional charge to customers receiving Residential Solid Waste service providing trees are cut to no more than three (3) feet in length and bundled.

#### **K. BULKY WASTE PICK-UP**

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Contractor shall provide Bulky Waste pick-up for all customers within the Franchise Area, 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 for an additional per item charge, subject to size and weight limitations, and reasonable guidelines as set by Contractor and approved by the County.

Contractor shall provide residential customers with a voucher, on an annual basis, for the curbside pickup of one (1) Bulky Waste item at no additional cost to the customer.

#### **L. GREEN WASTE**

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Contractor shall provide up to twelve (12) green waste bins for fuels reduction projects throughout the service area each year for residential customers at no additional cost. In addition, Contractor will provide Green Waste drop boxes at a reduced rate for fuels reduction projects. Contractor will add information on its webpage on home composting programs.

#### **M. COMMERCIAL FOOD WASTE COLLECTION**

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Contractor will operate this program in conjunction with other Food Waste Recycling programs on the West Slope. Food Waste will be collected in a leak resistant cart or bin on a weekly basis and transport to a permitted processing facility.

#### **N. COMMUNITY CLEAN-UP EVENTS**

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Once per year Contractor shall provide, in addition to regularly scheduled service, one (1) clean-up event strategically located in the unincorporated areas of the County, pursuant to guidelines established by Contractor and approved by the County for the disposal of Solid Waste and Recyclables by Single-Family Units and Multi-Family Units free of charge. SDS shall pay for the disposal costs associated with the event. The date for each event shall be proposed by Contractor and approved by the County.

#### **O. LARGE VENUE COLLECTION SERVICES**

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Contractor shall provide for the Collection, transportation, and Processing or Disposal of Solid Waste and Recyclables at Large Venue type events each Calendar Year as requested by the County and/or event coordinator. Contractor shall provide each Large Venue event

customer with such number of Solid Waste Bins or Roll-Off Containers as requested and the equivalent volume of Recyclables containers.

Prior to providing these services at an event, Contractor will meet with the event coordinator to determine the best way to maximize Diversion at the event. At event coordinator's request, Contractor shall provide effective means to differentiate Solid Waste from Recyclables containers including signs, magnets, banners, or other methods. In the event Contractor or the event coordinator determines that material in the Recyclables receptacles is contaminated to the extent that it should not be emptied into the Recyclables Roll-Off Containers or Bins provided by Contractor, the contaminated Recyclables shall be treated as Solid Waste and Processed at a MRF to retrieve Recyclables. Contractor shall use its best judgment to determine when the Bins are to be emptied, except that Bins shall be emptied prior to overflowing or when in the opinion of the event coordinator they are creating a public nuisance.

#### **Q. USED OIL COLLECTION / USED OIL FILTER COLLECTION**

Collection of Used Oil and Used Oil Filters are included in this Agreement for Residential Solid Waste Generators only. Used Oil will be required to be placed in Used Oil Containers, clearly labeled as containing motor oil, to be eligible for pick-up. Pick-up shall be scheduled with Contractor's office. Used Oil Filters will be required to be placed in Used Oil Filter Containers, clearly labeled as containing Used Oil Filters, approved by Contractor to be eligible for pick-up. Pick-up shall be scheduled with Contractor's office. Contractor will not be required to pick up more than five (5) one (1) gallon containers of Used Oil, or more than five (5) oil filters at any single household at any one time. Brake fluid, transmission fluid, hydraulic fluid, gasoline, diesel, and any other petroleum-based liquid or mixtures of different liquids are not covered by this Agreement. The County and Contractor acknowledge that costs associated with recycling Used Oil and Used Oil Filters will be the responsibility of Contractor.

In consideration of this service, the County represents that there exists grant funding relating to Used Oil and Used Oil Filter Collection and recycling. The County will make best attempts to secure such funding so that a portion of the funding may be made available to Contractor to help offset costs.

#### **R. BATTERIES**

Curbside Collection of batteries is included in this agreement for Residential Solid Waste customers only. Batteries (excluding automotive batteries) will be required to be placed in approved containers provided by Contractor, clearly labeled as containing batteries, to be eligible for pickup.

#### **S. FLUORESCENT TUBES / BULBS / E-WASTE**

Contractor will provide curbside pick-up for fluorescent tubes / bulbs to Residential Solid Waste customers upon appointment at no additional charge. Contractor will provide one (1) curbside pickup for Electronic Waste/E-Waste on an annual basis per Residential Solid Waste customer at no additional charge.

#### S. MEDICAL, HAZARDOUS, SPECIAL, AND UNIVERSAL WASTES

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Contractor shall have the non-exclusive right under this Agreement, but is not obligated to, Collect, transport, and Dispose of material defined as Hazardous Waste, Special Waste, and Universal Waste herein. Contractor shall negotiate separate contracts and rates for Hazardous, Special, and Universal Waste Collection with each individual customer, which rates shall not require advance the 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 and radioactive waste; however, Contractor's principals may form a separate and independent company to engage in the Collection and Disposal of Medical Waste. The County reserves the right to franchise other parties to perform Medical, Hazardous, Special, and Universal Waste handling services.

#### T. UNSECURED LOAD FEE

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*This section is not applicable at the time of Agreement execution; however, in the event the County and Contractor agree to offer such services within the Franchise Area the Agreement will be amended to reflect the new service level.*

#### U. SPILLAGE AND LITTER

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Contractor shall not litter premises in the process of providing Collection services or while its vehicles are on the road. Contractor shall transport all materials Collected under the terms of this Agreement in such a manner as to prevent the spilling or blowing of such materials from vehicles. Contractor shall exercise all reasonable care and diligence in providing Collection services so as to prevent spilling or dropping of Solid Waste, Recyclables, Green Waste, Bulky Items, Universal Waste, E-Waste, Used Oil, Used Oil Filters, and C&D Debris and shall immediately, at the time of occurrence, clean up such spilled or dropped materials.

#### V. PICK-UP OF ILLEGALLY DISPOSED WASTE

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Contractor shall, at the written request of the County, pick-up, Dispose of, or Recycle, as appropriate, illegally disposed waste within the Franchise Area, limited to six (6) twenty (20) yard Bins or smaller per year. Anything greater the County will negotiate the disposal fee. 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 the County. 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. This section is not intended to replace the County's current litter abatement program.

#### W. CONTAINERS

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- (1) Purchase and Distribution of Carts, Bins, and Roll-Off Containers: Contractor shall Collect Solid Waste from customer provided containers. Contractor shall Collect Recyclables from the either sixty-four (64) or ninety-six (96) gallon Contractor provided cart, as requested by the customer and placed for Collection by the customer, not less than once every two weeks. At the customer's request, Contractor shall provide to each customer, and at no additional charge to such customer, one additional cart for the Collection of Recyclables (either sixty-four (64) or ninety-six (96) gallon carts available).

- (2) Purchase and Distribution of Carts, Bins, and Roll-Off Containers: Contractor will maintain a sufficient inventory of Carts, Bins, and Roll-Off Containers to meet customer needs.

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

- (3) Exceptions to Carts for Recyclables: Exceptions to the use of Contractor provided carts will occur only under the following conditions. Only Customers serviced in Group Areas may use:
- (a) Contractor provided thirty-two (32) gallon 'blue bags' for Recycle Material. Contractor Customer Service Department and the customer shall determine an appropriate number of blue bags for each customer requesting to continue use of thirty-two (32) gallon 'blue bags' and Contractor shall provide determined number of thirty-two (32) gallon 'blue bags' when providing biweekly Recycle service.
  - (b) Customer may opt to use Customer provided thirty-two (32) gallon blue recycle container in lieu of Contractor provided 'blue bags'.
  - (c) When curb-side service is available, the exemptions per this section for Recycling will be discontinued and standard cart program will be implemented.

- (4) Replacement of Carts and Bins: Contractor's employees shall take care to prevent damage to Carts or Bins by unnecessary rough treatment. However, any Cart or Bin damaged by Contractor shall be replaced by Contractor, at Contractor's expense, within ten (10) work days at no cost or inconvenience to the customer.

Upon notification that Carts or Bins are faulty, have worn out or have been stolen or damaged beyond repair through no fault of the customer, Contractor shall deliver a replacement Carts or Bins to such customer within ten (10) work days.

- (5) Repair and Exchange of Carts, Bins, and Roll-Off Containers:
- (a) Repair of Carts: Contractor shall be responsible for repair of Carts in the areas to include, but not limited to, hinged lids, wheels and axles. No later than the next regularly scheduled Collection day after notification of the need for such repairs, Contractor shall repair the Cart or if necessary, remove the Cart for repairs and deliver a replacement Cart to the customer.
  - (b) Repair of Bins and Roll-Off Containers: Contractor will repair and otherwise maintain or replace Bins and Roll-Off Containers so that they are functional, and, as appropriate, have lids, at no inconvenience to the customer.

(c) Cart or Bin Exchange: Upon notification to Contractor that a change in the size or number of Carts or Bins is required, Contractor shall deliver such Carts or Bins to such customer within ten (10) days. Carts or Bins will not be exchanged more than once per year for reasons other than repair or service level changes.

(6) Bin and Container Signage, Painting, and Cleaning: All Bins and containers of any service type (excluding carts) furnished by Contractor shall display Contractor's name, Contractor's local customer service telephone number, and shall be kept free of graffiti and in a clean and sanitary condition.

Bins and Roll-Off Containers provided by Contractor shall be steam cleaned by Contractor as frequently as necessary to maintain them in a sanitary condition. Upon receipt of notification by Contractor of graffiti on a Bin or container, Contractor shall clean or replace such Bin or container within ten (10) work days. Bins and containers will be subject to periodic, unscheduled inspections by the County and determination as to sanitary condition shall be made by the County.

(7) Organic Waste Containers: In the event the County and Contractor agree to offer residential compostable food waste Collection service, the Collection container must be approved by Contractor and the County.

(8) Compostable Material Containers: In the event the County and Contractor agree to offer Commercial Compostable Materials Collection services, and if requested by the commercial customer, Contractor shall provide commercial customers receiving commercial Compostable Materials Collection services with a watertight container for storage of Compostable Materials prior to placing the waste in the Compostable Materials Cart or Bin. The size of the container shall be determined by the customer and Contractor. Contractor shall be responsible for the repair and maintenance of the containers. Commercial customers may use compostable bags for the containment of food waste.

## **X. INSPECTIONS**

The County shall have the right to inspect Contractor's facilities or Collection vehicles used in the provision of Collection services under this Agreement and their contents at any time while operating inside or outside the Franchise Area.

## **Y. WASTE GENERATION AND CHARACTERIZATION STUDIES**

Contractor agrees to participate and cooperate with the County and its agents in all Solid Waste generation and characterization studies conducted no more frequently than once each Agreement Year, at no cost to the County, including modification of routes, separate Collection of an individual customer's Solid Waste, and delivering targeted loads of Solid Waste to a location or locations designated by the County.

## **Z. SITE WASTE ASSESSMENT**

Within six (6) months of commencement of service to a new Multi-Family Unit or Commercial Solid Waste customer in the Franchise Area, Contractor will conduct a waste generation and characterization assessment of such Multi-Family Unit or Commercial Solid

Waste customer to identify customer's potential to Recycle and Divert Solid Waste. The assessments shall be performed in accordance with the protocol developed by Contractor and approved by the County which protocol shall be developed and provided to the County as part of the implementation plan.

#### **AA. SUSTAINABILITY COORDINATOR**

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Contractor shall provide a sustainability coordinator whose time shall be dedicated to the residents and businesses throughout the County, covered under this Agreement during the term of the Agreement and whose function shall be to provide services related to meeting the Diversion requirements of the Agreement and the Solid Waste Management Plan.

#### **BB. PARTICIPATION IN ADVISORY COMMITTEES**

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Contractor will regularly participate in activities of the El Dorado Solid Waste Advisory Committee (EDSWAC), including the following: attending meetings, helping develop media campaigns, and contributing to subcommittee activities.

#### **CC. SOLID WASTE MANAGEMENT PLAN GOAL IMPLEMENTATION**

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On March 1, 2015 and annually thereafter during the term of this Agreement, Contractor will provide the County with a strategic plan with specific program goals and objectives to increase Diversion rates consistent with the El Dorado County Solid Waste Management Plan. The plan should be based on the results of the prior year's activities and include a discussion of that year's programs, including strengths and weaknesses.

#### **DD. PROCUREMENT POLICY**

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- (1) Supplies: Contractor will use reasonable business efforts to purchase office supplies and all paper products with post-consumer Recycled content.
- (2) Paper: Contractor will use paper having not less than thirty percent (30%) Recycled paper content and ten percent (10%) post-consumer Recycled paper content for all correspondence with customers (including customer subscriptions, billing, newsletters, and notices) and the County.
- (3) Recycled Content Policies: Contractor will use reasonable business efforts to comply with any Recycled content procurement policy that the County may adopt.

#### **EE. EMERGENCY SERVICES**

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In the event of a "Declared Emergency", the Contract Administrator may grant Contractor a variance from regular routes and schedules. As soon as practicable after such event, Contractor shall advise the Contract Administrator when it is anticipated that normal routes and schedules can be resumed. In addition, Contractor shall make every effort to notify customers when regular services will resume via a phone call or e-mail notification. The Contract Administrator shall make an effort through the local news media to inform the public when regular services may be resumed.

- (1) Emergency Service Compensation: Contractor shall provide emergency services (i.e., special Collections, transport, Processing, and Disposal) at the County's request in the event of major accidents, disruptions, or natural calamities. Contractor shall be capable of providing emergency services within twenty-four (24) hours of

notification by the County or as soon thereafter as is reasonably practical in light of the circumstances.

Emergency services requested in writing by an authorized County official which exceed the scope of work under this Agreement and which are not compensated as special services in accordance with current rate schedule or through reimbursement by the Federal Emergency Management Agency (FEMA) shall be compensated through extraordinary rate review procedures as set forth in this Agreement.

- (2) Reporting: Contractor will cooperate with the County, the State of California and federal agencies in filing information related to a regional, state or federal declared state of emergency or disaster as to which Contractor has provided Collection services under this Section.

#### **FF. NON-COLLECTION DUE TO NON-PAYMENT**

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Service may, at Contractor's option, be withheld during any period in which payment for prior service remains delinquent, such payment becoming delinquent forty-five (45) days after the end of each full month for which services have been rendered. Contractor shall notify the customer in writing fifteen (15) days before stopping service and the notice will include the amount and time covered by all unpaid services by Contractor. In the event that mandatory service Collection areas are established within the Franchise Area, Contractor shall provide mandatory Collection service in accordance with the County's mandatory Collection ordinance (Ordinance Code Chapter 8.42).

#### **GG. CHARGES / NON-COLLECTION FOR EXCESS SOLID WASTE**

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Any excess Solid Waste that does not fit within the closed lid of the authorized Solid Waste container shall be deemed excess material and shall be subject to the excess charges. Notwithstanding the foregoing, Contractor shall not be required to Collect Solid Waste from an authorized Solid Waste container where the total weight of the container and contents exceed the limit posted on the container.

### **SECTION 7 - MATERIALS RECOVERY SERVICES TO BE PROVIDED BY CONTRACTOR**

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*This section is not applicable at the time of Agreement execution; however, in the event that Contractor offers new services or programs within the Franchise Area, the Agreement will be amended to reflect such new services or programs and the required reports or date associated with the new service level.*

### **SECTION 8 – PERMANENT HOUSEHOLD HAZARDOUS WASTE COLLECTION FACILITY**

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*This section is not applicable at the time of Agreement execution; however, in the event that Contractor offers new services or programs within the Franchise Area, the Agreement will be amended to reflect such new services or programs and the required reports or date associated with the new service level.*

## SECTION 9 – FACILITIES FOR SOLID WASTE PROCESSING AND DISPOSAL

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### A. CONTRACTOR TO PROVIDE FULLY PERMITTED DISPOSAL FACILITY

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Contractor shall be responsible for choosing the facility for Disposal of Solid Waste under this Agreement, provided: however, that any Landfill utilized by Contractor must be designed and constructed in accordance with applicable state and federal regulations. 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. Contractor shall provide copies to the County of all notices of violations that could affect Contractor's ability to perform under this Agreement, or amendments to permits, including any extensions. The Landfill shall not maintain the Co-Disposal of MSW and Hazardous Waste (other than HHW) 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. See Public Resources Code, section 41701. Contractor shall immediately notify the County of any notice of breach or default received from the Landfill. 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 STATION

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Any Materials Recovery or Transfer Station utilized by 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. To the extent Contractor owns and/or operates a facility, or otherwise has actual knowledge of such violations, Contractor shall provide copies to the County of all notices of violations respecting any such facility used by Contractor that could affect 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. The County may request copies of all disposal agreements.

### C. DISPOSAL IN COMPLIANCE WITH LAWS AND REGULATIONS

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Throughout the term of this Agreement, it shall be Contractor's sole responsibility and duty to dispose of the Solid Waste Collected by virtue of this Agreement, and to 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.

### D. FUTURE FACILITIES FOR SOLID WASTE PROCESSING AND DISPOSAL ADVANCED TECHNOLOGIES

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Contractor has the responsibility and discretion to utilize a permitted processing facility or Landfill. However, the County reserves the future right to redirect the Wastestream to another facility approved by the County to comply with long-term waste management needs and divert any waste from Landfill(s). Contractor, without constraint and as a free-market business decision in accepting this Agreement, agrees to use such facility or other location approved by the County for the purpose of transferring, hauling, transporting, Diverting, or Disposing Solid Waste and Recyclable Materials Collected in the Franchise Area. Contractor agrees that the County's right to redirect the Wastestream in no way constitutes a restraint of trade or an impairment of contracts.

#### **E. MRF MODERNIZATION**

*This section is not applicable at the time of Agreement execution; however, in the event that Contractor offers new services or programs within the Franchise Area, the Agreement will be amended to reflect such new services or programs and the required reports or date associated with the new service level.*

### **SECTION 10 - CASH BOND AND INSURANCE**

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#### **A. CASH BOND**

In the event Contractor fails to make timely payment of any Franchise Fees owed to the County, after ten (10) days written notice from the County demanding such payment, the County may require Contractor, in addition to paying the late Franchise Fee payment plus default interest thereon, to deposit with the County a cash bond, a performance bond or a letter of credit for the benefit of the County in the sum of seventy-five thousand dollars (\$75,000.00). 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 the 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 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 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) 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**

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

- (1) Full Workers' Compensation and Employers' Liability Insurance covering all employees of Contractor as required by law in the State of California;
- (2) Commercial General Liability Insurance of not less than five million dollars (\$5,000,000.00) 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 (\$5,000,000.00) is required in the event motor vehicles are used by Contractor in performance of the Agreement;
- (4) Environmental Impairment Insurance in an amount not less than five million dollars (\$5,000,000.00) per occurrence;
- (5) Explosion, Collapse, and Underground (XCU) coverage is required when the scope of work includes XCU exposures;
- (6) Contractor shall furnish proof of coverage satisfactory to the 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 as 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 Agreement 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 should any of the policies be cancelled prior to the expiration date thereof, notice will be delivered to the County

at the office of the Community Development Agency, Environmental Management Division, in accordance with the policy provisions;

- (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 Agreement, 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 Agreement or for a period of not less than one (1) year (for an occurrence policy) or three (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 County's Community Development Agency, Environmental Management Division 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) Contractor's insurance coverage shall be primary insurance as it 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 in excess of 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; and
- (19) To the extent that this Section 10, "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

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### A. INITIAL TERM

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The initial term of this Agreement shall be effective when fully executed by all parties and shall expire four (4) years following the effective date of the Agreement.

## B. RENEWAL OPTIONS

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This Agreement may be renewed for two (2) terms of three (3) years each, commencing respectively upon the effective date of the Agreement. Contractor shall provide the County with ninety (90) days prior written notice before the current termination of this Agreement of its desire to extend the term of this Agreement. Said renewal option may be exercised only if Contractor is in material compliance with the terms and conditions of the Agreement, and at the sole discretion of the County.

## SECTION 12 - FRANCHISE TRANSFERABLE / CONSENT REQUIRED

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### A. NO ASSIGNMENT WITHOUT CONSENT

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The franchise granted by this Agreement shall not be transferred, sold, hypothecated, sublet, or assigned, nor shall any of the rights or privileges herein be 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 Contractor, by act of Contractor, without the prior written consent of the County expressed by Resolution of the Board of Supervisors, which consent may be denied or approved by the County in its sole and absolute discretion. Any attempt by Contractor to assign this franchise without the consent of the 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, if any, each shall remain liable for performance of this Agreement.

In the event of any assignment for which the County consent is required pursuant to this Section, Contractor's assignee shall not be allowed to recover in its rates set pursuant to this Agreement any of the assignee's costs of acquisition of Contractor or to recoup any interest or financing charges incurred by such assignee relating to the costs of such acquisition.

### B. ASSIGNMENT DEFINED

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The term "assignment" shall include any dissolution, merger, consolidation, or other reorganization of Contractor, which results in change of control of 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 Contractor or to an Affiliate on the date of the execution of this Agreement.

### C. "CHANGE IN CONTROL" DEFINED

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The 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 an entity or a person, or group of persons acting in concert, 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 or transfers, directly or indirectly, to an existing owner or transfer by an existing owner to another immediate family member (including adopted or stepchildren) or any direct lineal descendant of the existing owners shall not constitute a change in ownership,

provided that the transferor shall each remain liable for performance of this Agreement. In the event of any such excepted transfer, the transferee shall be subject to the provisions of this Agreement including the restrictions on any subsequent transfers.

#### **D. TRANSITION**

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In the event Contractor is not awarded an agreement to continue to provide Collection services following the expiration or early termination of this Agreement, Contractor shall reasonably cooperate with the County and any subsequent contractors to assure a smooth transition of Collection services described in this Agreement. Such cooperation shall include but not be limited to transfer of computer data, files and tapes, providing routing information, route maps, vehicle fleet information (if such subsequent contractor is acquiring such fleet from Contractor, as determined in Contractor's sole and absolute discretion), and list of Single-Family Units, Multi-Family Units, and Commercial Solid Waste customers; providing a complete inventory of all Carts, Bins, Compactors, and Roll-Off Containers; providing adequate labor and equipment to complete performance of all Collection services required under this Agreement; taking all actions necessary to remove or, to the extent required under the terms of this Agreement, transfer ownership of Carts, Bins, Compactors, and Roll-Off Containers as appropriate to the County; including transporting such containers to a location designated by the Contract Administrator; and providing other reports and data required by this Agreement.

#### **E. BREACH**

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

#### **F. THE COUNTY'S OPTION TO TERMINATE / CONDITIONS TO ASSIGNMENT**

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In the event Contractor attempts to assign or subcontract this Agreement or any part hereof or any obligation hereunder in contravention of this Section 12, the County shall have the right to elect to terminate this Agreement forthwith, without suit or other proceeding. The County may, in its reasonable discretion, condition its consent to any assignment of this Agreement on the assignee's written agreement to incorporate additional reasonable terms and conditions in this Agreement, including provisions for liquidated damages, enhanced performance standards, and additional financial assurances and guarantees, in order to ensure that any such assignee continues to deliver the highest quality of services to its customers at reasonable rates.

