

## FIRST AMENDMENT TO FRANCHISE AGREEMENT

This first amendment to the Franchise Agreement between Pleasant Hill Bayshore Disposal, Inc., a California corporation ("PHBD") and the County of Contra Costa, a political subdivision of the State of California ("County") dated May 3, 1995 ("First Amendment") is dated July 21, 2015, and is entered into between the COUNTY and ALLIED WASTE SYSTEMS, INC., a Delaware corporation ("Contractor"). Contractor is successor in interest to PHBD. Either County or Contractor may be referred to as a "Party," and collectively may be referred to herein as "the Parties."

### RECITALS

- A. The County and Contractor are parties to that certain "Franchise Agreement With Pleasant Hill Bayshore Disposal, Inc." dated May 3, 1995 (the "Agreement"). PHBD previously assigned and transferred its rights and obligations in the Agreement to Contractor, and the County consented to that assignment and transfer in an agreement dated February 2, 1999. Contractor has requested a ten-year extension to the term of the Agreement.
- B. Under the Agreement, (i) Contractor has the exclusive right to collect, remove and dispose of Residential Solid Waste and Commercial Solid Waste and Recycling Material in the Franchise Area, and (ii) the County establishes and regulates the rates Contractor may charge in the Franchise Area for Residential Solid Waste and Commercial Solid Waste collection. The Parties desire to expand the services to be provided by Contractor within the Franchise Area.
- C. In administering the Agreement, the County has established a rate setting methodology that (i) provides for periodic rate reviews accompanied by annual audited financial statements, (ii) incorporates annual changes in the Consumer Price Index for All Urban Consumers for the San Francisco Oakland San Jose Bay Area ("CPI adjustments") between audited rate applications, (iii) specifies the costs that are "pass-through" (without profit) and the costs that are subject to reasonable profit, and (iv) provides for the recovery of the reasonable costs incurred by Contractor in performing services under the Agreement.
- D. The Agreement requires Contractor to pay the County a Franchise Fee for the privilege of having the exclusive right to perform the services in the Franchise Area as described in the Agreement. The Parties desire to modify the method for determining the Franchise Fee.
- E. Under the Agreement, Contractor is required to perform certain services at public facilities in the Franchise Area. The Parties desire to modify the scope of these services to include certain on-call services for specified locations within the County rights-of-way and properties being abated by the County as specified herein.
- F. As a result of a review of Contractor's Base Year Rate Application submitted in 2011, the Parties have identified cost savings projected to result from service efficiencies achieved by Contractor ("Rate Setting Methodology Revenue"). The Parties desire to modify the Agreement to apply these cost savings in a way that results in additional services being provided to Customers in the Franchise Area during the period that begins August 1, 2015, and ends December 31, 2019.
- G. The purpose of this First Amendment is to (i) incorporate additional defined terms, (ii) modify the Agreement to reflect the extension of the term for ten years, (iii) revise the Recycling services to be performed by Contractor in the Franchise Area, (iv) revise the manner in which commercial Recycling services are compensated, (v) add Exhibit F to reflect the additional services being provided to Customers in the Franchise Area and associated compensation method option for the period beginning August 1, 2015 and ending December 31, 2019, (vi) revise the scope of services

provided to public facilities in the Franchise Area by Contractor, (vii) revise the scope of on-call clean-up services provided by Contractor in the Franchise Area, (viii) revise the scope of services provided by Contractor in the Franchise Area that relate to community clean-up projects, (ix) modify the manner in which the franchise fee is calculated, and (x) modify the Contractor's Parent Guaranty to the County.

The Parties therefore agree as follows:

## AGREEMENT

1. All capitalized defined terms used but not defined in this First Amendment have the meaning ascribed to them in the Agreement.
2. Section 1, **EFFECTIVE DATE, PARTIES**, is deleted in its entirety and replaced with the following:
  1. **EFFECTIVE DATE, PARTIES.** This Franchise Agreement ("Agreement") is effective on August 1, 1995 and is between the County of Contra Costa, a political subdivision of the State of California ("County") and Allied Waste Systems, Inc., a Delaware corporation ("Allied" or "Contractor").
3. Section 2, **DEFINITIONS**, is deleted in its entirety and replaced with the following:
  2. **DEFINITIONS.** As used herein, the following terms have the meanings set forth below:
    - (a) **Agreement.** "Agreement" means this Agreement by and between the County and Contractor for the collection, removal, and disposal of Solid Waste and the Recycling of material.
    - (b) **Act.** "Act" means the California Integrated Waste Management Act of 1989 (Public Res. Code, § 40000 et seq.) and all rules and regulations adopted under any of those sections, as such sections, rules and regulations may be amended from time to time in the future.
    - (c) **Board.** "Board" means the Board of Supervisors for the County of Contra Costa.
    - (d) **Commercial Solid Waste.** "Commercial Solid Waste" means Solid Waste routinely originating from stores, business offices and other commercial and light industrial sources, excluding residences and wastes from heavy industry (i.e., industry that manufactures or processes petroleum, lumber, steel, chemicals, explosives, fertilizers, gas, rubber, cement, sugar and other products [see section 84-60.402 of the Contra Costa County Ordinance Code.]).
    - (e) **Contractor.** "Contractor" means Allied Waste Systems, Inc. (Allied), successor to PHBD, and a wholly owned subsidiary of Republic Services, Inc., a Delaware corporation. Allied is the entity which has been granted an exclusive franchise pursuant to the terms and conditions set forth herein.
    - (f) **County.** "County" means the County of Contra Costa.
    - (g) **Customers.** "Customers" means those who have contracted with the Contractor for the collection and Recycling of Recyclable Material and/or for the collection, removal, or disposal of Solid Waste, pursuant to this Agreement and applicable ordinances of County, including mandatory subscription ordinance.
    - (h) **Designated Waste.** "Designated Waste" as used herein has the meaning set forth in section 2522 of Title 23 of the California Code of Regulations, as amended from time to time

(i) **Director.** “Director” means the Director of the County’s Department of Conservation and Development. All references to “Director of Community Development” in the Agreement mean the Director.

(j) **Franchise Area.** “Franchise Area” means the geographic area generally described in Exhibit A to this Agreement, which is attached hereto and incorporated herein by reference, and illustrated in the Geographic Information System (GIS) mapping data to be maintained and used to generate maps that can be made available for inspection at the Department of Conservation and Development. Exhibit A and said GIS mapping data shall be amended from time to time to reflect changes of boundaries of the Franchise Area in such a manner as to identify each alteration to the Franchise Area and the effective date thereof, with the exception of changes resulting from annexations pursuant to Section 33 which need not reflect the boundaries and effective dates of each annexation.

(k) **Hazardous Waste.** “Hazardous Wastes” include any waste material or mixture of wastes which is toxic, corrosive, flammable, an irritant, a strong sensitizer, which generates pressure through decomposition, heat or other means, if such a waste or mixture of wastes may cause substantial personal injury, serious illness or harm to humans, domestic animals, or wildlife, during or as an approximate result of any disposal of such wastes as defined in Article 2, Chapter 6.5, Section 26117 of the Health and Safety Code. The terms “toxic”, “corrosive”, “flammable”, “irritant”, and “strong sensitizer” shall be give the same meaning as in the California Hazardous Substances Act (Chapter 13 commencing with Section 28740 of Division 21 of the Health and Safety Code). (14 Cal.Code Regs., § 17225.32)

(l) **Industrial Waste.** “Industrial Waste” includes all types of Solid Waste which result from industrial processes and manufacturing operations and/or which originates from such facilities.

(m) **Infectious Waste.** “Infectious Wastes” include:

(1) Equipment, instruments, utensils and other fomites of a disposable nature from the rooms of patients who are suspected to have or have been diagnosed as having a communicable disease and must, therefore, be isolated as required by public health agencies;

(2) Laboratory wastes, including pathological specimens (i.e., all tissues, specimens of blood elements, excreta and secretions obtained from patients or laboratory animals) and disposable fomites (any substances that may harbor or transmit pathogenic organisms) attendant thereto;

(3) Surgical operating room pathologic specimens, including recognizable anatomical parts, human tissue, anatomical human remains and disposable materials from hospital, clinics, outpatient areas and emergency rooms, as is also defined in Section 314(d) of the California Administrative Code, Title 17. (14 Cal.Code Regs., § 17225.36.)