#### **G. CONDITIONS FOR OBTAINING THE COUNTY'S CONSENT**

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The County's consent to an assignment or change of control may be withheld in the County's sole and unfettered discretion and may also be withheld if, inter alia, the following conditions are not satisfied:

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

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

- (b) The character of the legal entity owning or controlling the assignee, and the names, addresses, e-mails, and telephone numbers of all principals, partners and/or shareholders thereof, as the case may be;
  - (c) Financial statements of the proposed assignee for the immediately preceding five (5) Operating Years, indicating that the proposed assignee's financial status is sufficient to perform all Contractor's obligations;
  - (d) Satisfactory proof that the proposed assignee or the management thereof has at least seven (7) years of MSW experience on a scale equal to or exceeding the scale of operations conducted by Contractor and has operated in a manner consistent with its contractual obligations to other municipalities which it serves in respect of AB 939;
  - (e) Satisfactory proof that in the last seven (7) years, the proposed assignee has maintained its waste management operations in a manner satisfactory to other municipalities in which it operates and in compliance with applicable law and regulations;
  - (f) 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; provided, however, that nothing in this Agreement shall obligate the County to treat any of said acquisition costs as an allowable expense of said transferee for rate setting purposes; and
  - (g) Any other information required by the County to ensure the proposed transferee can fully assume and satisfactorily perform all of Contractor's obligations hereunder in a timely, safe, and effective manner.
- (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 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

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### A. TRANSFER FEES

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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 the County by Resolution of the Board of Supervisors, to cover the anticipated cost of all direct administrative expenses of the County, including consultants and attorneys, necessary to

adequately analyze the application and to reimburse the County for all direct and indirect expenses. Such transfer fee shall not exceed thirty-five thousand dollars (\$35,000.00). The 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 the County's primary goals in entering into this Agreement is to ensure that the services rendered by Contractor are of the highest caliber, customer satisfaction is at the highest level, 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, the County may assess an administrative charge against Contractor in the following amounts:

a.	For each occurrence over four (4) during any calendar year, failure or neglect to respond to and take corrective action to address each customer complaint by the close of business of the second regularly scheduled waste Collection day.	\$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 (72) hours of notification.	\$300.00 per incident per location
c.	Failure to maintain or timely submit to the County all documents and reports required under the provisions of this Agreement, and Contractor fails to cure said failure within five (5) days of written notification from the County.	\$300.00 per incident
d.	For each occurrence over six (6) during any calendar year, failure to properly cover materials in Collection vehicles to prevent littering of highways or streets.	\$500.00 per incident
e.	Failure to comply with the hours of operation of the MRF as required by this Agreement. <i>This section is not applicable at the time of Agreement execution; however, in the event that Contractor offers new services or programs within the Franchise Area, the Agreement will be amended to reflect such new services or</i>	\$300.00 per incident per day

	<i>programs and the required reports or date associated with the new service level.</i>	
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, extreme weather conditions and unexpected vehicle mechanical problems.	\$1,000.00 for each route not completed
g.	Contractor's missed pickup rate shall not exceed 0.005, which means Contractor is allowed to miss no more than five (5) pick-ups per one-thousand (1,000) scheduled pick-ups, on average during any given Collection day. A "missed pickup" is defined as a customer calling to complain that their trash/Recycling 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, or the customer has not set out the container(s), or it is noted as a "Not Out" by the driver, a missed pickup 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 pickup.	\$300.00 per day
h.	Failure to answer customer phone calls within forty-five (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 Customer Service Representative answers the phone.	\$100.00 per day
i.	Contractor's average abandon (dropped calls) rate can be no greater than five percent (5%), measured on a daily basis. Calls dropped within ten (10) seconds do not count as abandoned calls.	\$100.00 per day
j.	For each occurrence in a calendar year, failure to timely service customers at the MRF, such that the waiting time to enter the facility is no longer than fifteen (15) minutes per vehicle due to Contractor's failure to commit adequate resources at the scale house to efficiently process vehicles in a timely manner. The number of tipping stalls occupied and overall vehicle traffic and safety must be considered when assessing compliance with this performance metric.  <i>This section is not applicable at the time of Agreement execution; however, in the event that Contractor offers new services or programs within the Franchise Area, the Agreement will be amended to reflect such new services or programs and the required reports or date associated with the new service level.</i>	\$150.00 per incident

k.	<p>For each occurrence over five (5) in a calendar year, failure to timely service customers at the MRF, such that the waiting time before unloading of a vehicle is longer than fifteen (15) minutes per vehicle from time of entry through the scale house onto Contractor's site to time of unloading.</p> <p><i>This section is not applicable at the time of Agreement execution; however, in the event that Contractor offers new services or programs within the Franchise Area, the Agreement will be amended to reflect such new services or programs and the required reports or date associated with the new service level.</i></p>	\$150.00 per incident
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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.

#### C. NOTICE OF INTENT TO ASSESS ADMINISTRATIVE CHARGES

Before the County may assess administrative charges pursuant to this Section, for each category of violation (that is, for each of the categories (a) through (k) 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 Contractor notice that the County considers 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 the 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. The County's assessment or Collection of administrative charges shall not prevent the 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. Nothing herein shall preclude Contractor from seeking judicial review of any decision by the County to assess administrative charges; the imposition of such charges shall be stayed if Contractor seeks such review.

## SECTION 15 - TERMINATION

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### A. MATERIAL BREACH OF CONTRACTOR'S OBLIGATIONS

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In the event of Contractor's material failure or refusal to comply with the obligations and duties imposed on Contractor pursuant to this Agreement, the 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, the County shall have the right to terminate this Agreement if:

- (1) The County had given prior written notice to Contractor specifying that a particular default or defaults exist which will, unless corrected, constitute a material breach on the part of Contractor of this Agreement; and
- (2) 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. CONTRACTOR'S DEFAULT

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In addition, each of the following shall constitute an event of default:

- (1) If Contractor practices, or attempts to practice, any fraud or deceit upon the County;
- (2) Should Contractor or any of its officers, directors, managers, or employees be or have been found guilty of criminal activity related directly or indirectly to performance of this Agreement or bribery of public officials, the County reserves the unilateral right to terminate this Agreement or to impose such sanctions (which may include financial sanctions, or temporary suspensions) as the County shall deem proper. The term "found guilty" shall be deemed to include any judicial determination of guilt including, but not limited to, pleas of "guilty", "nolo contendere", "no contest", or "guilty to a lesser charge" entered as part of a plea bargain;

- (3) If Contractor fails to provide or maintain in full force and effect the workers' compensation or any other insurance coverage or performance bond required by this Agreement;
- (4) If Contractor willfully violates any orders or rulings of any regulatory body having jurisdiction over Contractor, provided Contractor may reasonably contest any such orders or rulings by appropriate proceedings conducted in good faith, in which case no breach of this Agreement shall be deemed to have occurred until final resolution of such proceedings;
- (5) If Contractor fails to make any payments or to pay any penalties required to be made or paid pursuant to this Agreement;
- (6) Except as provided under Section 28(A), if Contractor for any reason ceases to provide Collection services as required under this Agreement over all or a substantial portion of the Franchise Area for a period of seven (7) consecutive days; and
- (7) If Contractor refuses to provide the County with the required information, reports or test results in a timely manner as required by this Agreement.

#### C. EVENTS OF INSOLVENCY

Contractor shall be in material breach of this Agreement if Contractor:

- (1) Becomes 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
- (2) Becomes a party to a voluntary or involuntary bankruptcy, winding up, reorganization, insolvency, arrangement or similar proceeding instituted by or against Contractor under the laws of any jurisdiction, which proceeding, if involuntary in nature, has not been dismissed within sixty (60) days; or
- (3) Takes any action approving of, consenting to, or acquiescing in any such proceeding; or
- (4) Becomes a party to the levy of any distress, execution or attachment upon the property of Contractor which shall substantially interfere with Contractor's performance hereunder.

In the event of the occurrence of any of the foregoing, Contractor shall:

- (1) Assume or reject this Agreement within sixty (60) days after the order for relief;

- (2) 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
- (3) Provide adequate assurance of future performance under this Agreement under Title 11, U.S. Code, 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.

#### **D. NO WAIVERS**

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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.

#### **E. TERMINATION**

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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 the County's right to indemnity. The 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 parties shall, at either party's request, promptly meet and confer to discuss the informal resolution of the dispute. 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 the County fails to cure the breach within such time, Contractor may terminate this Agreement, and the franchise granted thereunder shall be of no further force and effect, excepting those provisions concerning Contractor's right to indemnity. Nothing herein shall preclude Contractor from seeking judicial review of any the County decision, nor shall it preclude either party from seeking any available legal and equitable remedies for a breach of contract by the other party.

In addition, in the case of the termination of this Agreement prior to the expiration of the initial term or optional extension term(s) due to the default of Contractor as set forth in this Agreement, the County shall have the right to take possession of the Carts (should the Cart program be implemented) at the fair market value price or direct Contractor to Collect all carts in the Franchise Area.

#### **F. RIGHT TO SUSPEND**

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The County may suspend this Agreement, in whole or in part, if Contractor fails to cure within the time frame specified in Section 15.A. until Contractor can provide assurance of performance. Contractor shall have at a minimum, a right to quantum meruit for the services it continues to perform during any suspension. For the purposes of this section,

“suspend” means to temporarily freeze, set aside, and make inoperative one or more provisions of this Agreement.

#### **G. RIGHT TO POSSESS PROPERTY AND PERFORM SERVICES**

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If the County suspends or terminates Contractor’s services, the County shall have the right to use Contractor’s equipment and property and/or perform or cause to be performed such services itself with its own or other personnel or equipment pursuant to Section 16.D.

#### **H. NONEXCLUSIVE REMEDIES**

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The County’s right to suspend or terminate this Agreement, to obtain specific performance, and to perform hereunder are not exclusive, and the County’s exercise of one such right shall not constitute an election of remedies. The County’s remedy shall be in addition to any and all other legal and equitable rights and remedies, including the right to contract with another service provider, that the County may have under this Agreement or as provided by law.

### **SECTION 16 - RIGHTS OF THE COUNTY TO PERFORM DURING EMERGENCY**

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#### **A. EMERGENCY COLLECTION**

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Should Contractor, for any reason whatsoever, except the occurrence or existence of any of the events or conditions set forth in Section 28(A) below (“Force Majeure”), refuse or be unable to Collect, transport, and Dispose of any or all 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 its sole discretion, should find that such accumulation endangers or menaces the public health, safety, or welfare, then in such event, the 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 until the events or conditions for Contractor’s failure to perform the services under this Agreement have ended.

#### **B. CONTRACTOR TO COOPERATE**

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

#### **C. CONTRACTOR TO PAY COUNTY COSTS**

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During such time as the County is performing or causing to perform the Collection services itself with its own or other third party personnel and equipment, Contractor shall bill and collect payment from all users of the Collection services. Contractor shall reimburse the County for any and all reasonable costs and expenses incurred by the County during such period within sixty (60) days of Contractor’s receipt of written notice to pay. Further, all reasonable costs, fees, rates, and other expenses incurred by the County and/or its third party contractor that exceed those in effect or being incurred or which would have been

incurred had no such emergency arisen shall be the responsibility of Contractor and shall be paid to the County within sixty (60) days of Contractor's receipt of written notice to so pay.

#### **D. RIGHT TO PERFORM**

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In the event Contractor, for any reason whatsoever, fails, refuses, or is unable to Collect, transport, or Dispose of any or all Solid Waste, Recyclables, Green Waste, Bulky Items, Universal Waste, E-Waste, Used Oil, Used Oil Filters, HHW, and/or C&D Debris which is required by this Agreement, at the time and in the manner provided in this Agreement, for a period of more than seventy-two (72) hours, and if, as a result thereof, any or all of these materials should accumulate in the County to such an extent, in such a manner, or for such a time that the County in its sole discretion should find that such accumulation endangers or menaces the public health, safety, or welfare or upon Contractor default, then the County shall have the right, even if Contractor is not in breach of this Agreement, but not the obligation, upon twenty-four (24) hours prior written notice to Contractor during the period of such emergency as determined by the County, to perform, or cause to be performed, such services itself with its own or other personnel and equipment without liability to Contractor.

#### **E. CONTRACTOR'S NOTICE**

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Notice of Contractor's failure, refusal, or neglect to Collect, transport, and properly Dispose or process Solid Waste, Recyclables, Green Waste, Christmas trees, Bulky Items, Universal Waste, E-Waste, Used Oil, Used Oil Filters, HHW, and/or C&D Debris may be given verbally by telephone to Contractor at its principal office and shall be effective immediately. Written confirmation of such verbal notification shall be sent to Contractor within twenty-four (24) hours of the verbal notification.

#### **F. INTERRUPTION OF COLLECTION SERVICE**

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Contractor shall submit to the County for review and approval on or before the effective date of the Agreement, a written Contingency Plan (attached hereto as Exhibit D, and incorporated herein by reference) (the "Contingency Plan") demonstrating Contractor's arrangements to provide vehicles and personnel, to maintain uninterrupted service (to the extent possible), and/or resume service during and after a Force Majeure event. This Contingency Plan shall be specific to the needs of the County and Franchise Area.

In the event of disruption of services due to a Force Majeure event, Contractor and the County shall make every commercially reasonable effort to restart performance hereunder as soon as practicable in accordance with the Contingency Plan, and will take all reasonable steps to overcome the cause of cessation of services.

If a Force Majeure event occurs and disposal services are discontinued for more than seventy-two (72) hours, the County, with the express written consent of Contractor (which consent may be withheld, delayed, or conditioned in Contractor's sole and absolute discretion), may take temporary possession of the facilities and equipment of Contractor necessary to resume disposal services. Under no circumstance shall the County's possession of Contractor's facilities and/or equipment continue for more than thirty (30) days from the date such operations were undertaken. A Force Majeure event shall not relieve a party from its payment obligations under this Agreement.

If Contractor breaches its obligation contained in the Contingency Plan and fails to cure such breach within seventy-two (72) hours of receipt of written notice of such breach from the County, the County shall have the right to terminate this Agreement.

## SECTION 17 - PRIVACY

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### A. PRIVACY OF CUSTOMER INFORMATION

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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 intentionally 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

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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

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Contractor shall comply with all federal and state laws, including the Health Insurance Portability and Accountability Act of 1996, concerning the use of video monitoring cameras at Contractor's MRF 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 Contractor's MRF. This section is not applicable at the time of Agreement execution; however, in the event the County and Contractor agree to offer such services within the Franchise Area the Agreement will be amended to reflect the new service level.

## SECTION 18 - RECORDS AND ACCOUNTING

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### A. FINANCIAL REPORTING

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Contractor shall maintain a proper set of books and records on an accrual basis, and a base year audited financial statement for South Tahoe Refuse Company, Inc., dba Sierra Disposal Service, in accordance with generally accepted accounting principles, accurately reflecting the business done by South Tahoe Refuse Company, Inc., dba Sierra Disposal Service. Contractor shall submit to the County each base year a copy of its audited financial statement as per the Solid Waste Rate Setting Policies and Procedures Manual for Unincorporated Areas.

## B. SERVICE RECORDS

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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 Contractor which directly relate to Contractor's compliance with the provisions of the Agreement. Such records shall be made available to the County at Contractor's regular place of business, but in no event outside the County. Contractor shall further maintain and make available to the 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 the County may require. The County shall treat the information required by this paragraph that affects the competitive position of Contractor as confidential information to the extent permitted by law. The 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 the County shall hold and keep such copies and photocopies confidential.

## C. UNDERPAYMENT OF FRANCHISE FEES

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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 the County not later than thirty (30) days after written notice of such underpayment is sent to Contractor by the 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

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- (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 Contractor to provide the County with information pertaining to Contractor's operations which are not regulated by the County.
- (2) The County shall have the right to inspect or review the payroll tax reports, specific documents or records required expressly or by inference pursuant to this Agreement, or any other similar records or reports of Contractor that is reasonably necessary to evaluate annual reports, compensation applications provided for in this Agreement, and Contractor's performance or other matters directly related to this Agreement. Upon reasonable advance notice, the County, its auditors, and other agents selected by the County, shall have the right, during regular business hours, to conduct on-site inspections and review of the records and accounting systems of Contractor directly related to this Agreement, and to make copies of any of Contractor's documents directly related to this Agreement. Upon request, Contractor shall arrange for records of related party entities to be made available to the County and its official representatives for review, to the extent such records are reasonably necessary to evaluate annual reports, compensation applications, Contractor's performance, or other matters related to this Agreement.

- (3) Information gained from examination of records pertaining to operations not regulated by the County shall be treated by the County and its agents as confidential information in accordance with applicable state law. The County's agents shall prepare a confidential report regarding the results of their examination of Contractor's non-regulated operations and transactions with Affiliates. The County's agent shall issue its report on Contractor's non-regulated operations and Contractor's transactions with Affiliates to the County's counsel, and said report shall remain confidential, except that the dollar amount and general description of any costs that the County's agent recommends be disallowed shall be disclosed to the Board of Supervisors. If Contractor appeals the conclusions of said report to the Board of Supervisors, Contractor shall decide what portions, if any, of said report shall be disclosed to the Board of Supervisors. The Board of Supervisors shall then consider Contractor's appeal but may, in its discretion, deny said appeal if inadequate information has been disclosed to the Board of Supervisors to make an informed decision on the appeal.
- (4) For review of books and other financial records necessary to verify 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 the County.

#### **E. PUBLIC RECORDS**

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The County acknowledges that certain records and reports of Contractor are proprietary and confidential. Contractor is obligated to permit the County inspection of certain records, as provided herein, on demand and to provide copies to the County as requested. The County will endeavor to maintain the confidentiality of all proprietary information provided and designated as such by Contractor and the County shall not voluntarily disclose such proprietary information. Notwithstanding the foregoing, any documents provided by Contractor to the County that are public records may be disclosed pursuant to Applicable Laws of California. Nothing in this section will prevent the County from allowing public access to the County's records as provided for under the Applicable Laws of California, 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. 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, if necessary, tender the defense of any claims made against the County concerning said information to Contractor. The County shall make a good faith effort to notify Contractor of the intended release.

#### **F. THE COUNTY ACCESS TO CUSTOMER LISTS**

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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 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.

#### **G. BILLING AND PAYMENT**

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

Customers will be provided electronic statements and billing per their request. Customer notifications will be provided electronically via e-mail or other electronic notification process to be discussed with the County prior to use.

Upon initiation of service and annually thereafter, Contractor shall send or deliver to its customer, information concerning the conditions of service, including, but not limited to, new programs, rates, fees, charges, service, and Recycling options, payment options, discounts (if any), days of Collections, the amount and manner of refuse to be Collected, 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 19 - REPORTS AND ADVERSE INFORMATION**

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#### **A. ANNUAL REPORTS**

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The following list includes reports or data that may be required on an annual basis to be provided by Contractor to the County; except for the reports or data specified in Sections 19.A (1), (2), (4), and (6)(a), Section 19.B(1), and Section 19.C(1) which are not applicable at the time of Agreement execution; however, in the event that Contractor offers new services or programs within the Franchise Area, the Agreement will be amended to reflect such new services or programs and the required reports or data associated with the new service level:

- (1) Electronic Annual Report: Electronic Annual Report (EAR) is part of a performance measurement system that considers factors such as a jurisdiction's program implementation and its per capita disposal rate in determining compliance with AB 939 and SB 1016. Data required to complete the EAR reporting requirements will be provided by Contractor to the County by March 1 of each year.
- (2) DTSC Form 303: Title 14, California Code of Regulations, section 18751.2 mandates that each public agency responsible for HHW management shall ensure the amount of material collected through their program during the preceding reporting period (July 1 through June 30) is reported to CalRecycle by October 1 each year. Contractor will provide the County with the data necessary to complete DTSC Form 303 by August 1 of each year.
- (3) Base and Interim year rate application.

- (4) Annual Transfer Station Report: The Annual Transfer Station Report summarizes the disposal reporting methods. A copy of the Annual Transfer Station Report will be provided by Contractor to the County by March 15 of each year.
- (5) Solid Waste Management Plan: On March 1, 2015 and annually thereafter during the term of this Agreement, Contractor will provide the County with a strategic plan with specific program goals and objectives to increase Diversion rates consistent with the El Dorado County Solid Waste Management Plan. The plan should be based on the results of the prior year's activities and include a discussion of that year's programs, including strengths and weaknesses. The County will present the information to El Dorado Solid Waste Advisory Committee (EDSWAC) as appropriate.
- (6) Processing and Disposal Facility Report:
  - (a) Export Vendors and Locations: Contractor shall submit to the County on a minimum annual basis in conjunction with their Solid Waste Rate Setting Application (base year and interim years) the names and locations of all vendors receiving exports from the MRF, including, but not limited to, Recyclable commodities, C&D Debris, Landfill materials, and Green Waste.
  - (b) Material Processing Locations: With each rate setting application (base year and interim years), Contractor shall submit to the County a list of all facilities where materials are being Processed.
  - (c) Diversion Requirements (AB 341): During the term of this Agreement, Contractor shall submit to the County annually, in conjunction with their Solid Waste Rate Setting Application (base year and interim years), and more often if required, Contractor's plan to implement mandatory commercial Recycling and a comprehensive list of businesses that Recycle in the Franchise Area, along with the businesses that do not Recycle in compliance with AB 341.
- (7) Third Party Contractors: Contractor shall submit to the County on a minimum annual basis in conjunction with their Solid Waste Rate Setting Application (base year and interim year) the names of any third party subcontractors associated with the PHHWCF.  
*This section is not applicable at the time of Agreement execution; however, in the event that Contractor offers new services or programs within the Franchise Area, the Agreement will be amended to reflect such new services or programs and the required reports or date associated with the new service level.*
- (8) Vendor Change Notification: Contractor shall notify the County of any vendor changes and/or any changes in material Processing locations as they occur.
- (9) Group Collection Area: Contractor shall submit to the County on a minimum annual basis in conjunction with their Solid Waste rate setting application, a list of the Group Collection Areas as provided in Section 6.G. including the following information: location, customer names, and other information requested by the County.

## B. QUARTERLY REPORTS

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The following reports are to be provided by Contractor to the County on a quarterly basis:

- (1) Station Disposal Report (Station Notification): Title 14, California Code of Regulations, section 18809.9 requires an operator who sends Solid Waste to another facility within California shall provide the operator of that facility with the percentage of waste assigned to each jurisdiction. Contractor will provide a copy of the information by the 15<sup>th</sup> day of the month following the end of the quarter.
- (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.

## C. MONTHLY REPORTS

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The following reports will be submitted by the 10<sup>th</sup> day of each month by Contractor to the County:

- (1) MRF Operations  
*This section is not applicable at the time of Agreement execution; however, in the event that Contractor offers new services or programs within the Franchise Area, the Agreement will be amended to reflect such new services or programs and the required reports or date associated with the new service level.*
- (2) Performance Measurements
- (3) Site Assessment for Multi-Family Unit and Commercial solid waste customers

## D. VENDOR CHANGE NOTIFICATION

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Contractor shall notify the County of any vendor changes and/or any changes in material Processing locations as they occur.