(n) **Recycle or Recycling.** “Recycle”, “Recycled” or “Recycling” means the process of collecting, sorting, cleaning, treating and reconstituting materials that would otherwise become Solid Waste, and recovering them so that they may be turned into new products. Recycle or Recycling includes compost or composting of organic materials including yard waste and food waste as well as any other Director approved means of diverting waste in accordance with the Integrated Waste Management Act (including waste-derived Alternative Daily Cover or ADC that qualifies as diversion under State law). Although green waste used as ADC is considered diversion until 2020, green waste collected in this Franchise Area must cease being used as ADC and start being composted no later than January 1, 2016.

(o) **Recyclable Material.** “Recyclable Material” means all organic and non-organic materials the Contractor is required to Recycle, including but not limited to glass, aluminum, paper and green waste. Listing of Recyclable Material can be found in Exhibit E which may be changed from time to time by agreement of the County and Contractor, or pursuant to the provisions of Section 12.b and Section 17 of the Franchise Agreement.

(p) **Septage.** “Septage” means non-sewered liquid or semi-liquid waste which may be trucked to treatment facilities for disposal, to include, but not be limited to, waste from residential septic tanks, commercial grease clean-outs, and industrial waste holding facilities

(q) **Solid Waste.** “Solid Waste” has the meaning set forth in Section 40191 of the California Public Resources Code as of the date of execution of this Agreement. Solid Waste includes, but is not limited to, all putrescible and nonputrescible solid, semisolid, and liquid wastes, including garbage, trash, refuse, paper, rubbish, ashes, demolition and construction wastes, abandoned vehicles, and parts thereof, discarded home and induction appliances, dewatered, treated, or chemically fixed sewage sludge which is not hazardous waste, manure, vegetable or animal solid and semisolid wastes and other discarded solid and semisolid wastes. Solid Waste does not include Recyclable Materials, Septage, Infectious Waste, Designated Waste, Hazardous Waste, except household hazardous waste and universal waste.

(r) **Waste Stream.** “Waste Stream” means the Solid Waste to be collected under this Agreement from the time of its collection by the Contractor to its disposal at a landfill or, at County’s discretion, delivery to a transfer facility or other facility by Contractor.

4. Section 3, **TERM**, is deleted in its entirety and replaced with the following:

3. **TERM.** Subject to Section 33 (Annexation and Change of Franchise Area Boundaries) and Section 35 (Breach and Termination), the term of this Agreement begins on August 1, 1995, and ends on July 31, 2025.

5. Section 5, **EXCLUSIVE PRIVILEGE AND DUTY**, is deleted in its entirety and replaced with the following:

5. **EXCLUSIVE PRIVILEGE AND DUTY.**

(a) To the extent allowed by law, County hereby grants to Contractor the exclusive privilege and duty to (i) collect and remove for disposal and Recycling all Residential Solid Waste and Commercial Solid Waste, including Recyclable Materials, from within the Franchise Area, pursuant to the terms of this Agreement, and (ii) charge for the services performed in the Franchise Area in accordance with this Agreement.

(b) Contractor shall collect and remove for disposal and Recycling all Residential Solid Waste and Commercial Solid Waste from Customers within the Franchise Area in accordance with this Agreement.

(i) Effective August 1, 2015, Contractor shall perform the services described in Exhibit E (such services, the “Basic Services”).

(ii) For the period August 1, 2015 through December 31, 2019, Contractor shall perform the services set forth in Exhibit F.

6. Section 8, **RATES**, is deleted in its entirety and replaced with the following:

8. **RATES.**

(a) The County shall establish and regulate rates for collection of Residential Solid Waste and Commercial Solid Waste within the Franchise Area (the “Collection Rates”). In establishing the Collection Rates, the County shall use the methodology set forth in its Rate Methodology Manual, as the manual may be modified from time to time (the “Rate Manual”).