## E. ADVERSE INFORMATION

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Contractor shall provide the 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 EPA or U.S. EPA, CalRecycle, or any other federal, state, or County agency. Copies shall be submitted to the 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 the County, but shall be made available to the County upon written request, as provided in this section:

- (1) Contractor shall submit to the County copies of all pleadings, applications, notifications, communications, and documents of any kind, submitted by 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 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 the 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 Contractor and the expense therefore in the gathering and preparation of such information, reports and records shall be included in the rate base.

#### **F. FUTURE LEGISLATION**

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Contractor will comply with all reporting requirements from future local, state, and federal regulations.

Contractor agrees to render all reasonable cooperation and assistance to the County in meeting the requirements of the County's source reduction and Recycling element and non-Disposal facility element and future legislation and regulatory requirements.

### **SECTION 20 - REVIEW OF PERFORMANCE AND QUALITY OF SERVICE**

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#### **A. PERFORMANCE REVIEW**

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From time to time, at its sole discretion, the County may examine Contractor's operation in order to evaluate whether or not Contractor is operating at a satisfactory level of efficiency and customer satisfaction according to industry standards. Contractor agrees to cooperate in any such examination, and shall permit the County's representatives to inspect, at Contractor's principal place of business, such information pertaining to Contractor's obligations hereunder as the 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 18.

#### **B. PUBLIC HEARING**

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At the 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, the County may hold a public hearing at which Contractor shall be present and shall participate, to review 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**

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

#### **D. CUSTOMER SATISFACTION SURVEY**

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At the County's request and at Contractor's expense, Contractor will survey customers in a mutually agreed upon form, content, and manner. The survey results will be directly

returned to the County. Contractor will obtain a copy of the results of the survey. Nothing in this paragraph shall limit the right of the County to conduct additional surveys at its own expense. Contractor shall reasonably cooperate with the County in such cases.

## SECTION 21 - SYSTEM AND SERVICES REVIEW

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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

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At the County's sole option, the 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 the County each two (2) years thereafter. It is the 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

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Sixty (60) days after receiving notice from the County, Contractor shall submit a report to the 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 not provided by Contractor to the 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 Contractor along with the estimated expenses and adjustments to rates if any are 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. All plans for new services should be made in accordance with the provisions outlined in the Solid Waste Rate Setting Policies and Procedures Manual for Unincorporated Areas.

### C. SERVICES REVIEW TOPICS

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Topics for discussion and review at the system and services review hearing shall include, but 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

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County and Contractor may each select additional topics for discussion at any system and services review hearing. Contractor agrees to cooperate in any such examination and shall

provide for inspection to the County or its designated representatives, at 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. THE COUNTY'S REPORT**

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

### **SECTION 22 - COMPENSATION**

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During the term of this Agreement, Collection rates will be established and adjusted in accordance with the "Solid Waste Rate Setting Policies and Procedures Manual for Unincorporated Areas" dated October 30, 2014. A true and correct copy of the Solid Waste Rate Setting Policies and Procedures Manual for Unincorporated Areas is attached hereto as Exhibit B and hereby incorporated by reference as though fully set forth herein.

At no time over the Franchise term will the Contractor be allowed to request, and the Board will not approve, an increase in refuse collection rates to compensate Contractor for any of the Costs associated with the capital investment of the 64-gallon or 96-gallon recycling cart program (Note Exhibit C – Sierra Disposal Franchise Agreement Negotiations Letter dated October 29, 2014). SDS will provide the actual cost when completed, and Contractor must furnish an itemized list of the equipment cost by asset name, asset description, acquisition date and acquisition cost. This asset listing shall be retained in County files and listed as an attachment to the Franchise Agreement.

### **SECTION 23 - COLLECTION EQUIPMENT**

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#### **A. VEHICLE STANDARDS**

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All equipment used by Contractor in the performance of services under this Agreement shall be of a high quality. The vehicles shall be designed and operated so as to prevent Collected materials from escaping from the vehicles. Hoppers shall be closed on top and on all sides with screening material to prevent Collected materials from leaking, blowing, or falling from the vehicles. The bodies of any vehicle, or any container, used in Collection or transportation of Solid Waste must have watertight beds of metal or impervious material that can be cleaned.

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, as applicable, shall be kept clean and in good repair. Solid Waste Collection vehicles shall be 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 and/or liquids from leaking, escaping or spilling. Any spillage of materials shall be immediately cleaned up by Contractor at Contractor's sole expense.

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

#### **B. LOW EMISSIONS REQUIREMENT**

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If changes in federal, state, or local laws, including, but by no means limited to, the California Air Resources Board Heavy Duty Engine Standards contained in Title 13, California Code of Regulations, 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. WEIGHT RESTRICTIONS**

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Contractor shall not load vehicles in excess of the manufacturer's recommendations or limitations imposed by state or local weight restrictions on vehicles. Contractor acknowledges that the County may document compliance with this provision of the Agreement through review of scale tickets and records of the Disposal and Processing facilities.

#### **D. EQUIPMENT LIST**

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In accordance with the provisions outlined in the Solid Waste Rate Setting Policies and Procedures Manual for Unincorporated Areas (Exhibit B), Contractor shall provide the County a written list of all equipment (including, but not limited to, 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**

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#### **A. OFFICE HOURS**

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Contractor's office hours shall be, at a minimum, 8:00 am to 12:00 pm and 1:00 pm to 5:00 pm Monday through Friday, except holidays. 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 South Lake Tahoe, California. Contractor shall also provide the 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.

#### **B. REGULAR MEETINGS WITH THE COUNTY**

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Contractor shall meet with the County at 2850 Fairlane Court, Placerville, California, 95667 or at Contractor's place of business, at the discretion of the County, to discuss matters of

mutual concern, including, but not limited to, problems with Contractor's service, compliance with AB 939 and future planning on a regular schedule determined by the County. 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

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### A. SERVICE COMPLAINTS

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- (1) All customer complaints shall be directed to Contractor. Contractor shall record all complaints received by mail, e-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 regularly scheduled Collection day following the date on which such complaint is received. Service complaints may be investigated by the County. Unless a settlement satisfactory to the complainant and Contractor is reached, the complainant may refer the matter to the County for review.
- (2) Contractor will maintain records listing the date of customer complaints, the customer, the nature of the complaint or request, and when and what action was taken by 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.

### B. COMPLAINT RESOLUTION

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Contractor will use its best efforts to resolve all complaints by close of business of the second business day following the date on which the complaint is received. Contractor shall notify customers that service complaints may be reviewed by the County if a satisfactory solution is not reached.

### C. THE 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 the County to 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 Contractor if Contractor has failed to respond to the complaint. The County may extend the time to request its review for good cause.

### D. REMEDY

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The County 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.

### E. NON-COLLECTION TAGS

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When Solid Waste is not Collected from any customer other than due to withholding of service pursuant to Section 26(F), Contractor shall notify its customer as to why that Collection was not made as applicable, and shall attach tags approved by the County to the applicable container which clearly identify the reasons for such non-Collection. The 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.

## SECTION 26 - SERVICE EXCEPTIONS / HAZARDOUS WASTE NOTIFICATIONS

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### A. COMPLIANCE WITH HAZARDOUS WASTE LAWS

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The parties hereto recognize that federal, state, and local agencies with responsibility for defining Hazardous Waste and for regulating the Collection, hauling, or Disposal 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

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Contractor has represented to the County that Contractor will carry out its duties to notify all agencies with jurisdiction, including the DTSC 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 the County's property, including streets, easements, right of ways, and the 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 the County's property, including streets, storm drains, or public right of ways, Contractor will also immediately notify the County.

### C. INSPECTION FOR TOXICS

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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

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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. AMMUNITIONS, EXPLOSIVES, OR OTHER ORDNANCE

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Contractor shall not knowingly accept, Collect, handle, process, transport, or arrange for the transport of ammunition, explosives, or other ordnance. However, in the event that this type of material is identified Contractor shall appropriately arrange for safe disposal.

## F. HAZARDOUS WASTE PROGRAM

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Contractor agrees to provide, upon the County's request and with appropriate fee reimbursement if justified and in accordance with the Solid Waste Rate Setting Policies and Procedures Manual for Unincorporated Areas (Exhibit B), 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, curbside Collection of all items listed in Section 1, Definition LL, excluding radioactive material, attached hereto and incorporated into this Agreement, which may be amended from time to time by the County.

## SECTION 27 – INDEMNIFICATION

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### A. INDEMNIFICATION OF COUNTY

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Contractor shall protect, defend (with counsel selected by Contractor and reasonably acceptable to the 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 any and all claims, suits, losses, damages, and liability for damages of every name, kind, and description, including attorney's 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 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 provided that if a final decision or judgment allocates liability by determining that any portion of damages awarded is attributable to an Indemnified Party, then County shall pay such portion of damages. 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

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Contractor shall protect, defend (with counsel selected by Contractor and reasonably acceptable to the County), indemnify and hold harmless the 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, Hazardous Waste, or MSW 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 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 the Comprehensive Environmental Response and Liability Act ("CERCLA"), section 107(e); Title 42 U.S. Code, section 9607(e); and California Health & 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; or
- (2) The Disposal or release of hazardous substances or Hazardous Waste, which Disposal or release has resulted from the negligence or willful misconduct of the County in Collecting or delivering hazardous substances or Hazardous Waste in the County vehicles to Contractor's facilities. 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 Contractor independent of this indemnity.

### **C. AB 939 INDEMNIFICATION**

Contractor shall defend (with counsel selected by Contractor and reasonably acceptable to 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 the County for fines or penalties caused by the County's modifications of Contractor's information, by a change by the County in the scope of work hereunder which materially and negatively affects the ability of Contractor to perform Diversion activities which contribute to the County's compliance with AB 939, or by the County's own acts or omissions which result in the County's failure to provide timely reports to the state. In addition, Contractor's duty to indemnify under this section is subject to the following restrictions:

- (1) Contractor's obligation to indemnify the County shall not be enforceable if the penalty imposed by the Board of Supervisors is based solely upon the failure of the County to establish and maintain a source reduction and Recycling element pursuant to California Public Resources Code, sections 41000 et seq.

- (2) No payment required under Contractor's obligation to indemnify the County may exceed that portion of any penalty assessed by the Board of Supervisors against the County that was caused by Contractor's failure to comply with an express obligation or requirement of this Agreement. Further, the Contractor shall not be liable under the indemnity obligation to the extent that the Contractor's failure to comply resulted from the County's action or failure to act, determined as a result of judicial review, hearing, or appeal to CalRecycle.

## SECTION 28 - GENERAL PROVISIONS

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### A. FORCE MAJEURE

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Contractor shall not be in default under this Agreement and shall not be liable for failure to perform under this Agreement if Contractor's performance is temporarily prevented or delayed in the event of Force Majeure. Force Majeure means 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. Force Majeure do not include events related to the financial inability of Contractor to perform or the failure of 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 to the acts or omissions of Contractor. Notwithstanding anything to contrary herein, in the event a strike and/or similar labor action or a labor disturbance interrupts Collection, transportation, and/or Disposal of Solid Waste by Contractor as required under this Agreement, the County may elect to exercise its rights under Section 16 of this Agreement.

In the event of Force Majeure and Contractor is unable to perform its obligations under this Agreement, the County shall have the right to perform or to contract on a temporary basis with third parties to provide the Collection services that are not being provided by Contractor during the period of the Force Majeure event and charge Contractor for the reasonable direct and indirect expenses (including administrative and overhead) incurred by the County in this regard. If the Force Majeure event continues for a period of ninety (90) days and Contractor remains unable to perform its obligations under this Agreement, the County shall have the right to terminate this Agreement.

### B. STRIKES OR SIMILAR LABOR ACTION

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In the event of a strike and/or similar labor action, but not including a lockout as set forth below, whereby employees of Contractor refuse to perform work for Contractor at normally anticipated levels or efficiency (a "strike and/or similar labor action") which affects the ability of Contractor to provide Collection services within the Franchise Area in accordance with this Agreement, the following guidelines shall apply:

- (1) In conjunction with the execution of this Agreement, Contractor has discussed with the County a strike (and/or similar labor action) Contingency Plan. From time to time during the term of this Agreement, Contractor and the County shall meet to discuss changes to the strike Contingency Plan.

- (2) Within twelve (12) hours of notification to Contractor by labor that it has authorized a strike and/or similar labor action, Contractor shall notify Contract Administrator, by phone and e-mail.
- (3) Within three (3) work days of a strike and/or similar labor action, if Contractor is not providing Collection services in accordance with normal scheduled pickups, Contractor shall meet with the County to develop a strike and/or similar labor action implementation plan.
- (4) Within five (5) work days of a strike and/or similar labor action, if Contractor is not providing Collection services in accordance with the normal schedules and volumes set forth in this Agreement or the schedules and volumes in the agreed upon strike implementation plan, if such plan has been agreed to by the County, the County shall have the right, but not the obligation, to bring in outside forces to provide Collection services which are not being provided by Contractor and charge Contractor for the reasonable direct and indirect expenses (including administrative and overhead) incurred by the County in this regard.
- (5) Within ten (10) work days of a strike and/or similar labor action, Contractor is to use commercially reasonable efforts to bring in alternate work forces and provide Collection services in accordance with the normal schedules and volumes set forth in this Agreement, or the schedules and volumes in the agreed-upon strike implementation plan, if such plan has been agreed to by the County.

In the event Contractor's alternate work force is unable to provide Collection services in accordance with the normal schedules, volumes, and routing set forth in this Agreement (except for some reasonable delays resulting from such event of Force Majeure), or the schedules, volumes, and routing in the agreed-upon strike (and/or similar labor action) implementation plan, if such plan has been agreed to by the County, the County shall have the right, but not the obligation, to bring in outside forces to provide Collection services which are not being provided by Contractor and charge Contractor for the reasonable direct and indirect expenses (including administrative and overhead) incurred by the County in this regard.

In the event the County elects to retain its own work force, the County shall discuss the alternatives with Contractor before retaining such work force. Once the County retains its own work force, the County shall periodically, but not more often than weekly, invoice Contractor for the reasonable direct and indirect expenses of retaining such outside services and Contractor shall reimburse the County for such expenses within ten (10) work days of invoice. The County shall have the right to charge Contractor interest on invoices which are unpaid after ten (10) work days at the rate of one and one half percent (1.5%) per month (not compounded).

Notwithstanding the provisions of this Section 28 (B), the occurrence of strike and/or similar action shall be deemed an event of Force Majeure (as provided for in Section 28 (A)) and shall not be considered an event of default by Contractor, and shall not entitle the County to any type of liquidated damages resulting from such strike or similar action.

### **C. INDEPENDENT CONTRACTOR**

Contractor is an independent contractor, and not an officer, agent, servant, or employee of the 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 the County and Contractor. Neither Contractor, nor its officers, employees, agents, or subcontractors shall obtain any rights to retirement or other benefits, which accrue, to the County's employees.

#### **D. RIGHT OF ENTRY**

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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.

#### **E. LAW TO GOVERN / VENUE**

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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. In the event of litigation in a U.S. District Court, exclusive venue shall lie in the Eastern District of California.

#### **F. FEES AND GRATUITIES**

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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.

#### **G. PRIOR AGREEMENTS AND AMENDMENTS**

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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.

#### **H. COMPLIANCE WITH AGREEMENT**

---

Contractor shall comply with those provisions of the El Dorado County Solid Waste Ordinance, as it now exists and may be amended from time to time, 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.

#### **I. NOTICES**

---

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

To County:                      Gerri Silva, Environmental Management Division Director  
County of El Dorado, Community Development Agency  
2850 Fairlane Court  
Placerville, CA 95667

To Contractor:                Jeffery R. Tillman, President

South Tahoe Refuse Company dba Sierra Disposal Service  
2140 Ruth Avenue  
South Lake Tahoe, CA 96150

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 received via United States certified mail.

**J. 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.

**K. ENTIRE AGREEMENT / INCORPORATION OF EXHIBITS**

---

This document incorporates and includes all prior negotiations, correspondence, conversations, agreements, and understandings applicable to the matters contained in this Agreement. The parties understand and agree that there are no commitments, agreements, or understandings concerning the subject matter of this Agreement that are not contained or referred to in this document. Accordingly, it is agreed that no deviation from the terms of this Agreement shall be predicated upon any prior representations or unreferenced agreements, whether verbal or written. This Agreement and Exhibits A - D, attached hereto and incorporated by this reference as though fully set forth herein represent the entire agreement of the County and Contractor with respect to the services to be provided under this Agreement. No prior written or verbal statement or proposal shall alter any term or provision of this Agreement.

**L. JOINT DRAFTING**

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This Agreement was drafted jointly by the parties to the Agreement.

**M. JUDICIAL REVIEW**

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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 the County's actions taken pursuant to this Agreement, or for the purpose of interpreting or enforcing the provisions contained in this Agreement.

**N. POLICE POWERS**

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

**O. 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.

**P. SURVIVAL**

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

**Q. ADMINISTRATOR**

---

The County Officer or employee with responsibility for administering this Agreement is Gerri Silva, Environmental Management Division Director, or her successor.

**R. NO USE OF THE COUNTY NAME**

---

Contractor will not do business as or use a corporate, partnership, venture or other formal name, containing the name of the County or implying government ownership.

**S. PARTIES IN INTEREST**

---

Nothing in this Agreement, whether express or implied, is intended to confer any rights on any persons other than the parties and their representatives, successors, and permitted assigns.

**T. WAIVER**

---

Waiver of any term or condition contained in this Agreement by any party to this Agreement shall be in writing and shall not be construed as a waiver of a subsequent breach or failure of the same term or condition or a waiver of any other term or condition contained in this Agreement. The subsequent acceptance by the County of any fee, tax, or any other monies which become due from Contractor to the County shall not be deemed to be a waiver by the County of any breach or violation of any term, covenant, or condition of this Agreement.

IN WITNESS THEREOF, the County and Contractor have executed this Agreement this \_\_\_\_  
day of \_\_\_\_\_, 20\_\_\_\_.

THE COUNTY OF EL DORADO

By \_\_\_\_\_  
Chair  
Board of Supervisors  
The County of El Dorado

ATTEST:

By: \_\_\_\_\_  
Clerk of the Board of Supervisors

CONTRACTOR

COUNTY

By: \_\_\_\_\_  
Its: President

By: \_\_\_\_\_  
Gerri Silva, Director  
Environmental Management Division

By: \_\_\_\_\_  
Its: Secretary

## EXHIBIT LIST

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- A. FRANCHISE AREA
  - B. SOLID WASTE RATE SETTING POLICIES AND PROCEDURES  
MANUAL FOR UNINCORPORATED AREAS
  - C. FRANCHISE AGREEMENT NEGOTIATIONS LETTER DATED  
OCTOBER 29, 2014
  - D. CONTINGENCY PLAN
-

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EXHIBIT A

FRANCHISE AREA

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**EL DORADO COUNTY  
SIERRA DISPOSAL SERVICE  
FRANCHISE AREA DESCRIPTION**

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

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

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

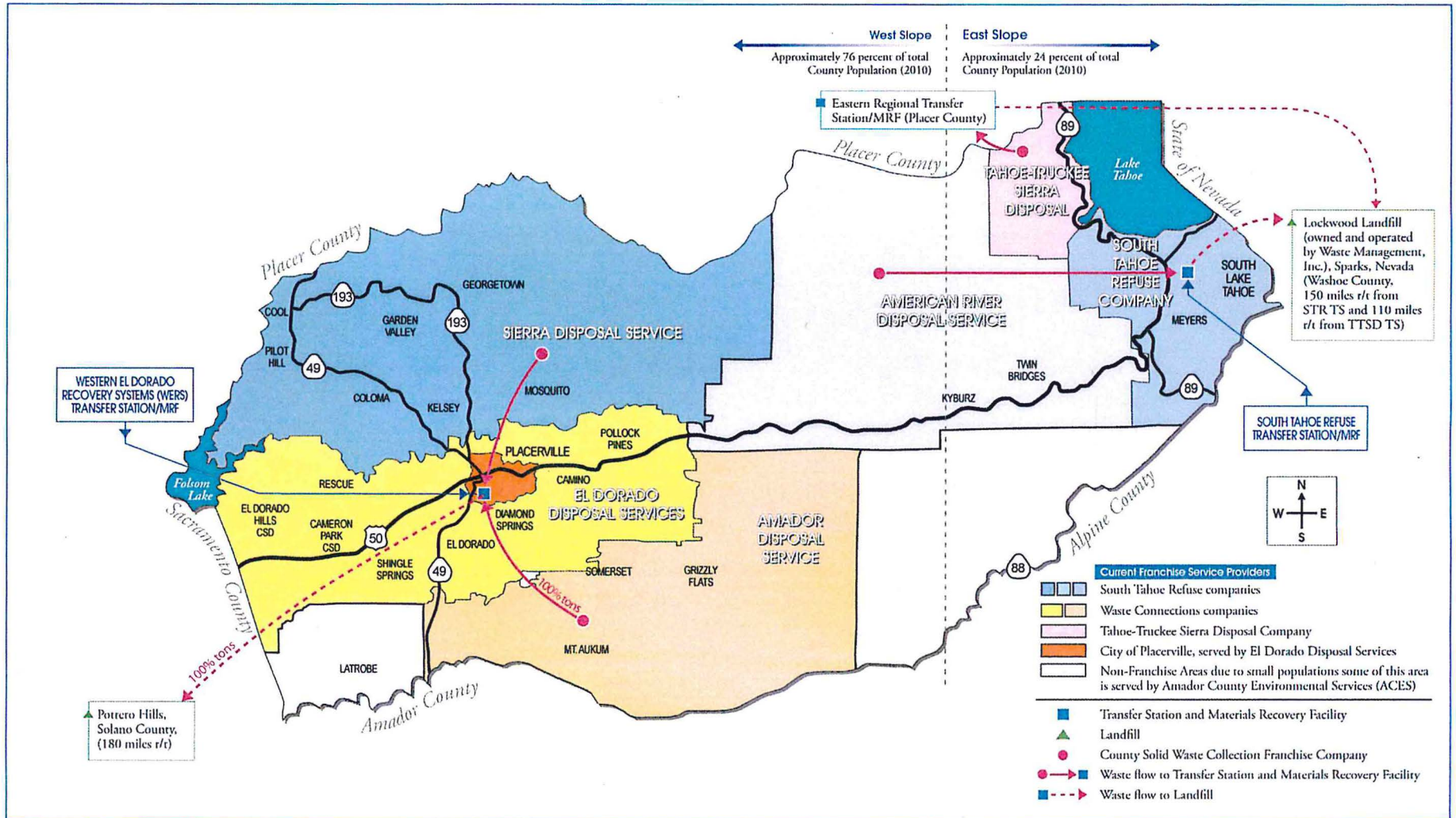
All those portions of Township 11 North, Range 11 East; and Township 11 North, Range 12 East, M.D.B. & M.; lying North of the South Fork of the American River.

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

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

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

Exhibit 2-1  
Areas Served by Six County Solid Waste Collection Franchise Companies



<sup>1</sup> This landfill location may change. In the past five years, County waste also has been disposed of at the Forward Landfill in Manteca and Keifer Landfill in Sacramento.

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## EXHIBIT B

# SOLID WASTE RATE SETTING POLICIES AND PROCEDURES MANUAL FOR UNINCORPORATED AREAS

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# **Solid Waste Rate Setting Policies and Procedures Manual for Unincorporated Areas**

**(Sierra Disposal Service Areas)**

**October 30, 2014**



# **Solid Waste Rate Setting Policies and Procedures Manual for Unincorporated Areas**

**(Sierra Disposal Service Areas)**

**October 30, 2014**



# Table of Contents

<u>Section</u>	<u>Page</u>
<b>Definitions</b> .....	DF-1
<b>1. Rate Setting Goals and Objectives</b> .....	1-1
A. Introduction.....	1-1
B. Rate Setting Goals.....	1-2
C. Rate Setting Policies .....	1-3
D. Rate Application Process .....	1-5
E. Allowable and Non-Allowable Costs .....	1-6
<b>2. Base Year Rate Setting Process</b> .....	2-1
A. Step 1 – Prepare and Submit Rate Application .....	2-1
B. Step 2 – Verify Completeness of Rate Application.....	2-7
C. Step 3 – Review Rate Application and Prepare Response.....	2-8
D. Step 4 – Prepare Draft Report and Final Report.....	2-10
E. Step 5 – Notify Customers of Rate Hearing .....	2-12
F. Step 6 – Receive Approval from County Board of Supervisors.....	2-12
G. Step 7 – Implement New Rates .....	2-13
<b>3. Interim Year Rate Setting Process</b> .....	3-1
A. Step 1 – Prepare and Submit Rate Application .....	3-1
B. Step 2 – Prepare Draft Report and Final Report.....	3-2
C. Step 3 – Notify Customers of Rate Hearing .....	3-3
D. Step 4 – Seek Approval from County Board of Supervisors .....	3-4
E. Step 5 – Implement New Rates .....	3-4
 <u>Appendix</u>	 <u>Page</u>
<b>A. Blank Forms and Worksheets</b> .....	A-1
<b>B. Amador Disposal Service</b> .....	B-1
<b>C. American River Disposal Service</b> .....	C-1
<b>D. El Dorado Disposal Services</b> .....	D-1
<b>E. Sierra Disposal Service</b> .....	E-1
<b>F. Tahoe Truckee Sierra Disposal</b> .....	F-1
<b>G. CPI Calculation Example</b> .....	G-1
<b>H. Non-Allowable Costs</b> .....	H-1
<b>I. Cost Allocation Methods</b> .....	I-1

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## Definitions

# Definitions

For purposes of this Rate Manual, the terms identified in **Table DF-1**, below, shall have the respective definitions shown in Table DF-1.

**Table DF-1**  
Definitions for Key Rate Manual Terms

Term	Definition
Allowable Costs	When a cost is said to be “allowable,” that cost, plus a profit component associated with that cost, is included in rates charged to the ratepayers. Allowable costs are often those costs that are integral to the hauler’s operation and/or are associated with actual activity performed by the hauler.
Base Year	A rate year occurring every three (3) years. As part of the Base Year rate review, the franchise hauler shall submit a <i>Base Year Rate Application</i> .
Board	El Dorado County Board of Supervisors
Consumer Price Index (CPI)	For purposes of this Rate Manual, the applicable CPI used in Interim Year calculations is the U.S. City Average, Garbage and Trash Collection, Consumer Price Index, published by the U.S. Bureau of Labor Statistics.
Interim Year	The two rate years between Base Years. As part of the Interim Year rate review, the franchise hauler may submit an <i>Interim Year Rate Application</i> .
Non Allowable Costs	Non-allowable costs are not allowed in rates charged to ratepayers. These costs are disallowed because (1) they may not be associated with the business under the franchise agreement, (2) they may be included implicitly in the profit level allowed by the County, or (3) they may unnecessarily complicate rate regulation (e.g., income taxes).
Operating Ratio (OR)	The method for determining profit to the hauler. The operating ratio is defined as follows: $\text{Operating ratio} = \frac{\text{Allowable operating costs}}{\text{Allowable operating costs} + \text{Profit}}$
Pass-Through Costs	Pass through costs are costs included in rates charged to customers, however these costs do not have an associated profit component. Pass through costs generally are transactional in nature and often are costs not associated with any significant effort performed by the franchise hauler.

**Table DF-1****Definitions for Key Rate Manual Terms** *(continued)*

Term	Definition
Revenue Requirement	<p>The total amount of revenue projected for recovery in the base year. The revenue requirement equals the sum of:</p> <ul style="list-style-type: none"><li>(1) Allowable operating costs</li><li>(2) Allowable profits</li><li>(3) Pass-through costs.</li></ul> <p>As part of the base year process, new rates should be set to cover the projected County-approved revenue requirement. Whether rates ultimately cover the franchise hauler's revenue requirement in a base year is not however guaranteed as there is no balancing account for differences between the projected and actual revenue requirement.</p>
Unforeseen Circumstances	<p>Circumstances beyond a franchise hauler's control. Examples include changes in laws or regulations, newly required County-approved solid waste management programs, <i>Force Majeure</i> events, or other economic events that could not be reasonably avoided.</p>

## **Section 1**

### **Rate Setting Goals and Objectives**

# 1. Rate Setting Goals and Objectives

This section of the Solid Waste Rate Setting Policies and Procedures Manual for West Slope Service Areas (Manual) provides an overview of the rate setting process, goals, and objectives. The section includes five (5) subsections:

- A. Introduction*
- B. Rate Setting Goals*
- C. Rate Setting Policies*
- D. Rate Application Process*
- E. Allowable and Non-Allowable Costs.*

## A. Introduction

This Manual is a step-by-step guide for El Dorado County (County), and its franchise haulers serving unincorporated areas of El Dorado County, with the exception of the franchise area served by South Tahoe Refuse Company, to prepare and approve changes to solid waste collection rates. The Manual establishes rate change policies, provides application forms, specifies reporting formats, identifies required supporting documentation, and describes the procedure for requesting, reviewing, and adopting rate changes.

The County has six (6) franchise haulers as shown in **Table 1-1**, below. A total of five (5) of the six (6) franchise haulers represent the current franchised companies covered by this Manual.

**Table 1-1**  
**El Dorado County**  
**Franchise Haulers**

Region	Parent Company	Franchise Hauler	Covered by Manual
West Slope	A. Waste Connections of California	A.1 Amador Disposal Service	Yes
		A.2 El Dorado Disposal Services (including Western El Dorado Recovery Systems (WERS))	Yes
	B. South Tahoe Refuse Company	B.3 Sierra Disposal Service	Yes
		B.4 American River Disposal Service	Yes
East Slope	B. South Tahoe Refuse Company	B.5 South Tahoe Refuse Company	No
	C. Tahoe-Truckee Sierra Disposal	C.6 Tahoe-Truckee Sierra Disposal	Yes

This Manual covers County rate setting for all unincorporated County franchise areas with the exception of the East Slope areas served by South Tahoe Refuse Company (STR). Rate setting for the STR franchise is covered by the South Lake Tahoe Basin Waste Management Authority's Solid Waste Rate Setting Policies and Procedures Manual, dated March 30, 2012.<sup>1</sup>

In 1997, the County developed a "Solid Waste Rate Setting Policies and Procedures Manual" (1997 Manual) for El Dorado Disposal Services and the Western El Dorado Recovery Systems (WERS) Transfer Station/Materials Recovery Facility (MRF). However, this rate setting methodology is no longer in use by the County and franchise hauler. Historically, the County has not used a formal rate setting process and methodology for Amador Disposal Service, American River Disposal Service, Sierra Disposal Service, and Tahoe Truckee Sierra Disposal. This Manual represents the first, uniform rate setting policies and procedures manual intended for County unincorporated service areas.<sup>2</sup> The Manual applies to all of the work performed by the franchise hauler under its franchise agreement with the County.

This Manual is meant as a guide for setting rates for unincorporated County service areas, separately. The County will be responsible for reviewing a separate rate application submitted by each franchise hauler. The County Board of Supervisors (Board) will have the ultimate authority to approve rate change recommendations for each service area. This Manual may be amended as necessary to reflect changes in objectives or modifications to the franchise agreements.

<sup>1</sup> The City of Placerville, Cameron Park Community Services District, El Dorado Hills Community Services District also separately regulate refuse collection rates for their service areas.

<sup>2</sup> Recent rate setting practices and outcomes were based on CPI increases and/or fuel cost increases.

## B. Rate Setting Goals

The primary goal of the rate setting process and methodology is to determine solid waste collection rates which are fair to customers and which provide a fair return to the franchise haulers. A total of six (6) rate setting process goals were considered in developing this rate setting methodology:

1. The County and franchise haulers shall start with a **strong and committed cooperative relationship**. The County and franchise haulers should view the franchise as a cooperative relationship where both parties commit to use the formal rate setting methodology, and plan continuous communication on rate setting throughout the franchise term.
2. Rates requested by a franchise hauler must be **justifiable and supportable**. A formal request to change rates, submitted by the franchise hauler, shall provide the basis for all rate changes, include only allowable and necessary costs, and provide accountability for expenditures. In determining rates, the County should consider both the need for fairness to ratepayers and the need to compensate the franchise hauler fairly and consistently with the methodology.
3. The estimated costs of service, and resulting solid waste rates, shall be **reasonable**. Revenues generated shall be adequate to fully meet reasonable costs of service.
4. The process shall be kept as **simple** as possible, while ensuring that any rate request is justifiable and reasonable. The process also shall minimize administrative efforts of the County.
5. The rate setting process shall **provide mechanisms for ongoing rate review and rate stability**. A periodic, formal, and thorough County review (every three years) of financial and operating data will set be performed for the protection of the ratepayers. These reviews shall be conducted consistently and in accordance with set schedules in the Manual. The process is intended to prevent large, unexpected

fluctuations in rates due to changes in costs or from the need to fund a broadening scope of waste management services.

6. The County and franchise haulers shall strive to **maximize opportunities to improve performance and service quality** while maintaining cost competitiveness in the marketplace. Ideally, the County, and a hauler, should set rates in a base year, and the hauler shall attempt to reduce its costs in subsequent years.

## C. Rate Setting Policies

The County will use the following six (6) policies when setting rates:

1. **Use the Operating Ratio Method to Determine Profit** – The County will use the Operating Ratio (OR) method to establish revenue requirements for setting rates. The Operating Ratio is a method of determining the profit allowed to the franchise hauler based on allowable operating costs.
2. **Do Not Allow Retroactive Rate Adjustments** – There will be no allowance for retroactive adjustments in rates, except by special agreement, or by party default by the County. Retroactive reimbursements can move rates out of alignment with the actual costs of providing service. This Manual codifies strict rate review timelines and responsibilities. If the County and franchise haulers adhere to these timelines for submission and rate change approval, and no party defaults on these timelines, future rates shall be established such that there is no need for retroactive rate adjustments. The franchise hauler shall not be entitled to receive a rate increase if the franchise hauler defaults on the timelines and responsibilities specified in this Manual.
3. **Do Not Allow Balancing Accounts** – This rate setting process is based on projecting results during base years. Thus, actual base year results likely will differ from base year

projections. In some regulatory environments, these differences are “balanced” in subsequent years by using a balancing account.

Balancing accounts are occasionally used in the waste industry as an accounting-based approach to true up a previous year’s projections to actual financial results. A balancing account can then be used to address differences between actual and projected results. A balancing account requires substantial administration, reporting, and control measures which determine how funds in the account are invested and managed.

When a balancing account is established, terms and conditions related to these accounts are clearly documented as part of a rate setting process and methodology manual. Also, terms and conditions are specifically incorporated by reference into contractual agreements between the respective parties.

The problem with balancing accounts is that by funding surpluses and deficits using rate revenues, rates charged to customers ultimately do not reflect the true cost of providing service to customers because they include retroactive components. Over time, current ratepayers can end up ultimately subsidizing, or benefiting from, prior generations of ratepayers. For example, if rates are raised to pay off a balancing account, then current ratepayers bear the responsibility of what previous ratepayers should have paid for initially.

Municipal finance principles generally require a strong nexus between (1) cost-of-service and benefits and (2) cost-of-service and rates. Use of a balancing account generally breaks down this nexus and results in rate inequalities.

A balancing account also frequently is less useful when a long-term franchise exists. With a long-term franchise agreement, there is less need to recover variances between actual and projected results on a year-to-year basis. These variances can often be absorbed over the course of a long

term franchise, such as is the case between the County and franchise haulers.

Balancing accounts are not designed to account for differences between “rates asked for” and “rates received.” They also are not designed to account for differences between “rates received” and “a fair rate of return.” Balancing accounts, by their very nature, result in retroactive rates, which do not reflect cost-of-service based rates.

4. **Do Not Allow Fuel Surcharges** – There will be no separate “fuel surcharges” added to rates to account for changes in fuel costs. Fuel surcharges create accounting problems (e.g., which fuel index to use, over what time period to use the index, and determining what portion of the rate that fuel costs represent). Fuel surcharges require separate accounting from allowable rate changes which may already reflect compensation to franchise hauler for changes in fuel costs (e.g., as part of a CPI-based rate change during interim years). Fuel surcharges lag actual changes in fuel prices (by as much as one year), so changes in the fuel surcharge are disconnected from current changes in fuel prices. Fuel costs typically represent a relatively small portion of the overall rate charged (less than ten (10) percent), minimizing the impact of fluctuating fuel prices on overall rates. Finally, once established, fuel surcharges can linger within rates during periods when fuel prices are stable and when a fuel surcharge is not necessary.

5. **Analyze Related Party Transactions** – The franchise haulers have certain related-party transactions with affiliates. The franchise haulers must disclose all related party transactions as part of the rate setting process. Related parties for STR and Waste Connections companies are identified in **Tables 1-2** and **1-3**, on the next page.

The County will allow only those transactions with these related parties which are “market based.” The County will assess

whether related party transactions are conducted on an “arm’s length” basis, equivalent to terms as with an unrelated party in the conditions of a competitive, free market, environment. The County will allow “market based” transactions in order to ensure reasonable rates for County ratepayers.

During its review of the franchised hauler’s base year rate application, the County may request that a franchise hauler provide specific information in support of related party transactions. The County will consider the following factors in determining whether the related party transaction is an allowable cost and is charged at a reasonable amount:

- ☐ Allocation methods used, if applicable
- ☐ Nature, extent, and magnitude of the relationship
- ☐ Terms of the related party transaction (e.g., timing of payments, term length)
- ☐ Historical information (e.g., ownership)
- ☐ Date of acquisition (if applicable)
- ☐ Purchase price of item (if applicable)
- ☐ Financing terms for item (if applicable)
- ☐ Subject to signing confidentiality statements (if required), access to the financial statements and accounting records of the related party.

For related party company leases, the County may require a franchise hauler to identify financing charges, or profit components, within these lease rates. The franchise hauler shall be prepared to support the business purpose for each related party transaction.

The County will examine how related party transactions are treated for rate setting purposes in the *Base Year Rate Application*. The County will assess whether related party transactions already have a profit component on them, and if so, treat these related party transactions as

**Table 1-2**  
Related Parties and Transactions for STR  
Companies

Related Company	Relationship/Transaction
<b>Douglas Disposal, Inc. (DDI)</b>	<ul style="list-style-type: none"> <li>Owned by same ownership group as STR</li> <li>STR leases facility space to DDI</li> <li>STR leases office space to DDI</li> <li>STR leases computers to DDI</li> <li>STR loans money to DDI</li> </ul>
<b>Tahoe Basin Container Service (TBC)</b>	<ul style="list-style-type: none"> <li>Owned by same ownership group as STR</li> <li>STR leases facility space and equipment to TBC</li> <li>STR leases office space to TBC</li> <li>STR rents computers to TBC</li> <li>STR loans money to TBC</li> </ul>
<b>American River Disposal (ARD)</b>	<ul style="list-style-type: none"> <li>Owned by same ownership group as STR</li> <li>STR leases office space to ARD</li> <li>STR leases computers to ARD</li> <li>STR provides office contract labor to ARD</li> </ul>
<b>Sierra Disposal Service (SDS)</b>	<ul style="list-style-type: none"> <li>Owned by same ownership group as STR</li> <li>STR leases office space to SDS</li> <li>STR leases computers to SDS</li> </ul>

**Table 1-3**  
Related Parties and Transactions for Waste  
Connections (WCNX) Companies

Related Company	Relationship/Transaction
<b>Amador Disposal Service (ADS)</b>	<ul style="list-style-type: none"> <li>Owned by same corporation group as EDDS</li> </ul>
<b>El Dorado Disposal Service (EDDS)</b>	<ul style="list-style-type: none"> <li>Owned by same corporation group as ADS</li> </ul>
<b>Potrero Hills Landfill</b>	<ul style="list-style-type: none"> <li>Owned by same corporation group as EDDS and ADS</li> <li>EDDS landfills County refuse at Potrero Hills Landfill</li> </ul>

pass-through costs (without a profit component) to avoid a “double counting” of profit.

6. **Unforeseen Circumstances** – The County should consider a proposed revision in a franchise hauler’s rates whenever the franchise hauler can establish to the satisfaction of the County that Unforeseen Circumstances have arisen that have or will materially affect the franchise hauler’s revenues or costs under this Manual.

## D. Rate Application Process

### 1. Base Year Process

The County requires that each franchise hauler submit a *Base Year Rate Application* once every three (3) years. With the *Base Year Rate Application*, the franchise hauler provides detailed financial and operating information, for business done under the franchise agreement, which is carefully reviewed and analyzed by the County. These detailed reviews are referred to as “base year reviews” in the methodology.

With the *Base Year Rate Application*, the franchise hauler submits audited financial statements, for business done under the franchise agreement, for the previously completed fiscal year. These statements serve as the base documents for the application. The franchise hauler shall reconcile financial information contained in the *Base Year Rate Application* with the audited financial statements, for business done under the franchise agreement, to provide assurance that all of the hauler’s activities are accounted for.

The *Base Year Rate Application* requires three (3) years of data, including a year of actual data (based on audited information), a year of estimated data (based on year-to-date information available at the time the application is submitted), and the projection, or base year.

## 2. Interim Year Process

If the franchise hauler chooses to request a rate adjustment in an “interim year” between “base” years, the County requires that the franchise hauler submit an *Interim Year Rate Application* for an interim year rate change. The scope and content of the *Interim Year Rate Application* is much more limited than a base year request. The franchise hauler is not obligated to request an adjustment to rates and can instead request to leave rates unchanged. In each interim year, the franchise hauler must complete the top portion of the *Interim Year Rate Application*, indicating whether or not the franchise hauler is requesting a rate change for that interim year.

During the interim years, a franchise hauler shall be entitled to adjust its rates based upon the following formula:

One plus eighty-five (85) percent of the annual percentage change in the most recent actual, not forecasted, change in the Consumer Price Index, All Urban Consumers, U.S. City Average - Garbage and Trash Collection (December 1983=100, series CUUR0000SEHG02) (“CPI”) multiplied by to the current rate

Interim year rate adjustments are subject to a “floor” and a “cap.” During interim years, rate adjustments shall not be greater than six (6) percent nor less than one (1) percent, regardless of the rate adjustment calculated using the interim year formula.

## E. Allowable and Non-Allowable Costs

Rates are established for each Base Year based on a franchise hauler’s projected Revenue Requirement in the Base Year. For purposes of

computing the Revenue Requirement, it is necessary to determine which of the franchise hauler’s costs are: (1) Allowable Costs, (2) Pass-Through Costs, and (3) Non-Allowable Costs.

## Cost Allocations and Methodologies

The franchise hauler shall provide supporting documentation and rationale for the allocation of expenses (1) between the franchised areas covered by this Manual and non-County areas serviced by the franchise hauler, and (2) between the franchised operations covered by this Manual and non-franchised operations. Examples of the types of expenses which may require allocations include:

- Disposal costs
- Equipment costs (trucks, bins, debris boxes)
- General and administrative costs (corporate and regional)
- Labor costs
- Loans to or from affiliates
- Loans to or from officers
- Management fees
- MRF processing costs
- Other staffing costs
- Sludge operations.

As each franchise hauler has slightly different circumstances, the specific timing and application requirements for each franchise hauler are provided in an appendix, organized as follows:

- B. Amador Disposal Service*
- C. American River Disposal Service*
- D. El Dorado Disposal Services*
- E. Sierra Disposal Service*
- F. Tahoe Truckee Sierra Disposal.*

## **Section 2**

### **Base Year Rate Setting Process**



## 2. Base Year Rate Setting Process

This section describes each of the seven (7) steps of the base year rate setting process. Each step includes an overview of the step and a detailed description of the tasks required to complete the step. The section includes seven (7) subsections:

- A. Step 1 – Prepare and Submit Rate Application*
- B. Step 2 – Verify Completeness of Rate Application*
- C. Step 3 – Review Rate Application and Prepare Response*
- D. Step 4 – Prepare Draft Report and Final Report*
- E. Step 5 – Notify Customers of Rate Hearing*
- F. Step 6 – Seek Approval from County Board of Supervisors*
- G. Step 7 – Implement New Rates.*

### A. Step 1 – Prepare and Submit Rate Application

**Responsibility:** Franchise hauler

**Timing:** Completed seven (7) months prior to the date new rates become effective

- Tasks:**
- a. Prepare Cost Information
  - b. Prepare Revenue Information
  - c. Prepare Operating Information
  - d. Calculate Allowable Operating Profit
  - e. Determine Franchise Fee
  - f. Calculate Revenue Requirement
  - g. Calculate Net Surplus/Shortfall and Percent Change in Rates
  - h. Calculate New Percentage Rate Change and Rates
  - i. Prepare and Submit Rate Application.

#### Overview

During this step, the franchise hauler prepares the *Base Year Rate Application*. This three-page form includes detailed financial and operating information and is used to determine the actual costs and revenues of the franchise hauler. Blank copies of the *Base Year Rate Application* are provided in **Appendix A**.

Several lines in the application contain three columns. These columns are intended to show the relationship between the most recently completed year, the current year, and projections for the new "base" year. These columns are organized as follows:

- **Column one** includes actual audited information for the franchise hauler's prior fiscal year (for business under the franchise agreement). This is the most recent year that financial information is available and that actual costs and revenues can be verified.
- **Column two** is for estimating performance during the current fiscal year. The "current year" is the franchise hauler's fiscal year prior to the new base year. The *Base Year Rate Application* is prepared during the course of the current year. Data in this column shall include year-to-date performance plus estimated performance during the remaining months of the current fiscal year.
- **Columns three** is used to report projected performance during the new base year. This information is entirely a projection and is utilized to determine any rate changes. Projected information shall be developed by estimating anticipated service levels during the base year, and determining the revenues and expenses which will be incurred to provide these services. Each cost element in the application shall be reviewed and any anticipated change in specific line items shall be included in the base year projection. For example, if labor rates are scheduled to change, or if landfill disposal costs are expected to change, these changes shall be included in projections for the base year.