(b) In determining the rates, the County shall consider fairness to both Contractor and the Customers. Reasonable costs incurred by Contractor pursuant to this Agreement shall be determined by the County during the rate review process.

(c) The maximum rate that Contractor may charge Customers within the Franchise Area for collection, Recycling and disposal services (Exhibit E) shall be the highest Collection Rate being charged by the Contractor within the Franchise Area immediately on the effective date of this First Amendment as set forth in Exhibit C. Nothing in this Agreement precludes contractor from charging rates less than the maximum rates fixed by the County. Pending subsequent approvals of a rate increase by the County, the maximum rates chargeable shall be those rates set forth in Exhibit C.

(d) Following consultation with the Contractor and examination of industry norms and trends, the County, in its sole discretion, shall determine the method of determining Contractor profitability.

7. Section 9, **RATE APPLICATIONS** is deleted in its entirety and replaced with the following:

9. **RATE APPLICATIONS.**

(a) The Collection Rates set forth in this Agreement may be adjusted annually in accordance with the County’s Rate Manual, unless otherwise specified in Exhibit F.

(b) All costs associated with County review and processing of rate applications shall be paid by Contractor upon request and shall be allowed as a pass-through cost in the rate application process.

(c) Rate applications shall be prepared in accordance with such forms and in such detail as required by the County. Rate application forms and associated guidelines and instructions are contained in the Rate Manual approved by the County.

(d) Contractor shall submit its first rate application as directed by the County. All rate applications shall include information from the previous approved rate change to the present, or such other period of time as is selected by the County. Every four years, a detailed rate application shall be accompanied by an audited financial statement covering the entire period specified in the County’s Rate Manual together with supporting documentation as required to segregate its County regulated activities from other business activities. In intervening years, Contractor may submit abbreviated rate applications as provided for and described in the County’s Rate Manual.

(e) The Director may, in writing, allow the rate application to be submitted without an audited financial statement provided the Director is satisfied that the level of verifiable detail allows for adequate assessment of the Contractor’s income, expenses, assets and liabilities.

(f) Rate changes may be initiated by County at any time or by Contractor under the conditions

allowed in this section. In either case, Contractor shall prepare a rate application in accordance with the requirements of this section and the County's Rate Manual. If the rate change is initiated by County, the Contractor shall submit its rate application to County within 60 days of County's notice to Contractor. If the rate change is initiated by Contractor, it shall be submitted no more than once a year under normal operating conditions. The date of Contractor initiated applications shall be standard, year by year; such dates have been mutually determined by the Parties and incorporated into the rate setting schedules in the County's Rate Manual.

(g) In the event that the Department of Conservation and Development determines that a rate change requested by Contractor is no more than the applicable annual change in the CPI adjustments for that rate year, Contractor may increase its rate up to such amount without obtaining rate change approval from the Board as may be provided for and described in the County's Rate Manual.

(h) Contractor may defer submittal of a detailed rate application pursuant to the preceding paragraph for a maximum of three consecutive years.

(i) In the event that Contractor must make significant changes in its operations or experiences significant changes in costs or revenue not under its control, Contractor may submit an extraordinary rate application. Contractor shall provide documentation for the need for such rate application relative to those extraordinary changes as provided for and described in the County's Rate Manual. The application will thereafter be reviewed by County staff and scheduled for consideration by the Board.

8. Section 10, **OPERATION BY CONTRACTOR**, is deleted in its entirety and replaced with the following:

10. **OPERATION BY CONTRACTOR.**

(a) Contractor shall furnish all necessary equipment, including providing wheeled carts with lids to Customers for trash and Recyclable Material (non-organic and organic), unless commercial Customers elect to subscribe to collection services using larger capacity bin or box provided by the Contractor, pursuant to this Agreement. Contractor shall maintain its equipment in good repair and working condition at all times.