The relationship between these three (3) columns for any given line item shall be consistent. Any substantial difference between each of the three (3) years shall be explained by the franchise hauler and considered by the County during the review process.

The franchise hauler shall provide a copy of audited financial statements, for business done under the franchise agreement, for the most recently completed fiscal year. Financial information from the audit, for business done under the franchise agreement, is consolidated into specific categories identified in the application. All financial information shall be in

accordance with generally accepted accounting principles. The franchise hauler shall prepare supplemental documentation which reconciles the financial audit, for business done under the franchise agreement, for the most recently completed fiscal year to information provided in the application. This documentation shall be included in the application package.

#### a. **Prepare Cost Information**

Cost information from the franchise hauler is provided in the *Base Year Rate Application*. Cost information is reported for the most recently completed fiscal year, the current fiscal year, and the new base year. Information reported in each line item represents the total combined costs for all franchised services, including residential, commercial, and industrial, business. Segregation of costs by service type (i.e., residential, commercial, and industrial services) is not required.

Cost information includes:

##### ■ **Allowable Costs**

- ☐ Direct Labor
- ☐ Truck, Equipment, and Facility Costs
- ☐ Disposal Costs (Profit Allowed)
- ☐ Office Salaries
- ☐ Officer's Salaries
- ☐ General and Administration Costs

##### ■ **Pass Through Costs**

- ☐ Disposal Costs (Pass Through)
- ☐ Franchise Fees.

Definitions and specific components of these cost categories are described in Appendices B through F for each hauler, respectively.

By aggregating costs into these line items, the County, and franchised hauler, can focus on major changes without becoming distracted by large changes in insignificant cost components. For example, if licenses and fees doubled from

\$10,000 in the current year to \$20,000 in the base year (i.e., a 100 percent increase), this might only cause General and Administrative Costs to increase by one percent, resulting in little impact on the overall rate. Minor components of General and Administrative Costs may decrease between the current year and the base year, while others may increase.

If one of the major cost line items in the application changes at an unusual rate, then the franchise hauler shall be required to explain the change. An unusual change in a cost is any change which is greater than the change in the U.S. City Average Garbage and Trash Collection CPI. The CPI used in the analysis shall be based on the most current actual information for the U.S. City Average Garbage and Trash Collection CPI. This information is available from the United States Department of Labor, Bureau of Labor Statistics.

Cost information for the current year, and base year, must account for any increases or decreases in the number of customers served, or tons of waste and recyclable material collected. Actual increases in costs also must be included. For example, if health benefit costs will increase in the base year as a result of increases in premiums, this additional cost shall be included.

Cost information provided in the application is added to profit to calculate the franchise hauler's Revenue Requirement. This Revenue Requirement is compared to anticipated revenues to determine whether a rate change is necessary.

#### b. Prepare Revenue Information

Revenue information is provided in this task. Similar to cost information, revenues are reported for the most recently completed fiscal year, the current fiscal year, and the projected base fiscal year. Revenues are reported in four (4) separate categories:

- Residential
- Commercial and industrial

- Transfer station
- Recycled material sales.

Revenues in the base year are projected without any changes in rates. Revenue projections are prepared based on existing rates and the number of customers which the franchise hauler anticipates serving in the base year.

#### 1. Determine Residential Revenues.

To calculate projected residential revenues for the base year, enter the current monthly rates by service type page 2 of 3 of the *Base Year Rate Application*. Then enter the projected number of accounts by service type on page 2 of 3 of the *Base Year Rate Application*. Total revenues for each service type are calculated based on the following:

$$\begin{array}{rcl} & \text{Current rate per month} & \\ \text{Multiplied by} & & \text{Twelve months} \\ \hline \text{Equals} & & \text{Rate per year} \end{array}$$
  

$$\begin{array}{rcl} \text{Multiplied by} & \text{Projected residential accounts} & \\ \hline \text{Equals} & & \text{Revenues by service type.} \end{array}$$

Revenues by service type then are entered on page 2 of 3 of the *Base Year Rate Application*. These values then are added together, entered, and totaled. Residential revenues shall reflect all revenues generated for providing curbside collection services of refuse, recyclables, and yardwaste, if applicable.

The number of accounts in each service category may change throughout the year. For example, some customers may request one can service part of the year and an additional can during the remainder of the year. The average number of accounts by service type shall be used in these calculations. In addition, the number of accounts identified for these calculations must agree with operating data provided in Section VIII (page 3) of the *Base Year Rate Application*.

Multi-family can, cart, and bin services, and mobile home park can, cart, and bin services, shall be included in residential revenues.

2. **Determine Commercial and Industrial Revenues.** Commercial and industrial (i.e., debris box) revenue information is entered on page 2 of 3 of the *Base Year Rate Application*. In the first column of this line, actual revenues generated by commercial and industrial accounts during the prior year are reported. This year amount must reconcile with the financial audit for that same year. Commercial and industrial revenues for the current year are based on actual revenue to-date plus an estimate of the revenues that will be received through the end of the fiscal year. Commercial and industrial revenues in the current year shall be comparable to revenues in the prior year, after taking into account changes in accounts and service levels.

Projected commercial and industrial revenues for the new base year are entered in the third column. The amount, net of any projected uncollectible accounts, is based on the estimated annual revenues received during the current fiscal year plus any additional revenues generated from additional accounts.

Operating data provided in Section VIII (page 3) of the *Base Year Rate Application* shall support any service level changes. In order to analyze changes in commercial and industrial rates, prior, current, and projected rate information must be provided for specific commercial and industrial services.<sup>1</sup> Depending on the company, these services generally include:

#### Bin Service

- ☐ 1 Yard Bin – once per week
- ☐ 2 Yard Bin – once per week
- ☐ 3 Yard Bin – once per week
- ☐ 4 Yard Bin – once per week
- ☐ 6 Yard Bin – once per week
- ☐ 1 Yard Bin – twice per week
- ☐ 2 Yard Bin – twice per week

- ☐ 3 Yard Bin – twice per week
- ☐ 4 Yard Bin – twice per week
- ☐ 6 Yard Bin – twice per week.

#### Debris Box Service

- ☐ 20 Yard Box
- ☐ 30 Yard Box.

The franchise hauler enters the rate for these services for the prior year, the current year, and the base year, respectively. Year to year percentage changes then are entered. This information substantiates previously approved changes in commercial and industrial rates.

The franchised hauler shall be prepared to provide a complete list of all services provided, and approved rates, following the base year review (and following all interim year reviews). The franchised hauler shall change services provided to customers only during base years (i.e., not interim years). In cases where there are situations where the County requires the franchise hauler to change services in interim years, the franchise hauler shall identify these new programs and rates in conjunction with an interim year rate application.

3. **Determine Allowance for Uncollectible Accounts.** The franchise hauler likely will not be paid by all customers served. While this amount is expected to be relatively small, it must be accounted for in the calculation of base year net revenues. These amounts are reported on the allowance for uncollectible residential accounts line, and the allowance for uncollectible commercial and industrial accounts line of the application.

The accounts shall be calculated using a formula based on actual experience, with a not-to-exceed amount of one percent (1%) of anticipated revenues. Assumptions related to the projection of uncollectible accounts must be documented and included as a supplement to the application.

4. **Determine Net Revenues from Recycled Material Sales.** In addition to revenues generated through residential, commercial,

<sup>1</sup> This list is not meant to be inclusive of all commercial and industrial rates.

and industrial services, additional revenues are generated by selling recyclable materials collected through the curbside recycling program and commercial recycling program. The amount of recycling revenues generated through the sale of these materials is dependent upon the quantity of material collected and the market price for these materials. Both of these factors are outside the direct control of the franchise hauler. Therefore, revenues generated by recycled material sales are not subject to an across-the-board rate change. Revenues generated from charging residential customers for curbside recycling services shall not be included here, but shall be included as part of residential revenues (#1 above).

5. **Calculate Total Revenues.** The calculation of total revenue is as follows:

	Total residential revenues
<i>Plus</i>	Total commercial & industrial revenues
<i>Plus</i>	<u>Net recycled material sales</u>
<i>Equals</i>	Total revenues.

### c. Prepare Operating Information

During this task, non-financial operating information is compiled by the franchise hauler. Operating information, requested in the application, provides an important indicator of the franchise hauler's performance. If costs are changing at an unusual rate, operating data may provide some explanation of these changes. For example, cost increases could be attributed to the increased level of service provided (i.e., accounts served). The franchise hauler shall provide the following information:

- Number of accounts
- Quantity of refuse tonnage collected
- Quantity of recycling tonnage collected
- Quantity of yard waste tonnage collected.<sup>2</sup>

<sup>2</sup> Currently yardwaste collection is not offered by SDS.

Similar to cost data, the first year is "historical," the second year is the "current" year, and the third year is the "base" year. Historical data are based on actual annual operating statistics during the most recently complete fiscal year and reflect the same year used in the financial sections of the application. Current year performance is based on performance to-date plus estimated performance for the remaining months of the current year. Projected base year data represents the franchise hauler's best projection of service levels during the new base year.

Year-to-year percentage changes then are determined for each set of operating metrics. The franchise hauler shall be required to explain any significant changes. A significant change in an operating characteristic is an increase or decrease of more than two (2) percent.

This information allows both the County, and the franchise hauler, to monitor changes in the service characteristics, estimate total revenues at existing rates, and compare these to changes in total costs. The franchise hauler shall clearly identify to the County any operating information submitted as part of the application that it considers confidential.

The base year rate application also shall clearly identify all vehicles and equipment in use by the franchised hauler, the date of purchase, and the purchase price of the vehicle or equipment. This list shall identify all vehicles and equipment in use by the franchised hauler, the date of purchase, and the purchase price of the equipment.

### d. Calculate Allowable Operating Profit

For the historical year of actual data, the franchise hauler will calculate the actual Operating Ratio. The actual Operating Ratio will reveal how well past base year projections corresponded to actual results. Similarly, the franchise hauler calculates the Operating Ratio for the current year (Section II, column 2 of the *Base Year Rate*

*Application*). The actual profit received by the franchise hauler in the most recently completed fiscal year is in Section II, column 1 of the *Base Year Rate Application*. The estimated profit for the current fiscal year also is entered in Section II, column 2 of the *Base Year Rate Application*.

To calculate the allowable operating profit in the base year, the equation below is utilized:

	Allowable operating costs
<u>Divided by</u>	<u>Operating ratio</u>
<u>Equals</u>	Allowable operating revenues
<u>Minus</u>	<u>Allowable operating costs</u>
<u>Equals</u>	Allowable operating profit.

The allowable operating profit is entered in Section II, column 3 of the *Base Year Rate Application*.

In each base year, the Operating Ratio can range from 88 to 92 percent depending on the hauler’s diversion performance, without a rate change, which will help stabilize the need for rate changes and afford the franchise hauler an incentive to reduce costs.

**e. Determine Franchise Fee**

The calculation of the franchise fee is not a straightforward exercise because as revenue is increased (e.g., via a rate change), so does the amount of franchise fees increase because franchise fees are based on a percent of gross revenues. To calculate the franchise fee for the base year requires the hauler to calculate the franchise fee to be paid to the County based on the revenues after a rate change is applied. Projected franchise fees shall be entered in Section VI, column 3 of the *Base Year Rate Application*.

**f. Calculate Revenue Requirement**

The Revenue Requirement establishes the level of revenues needed to meet the franchise hauler’s

Allowable Costs and Pass-Through Costs and profits. This includes residential, commercial, and industrial waste and recycling costs, and assumes a reasonable profit margin based on the Operating Ratio calculation.

The Revenue Requirement (without franchise fees) is entered in Section IV of the *Base Year Rate Application*.

**g. Calculate Net Surplus/Shortfall and Percent Change in Rates**

In Sections VI and VII of the *Base Year Rate Application*, the net surplus/shortfall is determined based on the following calculation:

	Revenue requirement without franchise fees
<u>Plus</u>	<u>Residential, commercial, and industrial franchise fees</u>
<u>Less</u>	<u>Total revenues</u>
<u>Equals</u>	Net surplus/shortfall.

The projected amount of revenue generated during the base year from the sale of recycled materials was calculated in Step 1, #4 of subsection b.; therefore, any increase or decrease in revenues required must come from an increase or decrease in rates.

If applicable, the percent change in existing rates is calculated as follows:

	Net surplus/shortfall
<u>Divided by</u>	<u>Total revenues without rate change</u>
<u>Equals</u>	Percent change in rates.

The percent change in rates is entered in Section VII of the *Base Year Rate Application*.

**h. Calculate New Percentage Rate Change and Rates**

If applicable, the percentage rate change identified on page 2 of the *Base Year Rate Application* is transferred to page 1, line 1, of the

*Base Year Rate Application.* Current residential rates for solid waste collection shall be entered on page 1 of the *Base Year Rate Application*. The requested new rates for the County then are calculated by multiplying the current rate by one plus the rate change identified in line 1 of the *Base Year Rate Application*.

To determine requested new residential rates on page 1, column one of the *Base Year Rate Application* shall be added to column two and the result shall be entered in column three. This column provides the new rate schedule.

Complete current and revised commercial and industrial rate schedules shall be provided by the hauler as an attachment to the *Base Year Rate Application*.

#### i. Prepare and Submit Rate Application

The franchise hauler submits the completed *Base Year Rate Application* to the County. The application shall include the following items:

- **Management Representation Letter.** The management representation letter transmits the application to the County, and shall provide a listing of included documents. The letter shall identify the requested adjustment in rates and include a discussion of specific issues which impact new rates (e.g., significant increases in labor costs). The letter shall state that:
  - Management reviewed and accepts responsibility for the rate application
  - The application is based upon management's judgment of the most likely set of conditions and course of action
  - All significant relevant information is reflected the application
  - Assumptions are reasonable and are accurate.

An authorized representative from the franchise hauler shall sign and date the application. This signature provides a certification by the franchise hauler that the application is

complete, accurate, and consistent with the instructions provided in this Manual.

- **Base Year Rate Application.** The franchise hauler shall provide a *Base Year Rate Application*, including the completed application forms and supporting documentation. Supporting documentation includes the current and proposed rate schedules for residential, commercial, and industrial customers.
- **Supplemental Audited Financial Information.** Applications shall include audited financial statements, for business done under the franchise agreement, for the most recently completed fiscal year, as well as other documentation which support operating and financial data provided in the application. Because audited financial statements, for business done under the franchise agreement, serve as base documents for the application, statements of revenues, expenses, and other reports contained in the application shall be reconciled to the audited financial statements, for business done under the franchise agreement, to provide assurance that all activities are accounted for.

Once the application materials have been prepared, the franchise hauler submits three (3) reproducible hard copies and one electronic copy formatted to the County's specifications. The application is submitted directly to the County. The thirty (30) day review for completeness will begin upon receipt of the application.

## B. Step 2 – Verify Completeness of Rate Application

**Responsibility:** County

**Timing:** Completed within thirty (30) days upon receipt of the rate application

**Tasks:** a. Verify Financial Data and Format  
b. Verify Supporting Documents and Schedules  
c. Notify Franchise Hauler.

## Overview

During this step, the County ensures that the application has been fully completed by the franchise hauler and that the data provided are consistent. During the 30-day period, the franchise hauler will provide all of the information necessary to complete the application.

### a. Verify Financial Data and Format

The County staff reviews the application package to determine if it is complete and ready for analysis. Detailed analysis of the contents of the application occurs during Step 3.

The County reviewer should determine the following:

- Has the applicant included all required forms?
- Are all forms complete?
- Are audited financial statements, for business done under the franchise agreement, included?
- Are all financial calculations mathematically correct?

### b. Verify Supporting Documents and Schedules

Various documents may be included in the application package to support the rate change. The purpose of these supporting documents shall be clearly identified by the franchise hauler.

### c. Notify Franchise Hauler

If the application is complete, the County will notify the franchise hauler in writing that it will begin the process of evaluating the application. If incomplete, the hauler shall provide additional required information within the 30-day verification period. A revision of rates shall not be authorized until the 1<sup>st</sup> day of the first calendar month following a six (6) month period from the date that an application is verified to be complete.

## C. Step 3 – Review Rate Application and Prepare Response

**Responsibility:** County

**Timing:** Completed within one and one half (1½) months after determining that the application package is complete

**Tasks:**

- a. Review Actual and Projected Revenue Requirements
- b. Review Actual and Projected Revenues
- c. Review and Verify Operating Ratio
- d. Determine Components of Requested Change in Rates
- e. Review Performance Data
- f. Request Additional Data and Clarification, if Necessary
- g. Document Staff Review.

## Overview

During this step, County staff evaluates the entire rate application. This review includes examining significant changes in costs or operating performance and evaluating explanations of these changes provided by the franchise hauler.

### a. Review Actual and Projected Revenue Requirements

In this task, costs and operating profits are reviewed and analyzed for reasonableness. Reconciliations of costs to audited financial statements, for business done under the franchise agreement, are checked for consistency. Explanations are sought from the franchise hauler for items significantly different than would otherwise normally be expected.

Percentage changes in costs for the three years identified in the application shall be calculated and reviewed. Projections prepared from previous years in prior *Base Year Rate Applications* are compared with results presented in the current application. Costs are correlated with operating collection

efficiency statistics provided by the franchise hauler.

Any unusual trends or variances in aggregate areas shall be explained by the franchise hauler. An unusual increase would be a change in cost which is greater than the change in the Trash and Garbage Collection CPI, published by the Bureau of Labor Statistics, and which cannot be attributed to changes in the number of customers serviced or tons of waste or recyclable materials collected. If these unusual changes are not adequately explained in the application, the County should request additional clarification from the franchise hauler.

The County should review the allocation methodology used by the franchise hauler to allocate costs between (1) franchise areas that are the subject of this Manual, and (2) non-County areas serviced by the franchise hauler. The County also shall review the allocation methodology used by the franchise hauler to allocate costs between (1) franchised operations that are the subject of this Manual, and (2) non-franchised operations that are not the subject of this Manual. At a minimum, the County should check that allocations used to assign costs to franchise area customers are reasonably consistent with other operating metrics such as average number of accounts and tons collected.

#### **b. Review Actual and Projected Revenues**

The County should review actual and projected revenues in this task. Current rates provided in the application are verified. Any changes in the number of customers serviced shall be identified and explained by the franchise hauler.

The application requires the franchise hauler to report three years of revenues: (1) actual prior year, (2) estimated current year, and (3) projected "base" year. The County should reconcile the most recent year revenues with audited financial statements. Revenues for the current year are compared with year-to-date un-audited financial

statements and documentation supplied by the franchise hauler. Projected revenues for the third, or "base" year, are evaluated by the County for reasonableness. Assumptions made by the hauler in preparing these projections are reviewed. Revenues reported by the franchise hauler shall not include any rate changes in the base year (year 3). Account information included in the application is reviewed to determine changes in the number of accounts served.

Allowances for uncollectible accounts also are reviewed. These figures shall be deducted from total revenue projections. These allowances may not exceed one percent (1%) of anticipated revenues. Assumptions related to allowances for uncollectible accounts shall be reviewed with the franchise hauler.

Revenues from recyclable material sales are provided in the application. Amounts identified in the prior (first) year provided shall reconcile with the financial audit. Amounts identified in the current (second) year, the base (third) year shall be documented by the franchise hauler. The County should review these projections to ensure they are consistent with trends in recycled material tonnages, diversion rates, and commodity prices.

#### **c. Review and Verify Operating Ratio**

The profit must be determined for the base year. The County should calculate the projected profit for the base year using the allowable profit calculation based on the franchise hauler's diversion tonnage (shown in Exhibits B-1 through F-1, depending on the hauler). If there are any errors by the hauler in calculating the Operating Ratio, or operating profits, these deficiencies are noted.

#### d. Determine Components of Requested Change in Rates

The County should evaluate all costs, revenues, and operating profits provided in the application to determine components of the requested adjustment in rates. This would include determining the proportion of the requested adjustment in rates which is due to changes in each of the following:

- Costs
- Residential revenues
- Commercial and industrial revenues
- Transfer station revenues
- Recyclable material sales revenues
- Operating profit (or loss).

#### e. Review Performance Data

The County reviews and analyzes performance data, which are included in the application (the number of accounts and tons collected). Operating statistics are reviewed to explain past historical trends and justify future expenses. Both actual and percentage changes are examined and any unusual changes in performance are investigated to determine their cause and effect on future cost performance. Changes in accounts served, the number of routes, tons collected, or direct labor hours generally shall correspond to changes in costs and revenues.

#### f. Request Additional Data and Clarification, if Necessary

Throughout the application review period, the County may request clarification and/or additional data from the franchise hauler to explain any unusual changes in costs or operating performance. The County may have identified missing information, or changes in the financial or operating data between the three years that require clarification or further explanation. The franchise hauler shall make best efforts to respond to the County's request for additional information within

two weeks. Responses will vary depending on the specific requirements of the County.

#### g. Document Staff Review

During this task, the County prepares workpaper documentation of the review of the *Base Year Rate Application*.

### D. Step 4 – Prepare Draft Report and Final Report

**Responsibility:** County

**Timing:** Completed approximately three (3) months after determining the application package is complete

- Tasks:**
- a. Prepare Draft Report
  - b. Provide Franchise Hauler with Copy of Draft Report and Receive Comments
  - c. Prepare Final Report.

#### Overview

A draft report with recommendations from County staff is prepared and submitted to the franchise hauler for review. The franchise hauler will review the draft report. The franchise hauler will have an opportunity to provide written comments regarding the draft report. The County will address these comments and prepare a Final Report.

#### a. Prepare Draft Report

In this step, the County prepares a Draft Report including recommendations for a rate change. The draft report includes the following sections:

- **Executive Summary.** This is a one or two-page summary of the review process and may include a chart showing current and proposed rates, and the recommended rate change.

- **Introduction and Background.** The section identifies any proposed changes in services provided by the franchise hauler. The section also identifies the review goals, objectives, scope, and other relevant background information. This section of the report may provide a brief overview of the rate change process and a discussion of significant historical rate issues. If applicable, this report will document the rate change proposed by the County.
- **Analysis and Discussion of Rate Application.** This section of the report will include a review of the analysis work completed by County staff. This section might include the following subsections:
  - *Review of Rate Changes*, including a discussion of interim year rate changes since the last base year, the relationship of these changes to changes in the Garbage and Trash Collection CPI, and an analysis of the significant components of the change in rates (e.g., changes in labor costs.)
  - *Analysis of Projected Costs*, including a discussion of any unusual changes in costs which were discovered and unresolved during the review process.
  - *Discussion of Service Issues*, including changes in the frequency or type of curbside service. If significant service issues are not involved with a rate change, this subsection would be omitted.
- **Recommendations.** County staff would present its recommendations regarding specific changes in rates in this section of the document.
- **Appendices.** Appendices to the report would include:
  - Rate application
  - Revised rate schedule
  - Audited financial statements of the franchise hauler, for business done under the agreement
  - Other relevant supporting materials provided by the franchise hauler.