(b) In performing services under this Agreement, Contractor shall use trucks with covered, water-tight truck bodies constructed of sufficient strength to withstand a fire within without endangering adjacent property. Contractor shall keep trucks, drop boxes and similar equipment in good repair and shall cause them to be cleaned as needed. Contractor shall repair or replace carts and other Contractor supplied containers when drivers or Customers identify specific containers as either missing or in disrepair. Contractor shall cause carts and bins to be cleaned prior to delivery to Customers. Contractor shall cause its name and telephone number to appear on the side of each truck and on each drop box, bin and similar equipment provided by Contractor.

(c) Contractor shall provide all labor necessary to carry out the services required of it under this Agreement.

(d) Contractor agrees to act at the direction of the County on matters pertaining to the development and implementation of promotional outreach efforts and raising customer awareness. Contractor shall develop and distribute notices and other informational materials for Customers as required by the Director. Contractor shall send copies of any material intended to be sent to Customers at least fourteen (14) days in advance of the intended distribution date of those materials unless a shorter review period is approved in advance by the Director. The form and

content of notices and other informational materials shall be subject to the prior review and approval of the Director.

9. Section 11, **LIMITATION ON TIME AND MANNER OF COLLECTION**, is deleted in its entirety and replaced with the following:

11. **LIMITATION ON TIME AND MANNER OF COLLECTION.** Contractor shall systematically collect Solid Waste, and to the extent required by this Agreement, materials for Recycling from its Customers. Frequency, place of pickup (e.g. curbside, backyard, etc.) or any other manner of collection shall be subject to the review and approval of the Director. Any proposed change in collection service days shall be requested in writing and subject to review and approval of the Director. Upon commencement of service and upon changes in collection day schedules, Contractor shall provide each Customer with advance notice of the scheduled collection day. Contractor shall not collect Solid Waste from an inhabited dwelling or dwelling unit between the hours of 7:00 PM and 4:00 AM, except that if a dwelling unit is part of a collection route that predominately serves non-residential accounts, collection may begin as early as 3:00 AM.

10. Section 12, **CUSTOMER SATISFACTION, AB 939 AND EFFICIENCIES IN OPERATION**, is amended by deleting subsection (c) in its entirety and replacing it with the following subsection (c), and by adding the following subsection (d):

12. **CUSTOMER SATISFACTION, AB 939 AND EFFICIENCIES IN OPERATION.**

(c) The County may require Contractor to develop plans for and conduct programs on alternative methods of Solid Waste collection, including pilot programs of limited scope, or may require additional programs, for the purpose of improving service, increasing customer satisfaction, and/or meeting diversion requirements. The County may also require Contractor to implement efficiencies in its operation following written notice from the County. The notice shall allow Contractor a reasonable period of time to implement the specified service or program or efficiency. If the County requires Contractor to implement a service or program or efficiency under this section, Contractor agrees to do those things specified herein and as may be additionally specified by the County, and to act at the direction of the County on other matters that may be necessary for the success and efficiency of the service or program or efficiency, such as providing public information and notification. Public information and notification materials shall be subject to prior County approval pursuant to subsection (d) of this section. In the event that the County elects to direct Contractor to discontinue any service theretofore performed by Contractor at the direction of the County hereunder, County shall allow Contractor to recover its reasonable capital equipment costs and other reasonable costs arising upon termination of the service. Rate adjustments necessitated solely as a result of programs instituted pursuant to this subsection (c) shall be established at the time the County authorizes implementation of the program or efficiency.

(d) Contractor shall provide copies to the County of any material intended to be sent to Customers at least ten (10) days in advance of the intended printing date of those materials, unless a shorter review period is approved in advance by the Director. The form and content of public information and notification materials required by the County for the purpose of improving service, increasing customer satisfaction, or meeting diversion requirements shall be subject to the prior review and approval of the Director.

11. Section 16, **BILLING**, is deleted in its entirety and replaced with the following:

16. **BILLING.**

(a) The form and content of Customer bills shall be subject to the review and approval of the Director.

(b) Bills for services may be monthly, bi-monthly or quarterly as determined by the County. Contractor may bill its Customers in advance or in arrears. The County may establish billing period options for Customers upon finding that such options are cost-effective and meet a community need.

(c) Full payment for drop boxes may be required by Contractor prior to delivery of the drop box to the Customer.

(d) The County shall have the right to direct the Contractor to change or alter its billing system in which event the marginal additional expenses incurred by the Contractor in the implementation of the change, with regard to the accounting, printing, mailing, loss of use of funds, or otherwise, shall be recoverable by the Contractor through the rates allowed by the County provided such expenses are reasonable. Contractor shall inform Customer of all rate increases at least 30 days prior to their effective date. The form and content of rate change notices shall be subject to the review and approval of the Director. Contractor shall accommodate placement of bill messages subject to the direction and approval of the Director. A copy of such notice shall be provided to County at the time of Customer notification.

12. Section 18, **FREE SERVICE FOR COUNTY**, is deleted in its entirety and replaced with the following:

18. **SERVICES FOR PUBLIC FACILITIES.** Contractor shall collect and remove for disposal and recycling all Solid Waste from County buildings, street cans and other public purpose facilities that are owned, operated or occupied by the County and identified on Exhibit D. In addition, subject to funding availability, Contractor shall, on an on-call basis, collect and remove for disposal and Recycling all Solid Waste from specified locations within the public right-of-way and designated properties being abated by the County upon the request of the Director. Services provided pursuant to this Section are to be provided at no charge to the County. Expenses incurred by Contractor in performing services pursuant to this Section will be treated as allowable for rate setting purposes to the extent such costs are properly accounted for in the Rate Application(s) submitted by Contractor, unless otherwise specified in Exhibit F. The Director may change Exhibit D, from time to time to incorporate changes in services or locations.

13. Section 19, **FRANCHISE AREA-WIDE COLLECTION**, is deleted in its entirety and replaced with the following:

19. **ON-CALL CLEAN-UP.**

(a) Unless otherwise determined by the Director, in each year of this Agreement, Contractor shall perform the following services for each Customer in the Franchise Area, on an on-call basis, upon request of the Customer: (i) two general clean-up collections of bagged or bundled material, with each collection consisting of up to two cubic yards (i.e., up to fifteen 35-gallon bags) of Solid Waste, and (ii) one curbside pickup of bulky items. The services to be provided pursuant to this Section are more fully described in Exhibit E.

(b) Contractor shall submit quarterly reports to the Director indicating (i) the number of curbside general clean-ups performed during the reporting period, and (ii) the number of curbside pickups of bulky waste items performed during the reporting period. Expenses incurred by Contractor in performing services pursuant to this Section will be treated as allowable for rate setting purposes to the extent such costs are properly accounted for in the Rate Application(s) submitted by Contractor, unless otherwise specified in Exhibit F.

(c) The scope and frequency of collection services provided pursuant to this Section may be changed from time to time at the direction of, or with the approval of, the Director and without the need to amend this Agreement.

14. Section 20, **PARTICIPATION IN COMMUNITY CLEAN-UP PROJECTS**, is deleted in its entirety and replaced with the following:

20. **PARTICIPATION IN COMMUNITY CLEAN-UPS.**

(a) Upon the request of the Director, Contractor shall provide Solid Waste debris boxes or equivalent containers for community clean-up events or other clean-up projects within the Franchise Area, as specified in Exhibit D. Contractor is not obligated to provide more than the equivalent of sixteen 20-cubic-yard debris boxes per year, per region in the Franchise Area, pursuant to this Section, as long as the Franchise Area is not expanded.

(b) Expenses incurred by Contractor in performing services pursuant to this Section, if properly documented in the Rate Application(s) submitted by Contractor, shall be treated as allowable for rate setting purposes.