## b. Provide Franchise Hauler with Copy of Draft Report and Receive Comments

During this task, the franchise hauler will review the draft report. Each section of the report shall be reviewed to ensure that correct data are included, the County's analysis is consistent with the methodology, and if applicable the proposed rate change is determined accurately.

If any issues are identified during this step, the franchise hauler works with County staff to fully explore and resolve these outstanding issues. The franchise hauler then will prepare a written response to the draft report. The response may cover one or more of the following topics:

- If data discrepancies exist in any of the areas noted in the prior task, the County shall be notified of these discrepancies.
- If the analysis conducted by the County can be clarified or considered differently, this information shall be provided to the County.
- If the report is acceptable and no clarification or comments can be offered, this shall be relayed to the County.

The County will require a written response from the franchise hauler within two weeks of delivering the County's Draft Report. Until a written response is received, the County will not prepare the Final Report and take the matter to the Board of Supervisors.

## c. Prepare Final Report

Any additional or outstanding comments or issues raised during the franchise hauler's review of the draft report are addressed. If necessary, meetings are conducted with representatives from the County and the franchise hauler. Final solutions to outstanding issues are included in the report. After final comments from the franchise hauler have been considered, the Final

Report package is prepared. A copy of the Final Report is submitted to the franchise hauler.

## E. Step 5 – Notify Customers of Rate Hearing

**Responsibility:** County/Franchise Hauler

**Timing:** Completed 10 days prior to County Board of Supervisors meetings

**Tasks:** a. Prepare Notification of Public Hearing for Rate Change.

### Overview

During this step, the franchise hauler and County notify customers of the rate setting hearing.

#### a. Prepare Notification of Public Hearing for Rate Change

The franchise hauler shall notify each ratepayer of the time, date and place of each hearing set by the Board of Supervisors to set rates. The franchise hauler shall provide this written notice at least ten (10) but no more than sixty (60) days prior to the public hearing date. The County also will notify customers through a notice in the local newspaper that a rate hearing will occur, once each week, for two (2) consecutive weeks prior to the hearing. These notifications will occur prior to the County rate hearing(s) where the County Board of Supervisors will consider whether to approve the County recommended rates.

## F. Step 6 – Seek Approval from County Board of Supervisors

**Responsibility:** County

**Timing:** Completed one (1) month prior to expected implementation of new rates

**Tasks:** a. Distribute Final Report to County Board of Supervisors  
b. Obtain County Board of Supervisors Approval.

### Overview

During this step, the County presents the Final Report for review and approval by the Board of Supervisors.

#### a. Distribute Final Report to County Board of Supervisors

In this task, the Final Report is provided to the County Board of Supervisors for review and approval. The report is included as an agenda item for consideration at a regular public meeting. The County Board should follow applicable public noticing requirements so affected customers can participate at the public meetings.

#### b. Obtain County Board of Supervisors Approval

The County Board of Supervisors reviews the report and proposed rate changes. If the County Board of Supervisors agrees with the recommendations of County staff, the County Board of Supervisors recommends the rate change and rates to the County. If the County Board of Supervisors does not agree with staff recommendations, the report is returned to County staff for additional analysis. If the County Board of Supervisors does not recommend approval of the report and rates, the County Board of Supervisors should specifically identify deficiencies.

If the rate changes are approved, they are implemented. If the rate changes are not, deficiencies are noted, and the report is returned to the County. Step 6 is then repeated.

## G. Step 7 – Implement New Rates

**Responsibility:** Franchise hauler

**Timing:** Conducted following County Board of Supervisors approval of the new rates

**Tasks:** a. Implement Rate Change.

### a. Implement Rate Change

During this final task, the new rates are entered into the franchise hauler's billing system and included in the billing cycle. If a rate change occurs during the middle of a billing cycle, unbilled or overbilled amounts are calculated and included in the next billing cycle.

### Overview

During this final step, the franchise hauler implements new rates, if applicable.

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## **Section 3**

### **Interim Year Rate Setting Process**



## 3. Interim Year Rate Setting Process

This section describes each of the five (5) steps of the interim year rate setting process. Each step includes an overview of the step and a detailed description of the tasks required to complete the step. The section includes five (5) subsections:

- A. Step 1 – Prepare and Submit Rate Application*
- B. Step 2 – Prepare Draft Report and Final Report*
- C. Step 3 – Notify Customers of Rate Hearing*
- D. Step 4 – Seek Approval from County Board of Supervisors*
- E. Step 5 – Implement New Rates.*

### A. Step 1 – Prepare and Submit Rate Application

**Responsibility:** Franchise hauler

**Timing:** Completed four (4) months prior to the implementation of the new rates

**Tasks:** a. Prepare an Interim Year Rate Application  
b. Submit Application to County.

#### Overview

During this first step, the franchise hauler prepares the *Interim Year Rate Application*. Blank application forms are provided in **Appendix A**. Similar to the base year, this form identifies all areas to be completed with double outlined boxes.

#### a. Prepare an Interim Year Rate Application

In this first task, the franchise hauler prepares the *Interim Year Rate Application* and submits it to the County for review and approval. There are four (4) steps for completing the Interim Year Rate Application as follows:

#### 1. Provide Most Recent Twelve Month CPI Data

The franchise hauler identifies the most recent applicable twelve month CPI data. These data are obtained from the U.S. Department of Labor, Bureau of Labor Statistics. The data are “All Urban Consumers; Not Seasonally Adjusted; U.S. City Average; Garbage and Trash Collection; All Items; 1983=100 (CUUR0000SEHG02).

## 2. Calculate Percentage Change in CPI

The franchise hauler calculates the percentage change in CPI for the applicable 12-month period (this period may be different for each of the franchise haulers). The percentage change is determined as follows:

$$\frac{\text{CPI data in Line 2} - \text{CPI data in Line 1}}{\text{CPI data in Line 2}}$$

The product of this equation, rounded to the nearest two decimal places, is entered on line 3.

## 3. Calculate Eighty Five Percent Change in CPI, but Not to Fall Below One Percent or Exceed Six Percent

The franchise hauler calculates eighty five (85) percent of the change in the CPI. This change is determined as follows:

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$$0.85 \times \text{Line 3}$$

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The product of this equation, again rounded to the nearest two decimal places, is entered on Line 4 of the application, as long as it does not fall below one (1) percent or exceed six (6) percent. If this calculation falls below one (1) percent then one (1) percent is entered on Line 4. If this calculation exceeds six (6) percent then six (6) percent is entered on Line 4.

**4. Certify Application.** An authorized representative from the franchise hauler shall sign and date the application. This signature provides certification by the franchise hauler that the application is complete, accurate, and consistent with the instructions provided in this Manual.

At this point, the application shall be complete. The application is submitted to the County for review and calculation of the rate change, as described in the following subsection.

## b. Submit Application to County

The completed application is sent to the County for review and calculation of new rates. The franchise hauler's application does not include any

new rates; these are determined by the County during Step 2.

## B. Step 2 – Prepare Draft Report and Final Report

**Responsibility:** County

**Timing:** Completed within two (2) months of receiving a completed Interim Year Rate Application

- Tasks:**
- a. Review Calculation of Change in Consumer Price Index
  - b. Prepare Draft Report
  - c. Receive Comments from Franchise Hauler
  - d. Prepare Final Report.

### Overview

The County reviews the *Interim Year Rate Application* to determine that the franchise hauler has performed the CPI calculation correctly.

### a. Review Calculation of Change in Consumer Price Index

The annual change in the U.S. City Average, Garbage and Trash Collection, Consumer Price Index (CPI) provides the single factor for determining new rates during interim years. The County uses eighty-five (85) percent of the actual year over year change in this index for the twelve months prior to the date the *Interim Year Rate Application* is submitted (the actual applicable point to point index is identified in Appendix B through F for each hauler (e.g., either June to June or December to December). Because a projected change in the CPI is not available, eighty five (85) percent of the actual change in CPI for the prior twelve months is used as the CPI for the interim year. This information is available from the United States Department of Labor, Bureau of Labor Statistics.

#### b. Request Additional Data, and Clarification, if Necessary

If necessary, County staff requests clarification and/or additional data from the franchise hauler. The request is to clarify the franchise hauler's assumptions for the expected change in rates.

#### c. Prepare Draft Report

County staff prepares a draft report with recommendations of new rates for County Board of Supervisors consideration. This report should be brief and include the following sections:

- **Executive Summary.** This is a summary of the review process and includes a chart showing current and proposed rates, and the recommended rate change.
- **Background.** This section of the report provides a brief overview of the rate change process and discussion of any significant historical issues.
- **Analysis and Discussion of Issues.** This section includes a review of the analysis work completed by County staff. This section includes identification of the change in CPI assumed by the County.
- **Recommendation.** County staff presents its recommendation regarding any change in rates in this section.
- **Attachments.** Attachments to the report would include:
  - Rate application
  - Revised rate schedule(s)

After the draft report and recommendations have been prepared, the document should be submitted to the franchise hauler for comment and review.

#### d. Receive Comments from Franchise Hauler

The franchise hauler reviews the draft report to ensure that any calculations and analyses completed by County staff are fair, reasonable, and

justified. The franchise hauler reviews the draft report to ensure the following:

- Correct data are included
- County staff analysis is accurate and fair
- Rate changes are reasonable and acceptable.

If any issues are identified during this step, the franchise hauler works with County staff to fully explore and resolve these outstanding issues. A written response to the draft report is then prepared. The response may cover one or more of the following topics:

- Data discrepancies in any of the areas noted in the prior task
- Clarification for the County or alternative analysis of the application
- Responses to the County's request for additional information.

#### e. Prepare Final Report

The County prepares the Final Report incorporating comments from the franchise hauler, as appropriate. Any comments or issues raised during the franchise hauler's review of the draft report are addressed. If necessary, representatives from the County and the franchise hauler should meet to resolve issues. The report should reflect final solutions to outstanding issues.

After final comments from the franchise hauler have been considered, the County prepares the Final Report. The County should submit a copy of the Final Report to the franchise hauler.

### C. Step 3 – Notify Customers of Rate Hearing

**Responsibility:** County

**Timing:** Completed 10 days prior to County Board of Supervisors meetings

**Tasks:** a. Prepare Notification of Public Hearing for Rate Change.

## Overview

During this step, the County notifies customers of the rate setting hearing.

### a. Prepare Notification of Public Hearing for Rate Change

The County will notify customers through a notice in the local newspaper that a rate hearing will occur, once each week, for two (2) consecutive weeks prior to the hearing.. These notifications will occur prior to the County rate hearing(s) where the County Board of Supervisors will consider whether to approve the County recommended rates.

## D. Step 4 – Seek Approval from County Board of Supervisors

**Responsibility:** County

**Timing:** Completed one month prior to expected implementation of new rates

- Tasks:**
- Distribute Final Report to County Board of Supervisors
  - Obtain County Board of Supervisors Approvals.

## Overview

During this step, the County presents the Final Report for review and approval by its Board of Supervisors.

### a. Distribute Final Report to County Board of Supervisors

In this task, the Final Report is provided to the County Board of Supervisors for review and approval.

The report is included as an agenda item for consideration at a regular public meeting. The County should follow applicable public noticing requirements so affected customers can participate at the public meetings.

### b. Obtain County Approvals

The County Board of Supervisors reviews the report and recommended rate changes. If the rate changes are approved, they are implemented. If the rate changes are not approved, deficiencies are noted, and the report is returned to the County to address the deficiencies. Step 3 is then repeated.

## E. Step 5 – Implement New Rates

**Responsibility:** Franchise hauler

**Timing:** Conducted following the approval of the new rates by the County Board of Supervisors

- Tasks:**
- Implement Rate Change.

## Overview

After new rates have been approved by the County Board of Supervisors, the final step in the process is to implement the new rates.

### a. Implement Rate Change

During this final task, the franchise hauler enters the new rates into their billing system and includes the new rates on the next appropriate customer invoice. If a rate change occurs during the middle of a billing cycle, unbilled or overbilled amounts are calculated and included in the next billing cycle.

## **Appendix A**

### **Blank Forms and Worksheets (CD with Electronic Copies)**

## **Appendix E**

### **Sierra Disposal Service**



# Appendix E. Sierra Disposal Service

This appendix of the Manual applies to Sierra Disposal Service (SDS). The section includes four (4) subsections:

- A. Rate Application Process and Timing*
- B. Allowable and Non-Allowable Costs*
- C. Rate Application Forms*
- D. Comprehensive List of Services.*

## A. Rate Application Process and Timing

### 1. Base Year Process

The County requires that SDS submit a *Base Year Rate Application* once every three (3) years. With the *Base Year Rate Application*, SDS provides detailed financial and operating information that is reviewed and analyzed by the County. These detailed reviews are referred to as “base year reviews.”

With the *Base Year Rate Application*, SDS shall submit audited financial statements, for business done under the franchise agreement, for the previously completed fiscal year. These statements serve as the base documents for the application. SDS shall reconcile financial information contained in the *Base Year Rate Application* with the audited financial statements, for business done under the franchise agreement, to provide assurance that all of its activities are accounted for.

The timing of the base year process for SDS is shown in **Figure E-1**, on the following page. The schedule is expected to start with SDS’s submission of the *Base Year Rate Application* on May 31<sup>st</sup> of the year proceeding each base year. The process targets a rate change implementation date of January 1<sup>st</sup> of the base year.

**Figure E-1**  
Timing of Base Year Process

Step	Description	Preparation		30-Day Review	Review Process					
		Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1	Prepare and Submit Rate Application									
2	Verify Completeness of Rate Application									
3	Review Rate Application and Prepare Response									
4	Prepare Draft Report and Final Report									
5	Notify Customers of Rate Hearing									
6	Seek Approval from County Board of Supervisors									
7	Implement New Rates									

The *Base Year Rate Application* requires three (3) years of data, including a year of actual data (based on audited information), a year of estimated data (based on year-to-date information available when the application is submitted), and the projection, or base year. The required years, and types, of data for upcoming base year reviews are displayed in **Table E-1**, below. For example, for the 2016 base year, SDS would prepare the

*Base Year Rate Application* using audited 2014 data, estimated year-to-date 2015 data, and projected 2016 data.

SDS operates on a fiscal year ending June 30. Thus, for the current (estimated) year, SDS shall have available three quarters of fiscal year data to use for the current year estimate (i.e., data from July 1 through March 31 of the current year).

**Table E-1**  
Base Year Financial Statement Requirements

Base Year	Prior Year (Audited)	Current Year (Estimated)	Base Year (Projected)
2016	2014	2015	2016
2019	2017	2018	2019
2022	2020	2021	2022
2025	2023	2024	2025
2028	2026	2027	2028
2031	2029	2030	2031

## 2. Interim Year Process

In each of the “interim” two (2) years between “base” years, SDS may request an increase in rates by submitting an *Interim Year Rate Application*. The scope and content of the *Interim Year Rate Application* is more limited than a base year request. SDS is not obligated to request an increase in rates and can instead request to leave rates unchanged. In each interim year, the franchise hauler must complete the top portion of the *Interim Year Rate Application*, indicating whether or not the franchise hauler is requesting a rate change for that interim year.

**Figure E-2**  
Timing of Interim Year Process

Step	Description	Preparation	Review Process			
		Aug.	Sept.	Oct.	Nov.	Dec.
1	Prepare and Submit Rate Application					
2	Prepare Draft Report and Final Report					
3	Seek Approval from County Board of Supervisors					
4	Implement New Rates					

During interim years, SDS may be entitled to an increase in rates based upon the following formula:

- (1) Eighty-five (85) percent of the annual percentage change in the most recent actual, not forecasted, change in the Consumer Price Index, All Urban Consumers, U.S. City Average - Garbage and Trash Collection (December 1983=100, series CUUR0000SEHG02) ("CPI") applied to costs other than disposal costs (see the sample calculation in **Appendix G**), plus
- (2) Projected changes in disposal costs.

For the first part of the calculation (noted as (1) above), the County and SDS shall use the percentage change in the CPI for the prior June to June twelve-month period. This June to June CPI data will be available at the time SDS submits the *Interim Year Application* (i.e., by August 31).

Interim year rate adjustments are subject to a "floor" and a "cap." During interim years, rate adjustments shall not be greater than six (6) percent nor less than one (1) percent, regardless of the rate adjustment calculated using the interim year formula.

The timing of the interim year process is shown in **Figure E-2**, above. The schedule begins with submission of the *Interim Year Rate Application* on or before August 31<sup>st</sup>. The process targets a rate change implementation date of January 1<sup>st</sup> of the interim year.

## B. Allowable and Non-Allowable Costs

Rates are established for each base year based on a franchise hauler's projected Revenue Requirement. For purposes of computing the Revenue Requirement in the base year, the County should determine which of the SDS's costs are: (1) Allowable Costs, (2) Pass Through Costs, and (3) Non-Allowable costs. Each of these categories is described in more detail below.

### 1. Allowable Costs

SDS earns a profit on Allowable Costs. The majority of Allowable Costs are direct labor costs; truck, equipment, and facility costs; tipping fees (profit allowed); office salaries; and general and administrative costs. These Allowable Costs are defined in **Exhibit E-1**. **Exhibit E-2**, following Exhibit E-1, is a chart of accounts for Allowable Costs, which further clarifies the categories of Allowable Costs. The following costs are clarified because of their special treatment for rate setting:

**Table E-2**

**Allowable Depreciation Methods and Useful Lives for Franchise Hauler Assets Purchased After January 1, 2013**

Category	Method	Useful Life (Years)
Carts	SL <sup>1</sup>	5
Office Equipment	SL	5
Vehicles and Equipment	SL	8
Buildings and Leasehold Improvements	SL	20

- **Depreciation** – Table E-2, above, shows allowable depreciation methods and useful lives, by asset type, for rate setting purposes. Useful lives in Table E-2 are for new capital purchases (i.e., those made during and after 2013)
- **Disposal Costs** – SDS incurs disposal costs to tip refuse at the WERS transfer station in Placerville, owned by Waste Connections. Disposal costs are subject to a “cap” on the amount allowed with profit. SDS shall not be allowed a profit on disposal costs above the cap. The cap is based on the per ton rate paid by SDS to WERS, called the tipping fee rate. The cap will be set at the effective WERS gate rate for the application year. Disposal costs incurred above the per ton cap are a pass-through cost and do not earn a profit.
- **Officer’s Salaries** – Reasonable officer’s salaries are considered an allowable cost. Officers are employees fully performing management functions identified in the franchise agreement. Officer’s salaries include base compensation plus bonuses and do not include profit distributions to owners. For those franchise haulers with officer’s salaries, the County shall set the total combined officer’s salaries for the franchise hauler, at a reasonable level, during each base year. For purposes of

establishing base year rates, a total cap (maximum amount) on officer’s salaries of six (6) percent of gross revenues for business conducted under the franchise agreement is deemed reasonable.

- **Programs Implemented in Response to County Solid Waste Management Plan Requirements** – The County completed its *Solid Waste Management Plan* in early 2012. Franchise haulers are allowed profit on the costs associated with implementing and operating new County programs and services required by the Plan.

## 2. Pass Through Costs

The hauler does not earn a profit on the following pass through costs, but these costs are included in the revenue requirement:

- Disposal costs (i.e., pass through component)
- Interest expenses
- Franchise fees.

## 3. Non-Allowable Costs

Costs shown in **Exhibit H-1**, in **Appendix H**, are not allowable for rate setting. As a result, these non-allowable costs shall not be included in the rates charged to County ratepayers.

## 4. Cost Allocations and Methodologies

SDS shall provide supporting documentation and rationale for the allocation of expenses between franchised areas covered by this Manual and non-franchised areas (e.g., forestry, federal and state contracts). Examples of the types of expenses that could require allocations include:

- Equipment costs
- General and administrative costs
- Labor costs
- Loans to or from affiliates or officers
- Officer’s salaries
- Disposal costs.

<sup>1</sup> Represents straight-line depreciation.

**Appendix I** provides a description of the methods for how these costs shall be allocated.

### **C. Rate Application Forms**

**Exhibits E-3** through **E-5** include a sample of a blank SDS base year rate application form (three pages long), an SDS interim year rate application form (one page long), and an interim year rate change worksheet (two pages long, for County use only).

### **D. Comprehensive List of Services**

**Exhibit E-6** provides a list of services provided by SDS. SDS shall provide a rate schedule, with each interim year and base year rate application submitted to the County, which shows current and proposed rates for all SDS services. Following approval of a rate change by the Board, SDS shall furnish the County with a complete schedule showing all approved SDS rates.

**Exhibit E-1**
**Definition of Financial Terms**

Page 1 of 2

Item	Definition														
<b>Allowable Costs</b>															
<b>Direct Labor</b>	Wages, and related benefits, paid to collection and hauling staff, including wages, overtime, payroll taxes, health and welfare benefits, workers compensation, and pension benefits.														
<b>Truck, Equipment, and Facility Costs</b>	Includes costs of truck and equipment depreciation, leases, insurance, repair and maintenance, fuel, and other miscellaneous equipment related expenses. Facilities expenses consist of building rent, building depreciation, and building repair /and maintenance.														
<b>Disposal Costs (Profit Allowed)</b>	Costs to dispose of solid waste at the WERS transfer station, up to an established “cap” of the effective WERS Gate rate for the application year. Disposal costs paid in excess of the cap are considered as a pass through expense and do not receive a profit.														
<b>Office Salaries</b>	Wages, and related benefits, paid to office and administrative staff, including wages, overtime, payroll taxes, health and welfare benefits, workers compensation, and pension benefits for business conducted under the franchise agreement.														
<b>Officer’s Salaries</b>	Wages, and related benefits, paid to corporate officer’s, including wages, overtime, payroll taxes, health and welfare benefits, workers compensation, and pension benefits for business conducted under the franchise agreement.														
<b>General and Administration Costs</b>	General and administrative costs including: <table> <tr> <td>■ Program Advertising</td><td>■ Office expense</td></tr> <tr> <td>■ Collection fees</td><td>■ Other administrative costs</td></tr> <tr> <td>■ Contract labor</td><td>■ Professional fees</td></tr> <tr> <td>■ Corporate allocations</td><td>■ Property taxes</td></tr> <tr> <td>■ Dues and subscriptions</td><td>■ Supplies</td></tr> <tr> <td>■ General insurance</td><td>■ Travel</td></tr> <tr> <td>■ Licenses and fees</td><td>■ Utilities.</td></tr> </table>	■ Program Advertising	■ Office expense	■ Collection fees	■ Other administrative costs	■ Contract labor	■ Professional fees	■ Corporate allocations	■ Property taxes	■ Dues and subscriptions	■ Supplies	■ General insurance	■ Travel	■ Licenses and fees	■ Utilities.
■ Program Advertising	■ Office expense														
■ Collection fees	■ Other administrative costs														
■ Contract labor	■ Professional fees														
■ Corporate allocations	■ Property taxes														
■ Dues and subscriptions	■ Supplies														
■ General insurance	■ Travel														
■ Licenses and fees	■ Utilities.														
<b>Allowable Profit</b>															
<b>Operating Ratio (OR)</b>	A profit is allowed, based on an operating ratio ranging between 88 and 92 percent, depending on the tonnage of material diverted through collection operations. For the unincorporated County areas, the operating ratio for the first base year (2016) will be set at 90 percent. Thereafter the franchise hauler’s operating ratio in the base year will be based on the following: <table> <tr> <th>Recovery Percentage<sup>2</sup> (Estimated Tons Recovered)</th><th>Operating ratio (%)</th></tr> <tr> <td>75-100 (5,337 and greater)</td><td>88</td></tr> <tr> <td>61-74 (4,255 to 5,336)</td><td>89</td></tr> <tr> <td>50-59 (3,534 to 4,254)</td><td>90</td></tr> <tr> <td>26-49 (1,804 to 3,533)</td><td>91</td></tr> <tr> <td>0-25 (1,803 or less)</td><td>92</td></tr> </table>	Recovery Percentage <sup>2</sup> (Estimated Tons Recovered)	Operating ratio (%)	75-100 (5,337 and greater)	88	61-74 (4,255 to 5,336)	89	50-59 (3,534 to 4,254)	90	26-49 (1,804 to 3,533)	91	0-25 (1,803 or less)	92		
Recovery Percentage <sup>2</sup> (Estimated Tons Recovered)	Operating ratio (%)														
75-100 (5,337 and greater)	88														
61-74 (4,255 to 5,336)	89														
50-59 (3,534 to 4,254)	90														
26-49 (1,804 to 3,533)	91														
0-25 (1,803 or less)	92														
<b>Allowable Operating Profit</b>	Established by the allowable operating ratio and equal to total allowable costs divided by the allowable OR, less total allowable costs.														
<b>Pass Through Costs</b>															
<b>Disposal Costs (Pass Through)</b>	Costs to dispose of solid waste, above the “cap” of the effective WERS Gate rate for the rate application year.														
<b>Franchise Fees</b>	Equal to five (5) percent of gross residential, commercial, industrial, and recycling revenues. <sup>3</sup>														

<sup>2</sup> Note: these recovery percentages were estimated at the time the County developed this Manual and prior to SDS’s implementation of a residential cart-based recycling system. The County and SDS will review and potential change these recovery percentages and tons diverted figures within one year after SDS implements cart-based recycling to see if these figures are consistent with actual diversion data and provide the company with an appropriate incentive to increase diversion.

<sup>3</sup> This franchise fee amount is subject to change by County.

**Exhibit E-2**  
**Chart of Accounts**  
**for Allowable Operating Costs**

Category	Description	Acceptable Cost Allocation Method (For Situations Where Pooled Costs Are Allocated to Business Under County Franchise)
<b>Direct Labor</b>	<ul style="list-style-type: none"> <li>Collection and Hauling Labor</li> <li>Collection and Hauling Labor Benefits</li> <li>Collection and Hauling Labor Insurance</li> <li>Collection and Hauling Labor Workers Compensation</li> <li>Collection and Hauling Labor Pension and Profit Sharing</li> <li>Collection and Hauling Labor Payroll Taxes</li> </ul>	<ul style="list-style-type: none"> <li>Direct labor hours</li> </ul>
<b>Truck, Equipment, and Facility Costs</b>	<ul style="list-style-type: none"> <li>Equipment and Facility Depreciation</li> <li>Equipment and Vehicle Rent</li> <li>Fuel</li> <li>Operating Supplies</li> <li>Parts and Materials</li> <li>Property Rent</li> <li>Repairs and Maintenance</li> </ul>	<ul style="list-style-type: none"> <li>For truck and equipment depreciation, rent, supplies, parts, and repair and maintenance use truck or equipment usage (over a representative period)</li> <li>For fuel use gallons</li> <li>For property rent use square footage</li> </ul>
<b>Disposal Costs (Profit Allowed)</b>	<ul style="list-style-type: none"> <li>Disposal Costs, subject to a “cap” of the effective WERS Gate rate for the rate application year</li> </ul>	<ul style="list-style-type: none"> <li>Actual tonnage</li> </ul>
<b>Office Salaries</b>	<ul style="list-style-type: none"> <li>Office Staff Salaries</li> <li>Office Staff Benefits</li> <li>Office Staff Insurance</li> <li>Office Staff Workers Compensation</li> <li>Office Staff Pension and Profit Sharing</li> <li>Office Staff Payroll Taxes</li> </ul>	<ul style="list-style-type: none"> <li>Direct labor hours</li> </ul>
<b>Officer’s Salaries</b>	<ul style="list-style-type: none"> <li>Officer’s Salaries</li> <li>Officer’s Benefits</li> <li>Officer’s Insurance</li> <li>Officer’s Workers Compensation</li> <li>Officer’s Pension and Profit Sharing</li> <li>Officer’s Payroll Taxes</li> </ul>	<ul style="list-style-type: none"> <li>Direct labor hours</li> </ul>
<b>General and Administrative Costs</b>	<ul style="list-style-type: none"> <li>Program Advertising</li> <li>Collection Fees</li> <li>Contract Labor</li> <li>Dues and Subscriptions</li> <li>General Insurance</li> <li>Office Expense</li> <li>Other Administrative Costs</li> <li>Professional Fees</li> <li>Licenses and Fees</li> <li>Office Rent</li> <li>Property Taxes</li> <li>Supplies</li> <li>Travel</li> <li>Utilities</li> </ul>	<ul style="list-style-type: none"> <li>Direct labor hours</li> </ul>

# Base Year Rate Application

## Summary

### Rate Change

1. Percent Rate Change Requested  %

### Residential Rate Schedule

Rate Schedule (per customer, per month)		Current Rate	Rate Adjustment	New Rate
2.1.	1, 32-Gallon Can	\$	\$	\$
2.2.	2, 32-Gallon Cans			
2.3.	3, 32-Gallon Cans			
2.4.	4, 32-Gallon Cans			
2.5.	1, 45-Gallon Can			
2.6.	2, 45-Gallon Cans			
2.7.	3, 45-Gallon Cans			
2.8.	Extra Can (32- or 45-Gallon)			
2.9.	On Call (32- or 45-Gallon)			
2.10.	Residential - All other services			

### Certification

To the best of my knowledge, the data and information in this application is complete, accurate, and consistent with the instructions provided by El Dorado County.

Name: Title:

Signature: Date:

Fiscal Year: Page 1 of 4

## Base Year Rate Application

### Financial Information for Unincorporated County Area

		Actual Audited Prior Year	Estimated Current Year	Projected Base Year
<b>Section I--Allowable Costs</b>				
3.	Direct Labor	\$	\$	\$
4.	Truck, Equipment, and Facility Costs			
5.	Disposal Costs (Profit Allowed)			
6.	Office Salaries			
7.	Officer's Salaries			
8.	General and Administrative Costs			
9.	<b>Total Allowable Operating Costs</b>	\$	\$	\$
<b>Section II--Allowable Profit</b>				
10.	Operating Ratio	%	%	%
11.	Allowable Operating Profit	\$	\$	\$
<b>Section III--Pass Through Costs without Franchise Fees</b>				
12.	Disposal Costs (Pass Through)			
13.	<b>Total Pass Through Costs</b>	\$	\$	\$
<b>Section IV--Revenue Requirement without Franchise Fees</b>				
14.	Total Allowable Operating Costs (Line 9) plus Allowable Operating Profit (Line 11) plus Total Pass Through Costs (Line 13)	\$	\$	\$
<b>Section V--Revenues without Rate Change in Base Year</b>				
	Residential Revenues	Current Rate/Month	Months	Projected Accounts
				Total
15.	1, 32-Gallon Can	\$	12	
16.	2, 32-Gallon Cans		12	
17.	3, 32-Gallon Cans		12	
18.	4, 32-Gallon Cans		12	
19.	1, 45-Gallon Can		12	
20.	2, 45-Gallon Cans		12	
21.	3, 45-Gallon Cans		12	
22.	Extra Can (32- or 45-Gallon)		12	
23.	On Call (32- or 45-Gallon)		12	
24.	Residential - All other services		12	
25.	Residential Revenues Subtotal			\$
26.	Less: Allowance for Uncollectible Residential Accounts			
27.	Total Residential Revenues (without Rate Change in Base Year)	\$	\$	\$
28.	Commercial and Industrial Revenues			\$
29.	Less: Allowance for Uncollectible Commercial and Industrial Accounts			
30.	Total Commercial and Industrial Revenues (without Rate Change in Base Year)	\$	\$	\$
31.	Recycled Material Sales			
32.	<b>Total Revenues (Lines 27 + 30 + 31)</b>	\$	\$	\$
<b>Section VI--Net Shortfall (Surplus)</b>				
33.	Net Shortfall (Surplus) without Franchise Fees (Line 14 - Line 32)	\$	\$	\$
34.	Residential, Commercial, and Industrial Franchise Fees	\$	\$	\$
35.	Net Shortfall (Surplus) with Franchise Fees (Lines 33 + 34)	\$	\$	\$
<b>Section VII--Percent Change in Rates</b>				
36.	Total Residential, Commercial, and Industrial Revenues Prior to Rate Change (Line 27 + 30)			\$
37.	Percent Change in Existing Residential/Commercial/Industrial Rates (Line 35 ÷ Line 36)			%

Fiscal Year:

Page 2 of 4

## Base Year Rate Application

### Operating Information

Prior Year Audited Information	Current Year Estimated Information	Percent Change	Base Year Projected Information	Percent Change
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#### Section VIII—Operating Data

38.	Residential Accounts			%		%
39.	Multi-family Accounts			%		%
40.	Commercial Accounts			%		%
41.	Industrial Accounts			%		%
42.	Total Accounts			%		%
43.	Residential Refuse Tons			%		%
44.	Residential Recycling Tons			%		%
45.	Residential Yard Waste Tons			%		%
46.	Commercial Refuse Tons			%		%
47.	Commercial Recycling Tons			%		%
48.	Industrial Refuse Tons			%		%
49.	Industrial Recycling Tons			%		%
50.	"Free" Drop Boxes Provided (Monthly)			%		%
51.	"Free" Bins Provided			%		%

#### Section IX—Change in Commercial Rates

52.	1 Yard Bin—Once per Week			%		%
53.	2 Yard Bin—Once per Week			%		%
54.	3 Yard Bin—Once per Week			%		%
55.	4 Yard Bin—Once per Week			%		%
56.	6 Yard Bin—Once per Week			%		%
57.	1 Yard Bin—Twice per Week			%		%
58.	2 Yard Bin—Twice per Week			%		%
59.	3 Yard Bin—Twice per Week			%		%
60.	4 Yard Bin—Twice per Week			%		%
61.	6 Yard Bin—Twice per Week			%		%
62.	6 Yard Box per Pull			%		%
63.	10 Yard Box per Pull			%		%
64.	20 Yard Box per Pull			%		%
65.	30 Yard Box per Pull			%		%

**Fiscal Year:**

Page 3 of 4

## Base Year Rate Application

### Allocations of Indirect Costs from Consolidated Level to Unincorporated County

Actual Audited Year	Costs Allocated to Unincorporated County	Total Costs	Percent Allocation	Required Allocation Method
<b>Section X--Allocation of Indirect Costs to County</b>				
66. Direct Labor	\$	\$		Direct labor hours
67. Truck, Equipment, and Facility Costs				
Trucking				Truck usage
Fuel				Gallons
Repair and Maintenance				Equipment usage
Property Rent				Square footage
68. Disposal Costs (Profit Allowed)				Actual tons
69. Office Salaries				Direct labor hours
70. Officer's Salaries				
71. General and Administrative Costs				Direct labor hours
72. Disposal Costs (Pass Through)	\$	\$		Actual tonnage

Esimated Current Year	Costs Allocated to Unincorporated County	Total Costs	Percent Allocation	Required Allocation Method
73. Direct Labor	\$	\$		Direct labor hours
74. Truck, Equipment, and Facility Costs				
Trucking				Truck usage
Fuel				Gallons
Repair and Maintenance				Equipment usage
Property Rent				Square footage
75. Disposal Costs (Profit Allowed)				Actual tons
76. Office Salaries				Direct labor hours
77. Officer's Salaries				
78. General and Administrative Costs				Direct labor hours
79. Disposal Costs (Pass Through)	\$	\$		Actual tonnage

**Fiscal Year:**
**Page 4 of 4**

Interim Year Rate Application

Are you applying for an interim rate change at this time?      Yes ☐ No ☐  
If yes, complete Section 1 below, sign, and submit this application to the County.  
If no, sign below, and submit this form to the County.

Section I--Changes in Disposal Costs

Change in Disposal Costs			Transfer Station [Facility Name]
1.		Prior Year Transfer Station Tipping Fee Per Ton	\$
2.	<i>Multiplied by:</i>	Prior Year Actual Disposal Tons	
3.	<i>Equals:</i>	Total Prior Year Disposal Costs	\$
4.		Projected Interim Year Transfer Station Tipping Fee Per Ton	\$
5.	<i>Multiplied by:</i>	Projected Interim Year Disposal Tons	
6.	<i>Equals:</i>	Total Projected Interim Year Disposal Costs	\$
7.		Projected Change In Disposal Costs	%

Provide an explanation of any changes in disposal costs (i.e., tipping fee rates paid by the franchise hauler, disposal tonnage). Attach supporting documentation to this application as appropriate.

Section III--Certification

To the best of my knowledge, the data and information in this application is complete, accurate, and consistent with the instructions provided by El Dorado County.

Name:

Title:

Signature:

Date:

Year:

Page 1 of 1

## Interim Year Rate Change Worksheet

### Summary

1. Percent Rate Change Requested

 %

Rate Schedule (per customer, per month)		Current Rate	Rate Adjustment	New Rate
2.	2.1.	1, 32-Gallon Can	\$	\$
	2.2.	2, 32-Gallon Cans		
	2.3.	3, 32-Gallon Cans		
	2.4.	4, 32-Gallon Cans		
	2.5.	1, 45-Gallon Can		
	2.6.	2, 45-Gallon Cans		
	2.7.	3, 45-Gallon Cans		
	2.8.	Extra Can (32- or 45-Gallon)		
	2.9.	On Call (32- or 45-Gallon)		
	2.10.	Residential - All other services		

Year:

Page 1 of 2

## Interim Year Rate Change Worksheet

### Financial Information

#### Section I—Base Year Costs

##### Base Year Operating Costs (Other Than Disposal)

1.		Total Allowable Operating Costs		
2.	Plus:	Allowable Operating Profit		
3.	Plus:	Total Pass Through Costs		
4.	Minus:	Disposal Costs (Profit Allowed)		
5.	Minus:	Disposal Costs (Pass Through)		
6.	Equals:	Total Operating Costs (Other Than Disposal)		%

##### Base Year Disposal Costs

7.		Disposal Costs (Profit Allowed)		
8.	Plus:	Disposal Costs (Pass Through)		
9.	Equals:	Total Disposal Costs		%

10.		Base Year Revenue Requirement (without Franchise Fees)		%
-----	--	--	--	---

#### Section II—Changes in Costs

##### Change in Operating Costs (Other Than Disposal Costs)

11.		Projected Change in Consumer Price Index		%
12.		Projected 85 Percent Change in Consumer Price Index		%

##### Change in Disposal Costs

13.		Prior Year Transfer Station Tipping Fee Per Ton	\$	
14.	Multiplied by:	Prior Year Actual Disposal Tons		
15.	Equals:	Total Prior Year Disposal Costs	\$	
16.		Projected Interim Year Transfer Station Tipping Fee Per Ton	\$	
17.	Multiplied by:	Projected Interim Year Disposal Tons		
18.	Equals:	Total Projected Interim Year Disposal Costs	\$	
19.		Projected Change in Disposal Costs		%

#### Section III—Calculation of Percent Change in Rates

##### Weighted Change in Operating Costs (Other Than Disposal)

20.		Operating Costs as % of Base Yr. Revenue Requirement		%
21.	Multiplied by:	Projected 85 Percent Change in Consumer Price Index		%
22.	Equals:	Weighted Change in Operating Costs		%

##### Weighted Change in Total Disposal Costs

23.		Total Disposal Costs as % of Base Yr. Revenue Requirement		%
24.	Multiplied by:	Projected Change in Total Disposal Costs		%
25.	Equals:	Weighted Change in Total Disposal Costs		%

##### Total Change

26.		Total Percent Change in Costs		%
27.	Divided by:	Adjustment for Franchise Fee (1 - __ %)		%
28.	Equals:	Percent Change in Existing Rates		%

Year:

Page 2 of 2

**Exhibit E-6**  
**Sierra Disposal Service**  
**List of Services**

Category	Description
<b>Residential (weekly service)</b>	<u>House Service</u> <ul style="list-style-type: none"> <li>■ 1, 32 gallon can</li> <li>■ 2, 32 gallon cans</li> <li>■ 3, 32 gallon cans</li> <li>■ 4, 32 gallon cans</li> <li>■ 1, 45 gallon can</li> <li>■ 2, 45 gallon cans</li> <li>■ 3, 45 gallon cans</li> <li>■ Additional 32 or 45-gallon can</li> <li>■ Voucher (32 or 45-gallon can)</li> </ul> <u>Road Service</u> <ul style="list-style-type: none"> <li>■ 1, 32 gallon can</li> <li>■ 2, 32 gallon cans</li> <li>■ 3, 32 gallon cans</li> <li>■ 4, 32 gallon cans</li> <li>■ 5, 32 gallon cans</li> <li>■ 6, 32 gallon cans</li> <li>■ 7, 32 gallon cans</li> <li>■ 8, 32 gallon cans</li> <li>■ 1, 45 gallon can</li> <li>■ 2, 45 gallon cans</li> <li>■ 3, 45 gallon cans</li> <li>■ 4, 45 gallon cans</li> </ul>
<b>Commercial Bin (weekly service)</b>	<ul style="list-style-type: none"> <li>■ Per cubic yard</li> <li>■ Extra cubic yard</li> <li>■ Per 32-gallon can/bag</li> <li>■ Extra 32-gallon can/bag</li> <li>■ Per 45-gallon can</li> <li>■ Extra 45-gallon can</li> <li>■ Compacted rate per cubic yard</li> </ul>
<b>Roll Off Service (per pickup)</b>	<ul style="list-style-type: none"> <li>■ 6 cubic yard (area 1)</li> <li>■ 6 cubic yard (area 2)</li> <li>■ 6 cubic yard (area 3)</li> <li>■ 10 cubic yard</li> <li>■ 20 cubic yard</li> <li>■ 20 cubic yard (stump)</li> <li>■ 30 cubic yard</li> <li>■ 30 cubic yard (stump)</li> </ul>

## Appendix G

### CPI Calculation Example

# Appendix G. CPI Calculation Example

The County uses the Consumer Price Index (U.S. City Average, Garbage and Trash Index) in the calculation of interim year rate changes. **Exhibit G-1** provides an overview of the percentage change in the CPI calculation, used in the interim year rate change calculation. This example is for the change in the CPI from June 2010 to June 2010.

## Exhibit G-1

### Interim Year Rate Change Process

### Example of the Consumer Price Index (CPI) Percent Change Calculation

**Consumer Price Index (CPI) Percent Change Calculation Example**

Interim Year: 2012  
 Application Submission by: 8/31/2011  
 Applicable CPI data Used: June 2010 to June 2011

Consumer Price Index - All Urban Consumers

Series Id: CUUR0000SEHG02  
 Not Seasonally Adjusted  
 Area: U.S. city average  
 Item: Garbage and trash collection  
 Base Period: DECEMBER 1983=100

Download: [xls](#)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2000	267.3	268.3	268.2	268.3	268.8	269.2	270.4	271.3	271.6	271.1	271.4	271.9	269.8		
2001	273.1	273.6	273.3	273.7	274	274.2	275.6	276.8	277	278	278.6	278.6	275.5		
2002	280.4	280.9	281.1	282.1	282.2	282.1	283.8	283.6	284.3	284.8	285.1	285.4	283		
2003	286.2	287.3	288.4	290.3	291	291.2	292	293.4	293.8	294.8	297	297.4	291.9		
2004	299.4	300.8	301.2	301.1	301.7	301.7	301.4	301	301.5	302	306.7	307.4	303.3		
2005	307.4	308.8	309.6	310.2	311.7	311.6	314	314.4	317.3	319.1	320.6	320.6	314		
2006	323	324.6	325.3	326.8	327.3	328.8	329.6	331.9	334.3	335.9	336.9	337.2	330.1		
2007	340.887	340.898	342.033	343.286	343.198	343.636	345.081	347.858	347.949	348.694	351.136	353.439	345.566		
2008	356.901	358.059	359.35	359.506	361.533	363.159	366.043	368.96	369.651	371.155	371.640	371.093	364.695		
2009	371.828	372.503	373.241	375.392	375.599	376.982	377.494	377.879	378.205	379.96	379.208	379.248	376.402		
2010	380.036	382.49	383.362	383.615	383.405	383.749	383.832	385.01	385.92	385.909	387.216	387.884	384.369		
2011	389.727	391.854	391.855	392.754	396.477	395.329	395.723	396.605	397.028	397.106	398.91	398.72	395.091		

Consumer Price Index as of June 2010	383.749
Consumer Price Index as of June 2011	395.329
Change in Consumer Price Index	11.580
Percent Change in Consumer Price Index	3.022%

← Enter the CPI percent change on Interim Year Rate Change Worksheet, page 2, line 8.

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## Appendix H

### Non-Allowable Costs

# Appendix H. Non-Allowable Costs

Non-allowable costs are not allowed in rates charged to ratepayers. These costs are disallowed because (1) they may not be associated with the core business, (2) they may be included implicitly in the allowed profit level, or (3) they may unnecessarily complicate rate regulation (e.g., income taxes). **Exhibit H-1** provides a description of each type of non-allowable cost.

**Exhibit H-1**  
**Non-Allowable Costs**

Category	Description
<b>Amortization of Franchise Purchases</b>	Consistent with the waste management industry, the County disallows amortization of franchise purchases because the operating ratio is designed to provide a return to the hauler sufficient to compensate for the hauler's investment in the business.
<b>Charitable and Political Donations</b>	<ul style="list-style-type: none"> <li>■ Costs associated with attempting to influence the outcome of any federal, state, or local election, referendum, initiative, or similar procedure, through in-kind or cash contributions, endorsements, publicity, or similar activities.</li> <li>■ Establishing, administering, contributing to, or paying the expenses of a political party, campaign, political action committee, or other organization established for the purposes of influencing the outcomes of elections.</li> </ul>
<b>Entertainment Expenses</b>	Costs incurred in hosting social events for clients or suppliers. Examples include costs of tickets, concerts, athletic events, or other performances; room rentals; cruises; and entertaining guests at athletic, social, or sporting clubs and on vacation or other similar trips.
<b>Fines and Penalties</b>	Costs associated with violations of, or failure of, the hauler to comply with federal, state, local, or foreign laws and regulations. This category of non-allowable costs can also include costs in connection with alteration or destruction of records, or other false or improper charging or recording of costs.
<b>Gain / Loss on Sale of Assets</b>	Gain or loss associated with sales of assets.
<b>Income Taxes</b>	The operating ratio is provided on a pre-tax basis. To allow income tax expense would unnecessarily add complexity to the rate review process.
<b>Cost of Repairs Due to Operator Negligence</b>	Costs of negligence on the part of the hauler which could include accidents or property damage.
<b>Costs Incurred to Serve Other Jurisdictions (i.e., for non-County areas served by franchise hauler (e.g., Cameron Park CSD, City of Placerville, El Dorado Hill CSD))</b>	The franchise hauler will be compensated for only those costs that can be directly attributable to operations within the franchised boundaries. The franchise hauler shall have a clear basis for allocating shared costs to the franchise areas covered by this Manual, and those franchised areas not covered by this Manual.
<b>Costs Incurred to Serve Non-Franchised Operations</b>	The franchise hauler will be compensated for only those costs that can be directly attributable to operations within the scope of the franchise agreements. The franchise hauler shall have a clear basis for allocating shared costs to the franchise operations covered by this Manual, and those non-franchised operations not covered by this Manual.

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## Appendix I

### Cost Allocation Methods



# Appendix I. Cost Allocation Methods

The franchise hauler shall provide a reasonable and supportable methodology for these cost allocations. **Table I-4**, below, provides recommended allocation methods for various costs which may be shared between franchised operations and non-franchised operations.

The County will assess the reasonableness of the revenue and cost projections provided by the franchise hauler in its *Base Year Rate Application*. Examples of types of factors the County will consider when assessing the reasonableness of projected revenues and costs are shown in **Table I-5**, on the next page.

**Table I-4**

**Recommended Franchise Hauler Allocation Methods for Costs Shared with Other Non-County Jurisdictions**

Cost Category	Allocation Method
Billing costs	Number of bills processed
Tipping fees	Actual tonnage
Equipment costs (e.g., rental, leases, parts, fuel, supplies, tires, repair and maintenance, licenses, permits)	Truck usage (over representative period)
General and administrative costs, management fees	Direct labor hours
Labor costs	Direct labor hours
Loans	Revenues

**Table I-5**  
**Base Year Rate Review**  
**Revenue and Cost Projection Factors**

Description	Factors to Consider in Developing Revenue and Cost Projections
<b>Revenues</b>	
<b>Residential, commercial, and industrial revenues</b>	<ul style="list-style-type: none"> <li>■ Projected account growth based on historical account trends, or population trends</li> <li>■ Historical changes in tonnage (particularly for the industrial sector)</li> </ul>
<b>Recycled materials sales revenues</b>	<ul style="list-style-type: none"> <li>■ Historical changes in recycled materials volumes</li> <li>■ Recycled commodity pricing trends (may be highly volatile)</li> </ul>
<b>Costs</b>	
<b>Direct labor</b>	<ul style="list-style-type: none"> <li>■ Projected increases in wage rates</li> <li>■ Planned changes in insurance rates</li> <li>■ Planned changes in benefit rates</li> </ul>
<b>Truck, equipment, and facility costs</b>	<ul style="list-style-type: none"> <li>■ Historical average trends in costs</li> <li>■ Inflation rates</li> <li>■ Fuel price history</li> <li>■ Depreciation schedules</li> <li>■ Equipment replacement plans</li> </ul>
<b>Tipping fees</b>	<ul style="list-style-type: none"> <li>■ Historical changes in refuse tonnage</li> <li>■ Tipping fee rate increases</li> </ul>
<b>Office salaries</b>	<ul style="list-style-type: none"> <li>■ Projected increases in wage rates</li> <li>■ Planned changes in insurance rates</li> <li>■ Planned changes in benefit rates</li> </ul>
<b>Officer's salaries</b>	<ul style="list-style-type: none"> <li>■ Projected increases in salaries</li> <li>■ Planned changes in insurance rates</li> <li>■ Planned changes in benefit rates</li> </ul>
<b>General and administrative costs</b>	<ul style="list-style-type: none"> <li>■ Historical average trends in costs (last three years)</li> <li>■ Inflation rates</li> </ul>
<b>Franchise fees</b>	<ul style="list-style-type: none"> <li>■ Projected changes in revenues multiplied by the fee amount</li> </ul>

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EXHIBIT C – FRANCHISE AGREEMENT  
NEGOTIATIONS LETTER DATED  
OCTOBER 29, 2014

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October 29, 2014

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

RE: Sierra Disposal Service Franchise Agreement Negotiations

Dear Ms. Silva:

Following is the negotiated proposal for Sierra Disposal Service (SDS) regarding improvements to existing programs, initiation of new programs, and/or infrastructure strategies based on the solid waste strategies identified in the El Dorado County Solid Waste Management Plan (SWMP).

**Cart program**

SDS will provide blue carts for residential mixed recycling. This program will be implemented at no additional cost to the rate payers; changes in the cost to maintain the program in future years will be accounted for as part of the base year rate applications (e.g. changes in fuel costs, insurance rates, repairs and maintenance, etc). This program will be run as a separate collection route with pick up every other week. The mixed recycling will be sent to WERS or another single stream recycling processing facility.

SDS will offer customers the choice of a 64-gallon or 96-gallon recycle cart. For those customers who do not want a cart, as an alternative, SDS will allow customers to purchase a blue 32-gallon trash can for their recyclables which will be emptied into the SDS recycling truck. Customers in Group Collection Areas only will have the option of continuing to receive blue bags from SDS equivalent to the blue bags they leave out on pick up day. New educational material will be provided to all customers with the roll-out of the cart program and will be provided to new customers as they enroll in SDS residential collection service.

*This section is in compliance with the El Dorado County Solid Waste Management Plan (SWMP), Strategy 2.6, Expand Use of Curbside Recycling Programs and 2.7, Expand Residential Cart System, Strategy 2.11, Expand Types of Recyclables Collected Curbside and Strategy 2.17 Advance Outreach and Education Programs.*

**Multi-family residential recycling**

SDS does not currently have any multi-family customers. If multi-family complexes are established in the SDS service area in the future, SDS will offer multi-family recycling to those complexes by providing a separate recycling bin according to the complexes' need and will

consolidate those customer properties with the mixed recycling routes. Education materials will be provided to complex owners for their tenants. This service will be included in the SDS rate structure. *This section is in compliance with SWMP, Strategy 2.10, Expand Multi-Family Recycling Program and Strategy 2.17 Advance Outreach and Education Programs.*

**Enhance commercial recycling for businesses under state threshold**

SDS currently provides a free recycling container for mixed recycling to every commercial business in the SDS service area regardless of the level of service, which has been a very popular program with our customers. To further enhance this successful program, SDS will increase outreach and education to business owners by contacting them annually to explore additional recycling opportunities through waste audits. Business owners have a good understanding of the financial incentive associated with this program. SDS will contact all new businesses to make sure they are aware of this free service and to provide education about the benefits of participating in the program. *This section is in compliance with SWMP, Strategy 2.4, Implement Mandatory Commercial Recycling Program and Strategy 2.17 Advance Outreach and Education Programs.*

**Inventory all schools and expand/enhance programs where needed**

SDS works closely with the schools to minimize their garbage bill while maximizing the amount of recycling they generate. Each school receives the number of recycling bins needed based on the volume of recycling for that school. Each school also receives one (1) recycling tub for each classroom and carts that the custodians use to move the recycle material from the buildings to the recycle bin. Each recycle bin is serviced on the SDS mixed recycling route at no charge. SDS keeps records of the yardage of material recycled by each school. SDS will contact schools at least annually to provide waste audits and encourage waste reduction and recycling programs. *This section is in compliance with SWMP, Strategy 2.8, Enhance Existing School, Park and Community Facility Recycling Programs, Strategy 2.1, Implement New Waste Reduction Actions and Strategy 2.17 Advance Outreach and Education Programs.*

**Expand/Enhance recycling at all public facilities (Co, State, Fed)**

County, state and federal accounts are considered commercial and qualify for the free recycle bin that SDS offers to all its commercial customers. SDS will contact any customer who is not currently participating to encourage them to take advantage of this free service which helps reduce their garbage bill and increases diversion for the county. For example, Lotus-Henningsen Park, which is operated by El Dorado County, qualifies for a recycle bin with weekly service. We believe a recycle bin at this location could also service the ball field. SDS will contact public facilities at least annually to provide waste audits and encourage waste reduction and recycling programs. *This section is in compliance with SWMP, Strategy 2.8, Enhance Existing School, Park and Community Facility Recycling Programs, Strategy 2.1, Implement New Waste Reduction Actions and Strategy 2.17 Advance Outreach and Education Programs.*

**Annual voucher for bulky item curbside pickup**

SDS customers will receive one bulk item picked up curbside each year at no additional cost. This program will be implemented at no additional cost to the rate payers; changes in cost to maintain the program in future years will be accounted for as part of the base year rate application (e.g. changes in fuel costs, insurance rates, repair and maintenance, etc). *This*

*strategy is in compliance with SWMP Strategy 2.6 Expand Use of Curbside Recycling Programs and Strategy 2.11, Expand Types of Recyclables Collected Curbside.*

#### **Limited Curbside Used Oil, Electronic/Universal Waste Pick Up**

SDS will provide curbside used oil and used oil filter recycling to residential customers at no charge. SDS will provide curbside pickup of fluorescent tubes and household batteries by appointment to residential customers at no charge. SDS will collect one (1) electronic waste item per residential customer at curbside for free each year, excluding appliances containing freon. Because of breakage and other potential environmental hazards, other universal and hazardous wastes, such as paint, mercury switches, thermometers and thermostats should be handled directly at the household hazardous waste program provided at the Western El Dorado Transfer Station. *This strategy is in compliance with SWMP Strategy 2.6 Expand Use of Curbside Recycling Programs and Strategy 2.11, Expand Types of Recyclables Collected Curbside.*

#### **Community Clean Up and Green Waste Clean Up Events**

SDS will provide one (1) free community-wide bulk item event a year. SDS will also provide one (1) curbside bulk item pickup per customer per year. SDS will also provide up to twelve (12) green waste bins for fuels reduction projects throughout the service area each year for residential customers at no additional cost. *This strategy is in compliance with SWMP Strategy 2.14, Prepare for Possible Elimination of Residential Yard Waste Burning on West Slope and Strategy 3.5, ...Strategically Placed Debris Boxes on the West Slope.*

#### **Green Waste drop boxes; reduce rate for Green Waste roll off boxes**

SDS provides green waste drop boxes at a reduced rate, currently \$426.40 per 40 yard drop box for fuels reduction projects. This has been a popular service in the past and is used frequently in conjunction neighborhoods organized by fire safe councils. SDS is in favor of expanding this program as needed to further reduce the threat of wildfire and increase diversion opportunities. *This strategy is in compliance with SWMP Strategy 2.14, Prepare for Possible Elimination of Yard Waste Burning and Strategy 3.5, ...Strategically Placed Debris Boxes on the West Slope.*

#### **Curbside Green Waste and Food Waste Collection**

Per customer survey results, most SDS customers do not currently see a need for green waste recycling services. Given the rural nature of our service area, customers generally burn their green waste. In the future, should burning be prohibited, SDS would be open to starting a residential Green Waste Recycling program. Coordination with the County to identify acceptable processing facilities on the west slope would help move this program forward. If Food Waste Recycling is added to this program, it is anticipated that a cart system would be needed to contain the food waste along with green waste on this special collection route. *This section is in compliance with SWMP Strategy 2.14 Prepare for Possible Elimination of Residential Yard Waste Burning on West Slope and Strategy 2.16, Develop Residential Food Waste Collection Program.*

#### **Commercial Food Waste Collection**

SDS will operate this program in conjunction with other Food Waste Recycling programs on the West Slope. This will be a weekly route using leak resistant carts or bins to hold the food waste on-site. The receiving facility will be a permitted processing facility. *This strategy is in*

*compliance with SWMP Strategy 2.12, Develop Commercial Food Waste Collection Program.*

**Designated Recycling Coordinator**

**to conduct public education and outreach to schools and businesses and to perform business and multi-family waste audits with one on one consultation with owners/managers to provide waste reduction and recycling strategies**

SDS has several staff members who will share these responsibilities. These functions will be further expanded as outlined in the new franchise agreement, particularly recognizing the increasing use of electronic and social media and standardized outreach, audit and reporting formats. *This strategy is in compliance with SWMP, Strategy 2.17 Advance Outreach and Education Programs.*

**Enhance Home Composting Programs**

SDS will add information on its web page about how to run a home composting program. Additionally, information could be provided to direct customers where they can purchase materials. A sample brochure on composting in the Sierras is attached. *This strategy is in compliance with SWMP Strategy 2.13, Enhance Home Composting Programs.*

**Base Year**

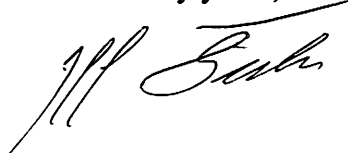
As discussed during negotiations, SDS will delay implementation of the base year under the rate manual until January 1, 2016 *so there will be no rate increase January 1, 2015.* Under this scenario, 2016 will be the initial base year, 2017 will be a CPI Year, 2018 will be a CPI Year, with the next base year effective January 1, 2019. Below is a summary table:

Initial Rate Cycle		Rate Increase Date	Rate Submittal Date
Year 1	No rate increase	1/1/2015	n/a
Year 2	Base Year	1/1/2016	5/31/2015
Year 3	CPI Year	1/1/2017	8/31/2016
Year 4	CPI Year	1/1/2018	8/31/2017
Year 5	Base Year	1/1/2019	5/31/2018

It is also agreed that the one-time SDS equipment costs for the proposed blue recycle cart program and the curbside bulk item pickup program will be excluded from base year rate applications, as a concession to these negotiations.

We look forward to completing the negotiation process and moving forward with these beneficial programs.

Sincerely yours,



Jeff Tillman  
South Tahoe Refuse Co., dba Sierra Disposal Services

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EXHIBIT D

CONTINGENCY PLAN

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- When safe to do so, shovel or sweep any used absorbent materials into bucket.
- Once the situation is stabilized, the Supervisor will perform a visual inspection of the vehicle's route for any additional spill.
- Transport material to a HHW facility and notify Supervisor if absorbent and other resources need to be replaced.

### **Mechanical Breakdown**

1. Equipment that is not in safe operating condition will not remain in service.
2. If a problem occurs while en-route, safely park vehicle off roadway, preferably on a level, paved surface. Place warning triangles around vehicle.
3. Establish a safe position, at vehicle if safe to do so.
4. Report situation immediately via radio communication or cellular telephone to Equipment Shop. If necessary, shift communication to SDS or STR base station. Remain in communication. Provide full description of equipment failure.
5. If safe to do so, use emergency equipment to mitigate potential spills or hazards, wait for assistance.
6. Remain in communication until released by supervisor.
7. Shop personnel will advise the driver whether or not it is safe to return the vehicle to the Shop.
8. Shop personnel responding to equipment breakdown will carry absorbent materials, shovel and broom on their truck. Return any spent materials to a HHW facility.
9. If unsafe to use truck radio or phone, seek assistance in surrounding area. Request that local/state authorities be notified for appropriate level of assistance.

### **Natural Disasters**

In case of natural disaster or similar emergency, SDS supervisory staff will meet as soon as is practically possible to assess potential impacts on service.

- Initial assessment will include:
  - Geographical location, area, size and perimeters impacted,
  - Damage to area infrastructure, i.e., public roadways, including streets, highways and bridges,
  - Location and status of SDS employees,
  - Damage to facility, equipment and vehicles,
  - Safety issues; i.e., current risk exposures from damage, potential of further deterioration, potential for exposure to hazardous or dangerous materials,
  - Volume of solid waste material currently in vehicles or on-site,
  - Types and volumes of damage-related materials anticipated to be received due to emergency,
  - Status of highway and road access to usual disposal sites.
- Implementation of Plan:
  - Establish a modified plan for collection and transport service to the extent scheduled service has been and will be impacted.
  - Assign scheduled tasks to available employees.
  - Contact sister companies for transport of additional resources, including

equipment, vehicles, and licensed drivers, as necessary.

- Determine alternative disposal sites, if necessary, and adjust transport schedules.
- Communicate SDS status and service modifications to SDS personnel and to agency staff of impacted jurisdictions.
- Disseminate information to the public as recommended by agency staff.
- Make on-site preparations to receive out of the ordinary materials that are anticipated due to emergency.

## Sierra Disposal Service Vehicle and Equipment List

SDS	S-1	1991 FORD PICKUP
SDS	S-3	2008 FORD F550 FORKLIFT TRUCK
SDS	S-4	1988 WHITE w/25 YD LEACH (Spare)
SDS	S-6	1990 WHITE w/25 YD LEACH
SDS	S-7	1991 WHITE w/ROLL-OFF
SDS	S-9	2003 AUTOCAR FRONTLOADER W/USED BODY (FHVUT = D)
SDS	S-11	2004 AUTOCAR REARLOADER (FHVUT = D)
SDS	S-15	2008 AUTOCAR REARLOADER w/25 YD HEIL BODY
SDS	S-16	2013 PETERBILT REARLOADER w/25 YD rebuilt MCNEILUS BODY

### Backup Vehicle and Equipment Resources

The following resources are available to SDS from South Tahoe Refuse (STR) for temporary replacement of vehicles, equipment, and personnel due to natural disaster, mechanical breakdown or other emergency. This equipment is in addition to SDS's current fleet.

<b>Collection Vehicles</b>	Three (3) Peterbilt front end loading vehicles One (1) Freightliner side loading vehicle
<b>Roll-Off Vehicles</b>	Two (2) Peterbilt roll-off vehicles
<b>Transfer Vehicles</b>	Two (2) Peterbilt transfer vehicles Travel time two (2) hours

<b>Loader Equipment</b>	One (1) Cat 928 wheel loader Travel time four (4) hours
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Commercially licensed drivers from assisting companies will transport vehicles and equipment and are available for assigned tasks, as needed. Other necessary personnel will be recruited from South Tahoe Refuse personnel and staff.

### Available Disposal Site Alternatives

The following landfills, fully compliant with US EPA Subtitle D criteria, are available to receive municipal waste from SDS in the event that the Western El Dorado Transfer Station is closed or inaccessible due to natural disaster or other emergency:

<u>Name and Location</u>	<u>Access and Travel</u>
<b>Kiefer Landfill</b> Sacramento, California	Highway 50 Travel time – 2.5 hrs roundtrip
<b>Forward Landfill</b> Stockton, California	Highway 50 or 88 to Highway 99 Travel time – 4 to 5 hrs roundtrip
<b>Potrero Hills Landfill</b> Fairfield, California	Highway 50/Interstate 80 Travel time - 4 to 5 hrs roundtrip

## EMERGENCY CONTACT LIST

### Authorities:

<b>Fire/Police/Ambulance/Spill</b>	<b>911</b>
<b>El Dorado Environmental Management</b>	<b>(530) 621-5300</b>
<b>State OES Inland Region</b>	<b>(916) 657-9210</b>

### Sierra Disposal Service Staff:

	<b>Work</b>	<b>Cell</b>
• <b>John Tillman</b>	<b>530 621-7070</b>	<b>530 919-3596</b>
• <b>Ray Webster</b>	<b>530 626-3423</b>	<b>530 308-5182</b>
• <b>Dennis Webster</b>	<b>530 626-3423</b>	<b>530 333-3111</b>
• <b>Office</b>	<b>530 621-4746</b>	<b>n/a</b>
• <b>Jeff Tillman</b>	<b>530 542-8300</b>	<b>530 308-5197</b>
• <b>John D. Marchini</b>	<b>530 542-8355</b>	<b>530 308-5245</b>
• <b>Jeanne Lear</b>	<b>530 542-8366</b>	<b>530 208-6199</b>

### Other Agencies:

<b>Central Valley Water Control Board</b>	<b>916 464-3291</b>
<b>CalTrans</b>	<b>209 293-4400</b>
<b>CHP</b>	<b>530 622-1110</b>

### Spill Response:

<b>Philip Environmental (Stericycle)</b>	<b>(916) 351-0980</b>
<b>11855 White Rock Road</b>	
<b>Rancho Cordova CA 95742</b>	

### Legal methods of permanent disposal:

<u>Material</u>	<u>Contractor</u>	<u>Telephone</u>
<b>Used Motor Oil</b>	<b>Evergreen Environmental</b>	<b>510 719-6889</b>
<b>Hazardous Materials</b>	<b>Philip Environmental (Stericycle)</b>	<b>916 351-0980</b>
<b>Propane Tanks</b>	<b>Cylinder Bottle Liquidators</b>	<b>916 761-8565</b>
<b>Freon, E-Waste</b>	<b>Allied Environmental Services</b>	<b>541 772-1723</b>

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EXHIBIT E

CONTINGENCY PLAN

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## **Contingency Plan for Natural Disaster, Spill and Mechanical Breakdown**

This Contingency Plan applies to all Sierra Disposal Service (SDS) operations, including operations at the SDS Shop and Western El Dorado Transfer Station (Transfer Station) and all company vehicles operating off-site on public streets and highways and on private property. The intent of this plan is to reduce risk to health, safety, and personal property due to mechanical breakdown, spills or in case of natural disaster, strikes, or other emergency. SDS employees will remain alert and aware of potential problems that may arise during the course of their job duties and will take immediate, effective, and thorough action to limit and mitigate negative impacts.

SDS maintains competent personnel, suitable equipment and resources available for twenty-four hour emergency response 365 days a year. Those personnel include commercially licensed drivers, mechanics and supervisory personnel. Communication systems include radio frequency units and cellular telephones in each vehicle and at each shop and base station.

SDS personnel will communicate directly on a regular basis regarding service scheduling in anticipation of seasonal conditions, such as traffic, roadwork and weather conditions. SDS staff will assure the availability of alternative disposal sites meeting permitting requirements. During emergencies, SDS employees will maintain radio communication until released by SDS owners or senior SDS staff.

### **Spill Contingency Plan**

Drivers will take the following actions to mitigate the inadvertent release of materials:

- Vehicles, including Supervisors' trucks, will carry spill kits and/or absorbent materials.
- If a spill occurs, park vehicle safely off roadway, preferably on a level, paved surface, place warning triangles around vehicle.
- Establish a safe position, at vehicle if safe to do so.
- If safe to do so, isolate the spill using absorbent materials on vehicle or berm with dirt.
- Report situation immediately via radio communication or cell telephone to Supervisor or Shop. If necessary, shift communication to either SDS or STR base stations. Provide full description of situation and resources needed. Call near-by vehicles to assist, if needed.
- If unsafe to use radio or phone, seek assistance in surrounding area. Request that local/state authorities be notified for appropriate level of assistance.
- Remain in communication until released by supervisor.

- When safe to do so, shovel or sweep any used absorbent materials into bucket.
- Once the situation is stabilized, the Supervisor will perform a visual inspection of the vehicle's route for any additional spill.
- Transport material to a HHW facility and notify Supervisor if absorbent and other resources need to be replaced.

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