15. Section 23, **ADMINISTRATIVE SERVICES AND FRANCHISE FEES**, is deleted in its entirety and replaced with the following:

23. **ADMINISTRATIVE SERVICES AND FRANCHISE FEES.**

(a) **ADMINISTRATIVE SERVICES FEES.** As directed by the County, Contractor shall pay to the County fees to cover the costs incurred by the County in (1) the administration of this Agreement and, (2) the services and programs provided by County pertaining to Solid Waste. These fees will be referred to as “Administrative Services Fees.” The amount, time and frequency of payment of such fees may be established by County from time to time. No Administrative Services Fees are due and owing to the County as of the date of the First Amendment. Administrative Services Fees that are established after the date of the First Amendment will be payable from Contractor to the County on the earlier of either (1) the effective date of rates charged by Contractor to Customers that incorporate such Administrative Services Fees; or (2) the first day of the second calendar month immediately following County’s determination of a maximum rate that incorporates such Administrative Services Fees.

(b) **FRANCHISE FEE.**

(i) Contractor shall pay the County an amount equal to a percentage of Contractor’s Gross Annual Revenues (such amount, the “Franchise Fee”). The Franchise Fee is payable at the time and frequency established by the Director from time to time. For purposes of the Agreement, “Gross Annual Revenues” means all money generated by Contractor’s operation in the Franchise Area in a particular year, before deduction for expenses.

(ii) From August 1, 1994 through July 31, 2015, the Franchise Fee is equal to five percent (5%) of Contractor’s Gross Annual Revenues. Effective August 1, 2015, the Franchise Fee is equal to seven percent (7%) of Contractor’s Gross Annual Revenues.

(iii) Following the date of the First Amendment, subject to applicable legal limitations, the County may adjust the Franchise Fee. Any adjustment to the Franchise Fee will be effective on the earlier to occur of (1) the effective date of a change in the rates Contractor charges Customers, if the changed rate incorporates the adjusted Franchise Fee; or (2) the first day of the second calendar month immediately following the approval of the County’s Board of Supervisors of a Collection Rate that incorporates the adjusted Franchise Fee.

(c) **PASS THROUGH.** Administrative Services Fees and the Franchise Fee shall be considered reasonable costs and subject to “pass-through” as described in Section 8-Rates and Section 9-Rate

Applications.

16. Section 30. **ASSIGNABILITY** is amended by deleting the reference to “Browning Ferris Industries, Inc.” and replacing it with “Republic Services, Inc.”

17. Section 32. **NOTICE PROVISIONS** is deleted in its entirety and replaced with the following:

32. **NOTICE PROVISIONS.** Any notice required or permitted under the Agreement shall be in writing and shall be directed to the following persons at the following addresses:

To Contractor:

Allied Waste Systems, Inc.  
Attn: General Manager  
441 North Buchanan Circle  
Pacheco, CA 94553

To County:

Contra Costa County  
Attn: Director of Conservation and Development  
30 Muir Road  
Martinez, CA 94553

All notices shall be effective upon delivery if given by personal delivery, or ten (10) days after mailing if given by certified mail, return receipt requested.

18. Section 47. **GUARANTY** is amended by deleting the reference to “Browning Ferris Industries, Inc.” and replacing it with “Republic Services, Inc.” Section 47 is further amended by deleting Exhibit B and replacing it with the Exhibit B that is attached hereto and incorporated herein.

19. Exhibits. All exhibits are deleted and replaced with the following exhibits, which are attached hereto and incorporated herein:

Exhibit A – Map of Franchise Area.

Exhibit B – Guaranty.

Exhibit C – Maximum Collection Rates.

Exhibit D – Services for Public Facilities.

Exhibit E – Basic Residential and Commercial Services.

Exhibit F – Enhanced Services from Rate Setting Methodology Revenue.

Contractor shall perform all services specified in Exhibits C, D, E, and F.

Except as amended by this First Amendment, the terms of the Agreement remain in full force and effect.

The parties are signing this First Amendment as of the date set forth in the introductory paragraph.

**COUNTY OF CONTRA COSTA**

**ALLIED WASTE SYSTEMS, INC.**  
a Delaware Corporation

By: \_\_\_\_\_  
Chair, Board of Supervisors

By: \_\_\_\_\_  
Name: \_\_\_\_\_

Attest: David Twa, Clerk of the Board of  
Supervisors and County Administrator

Title: \_\_\_\_\_

By: \_\_\_\_\_  
Deputy

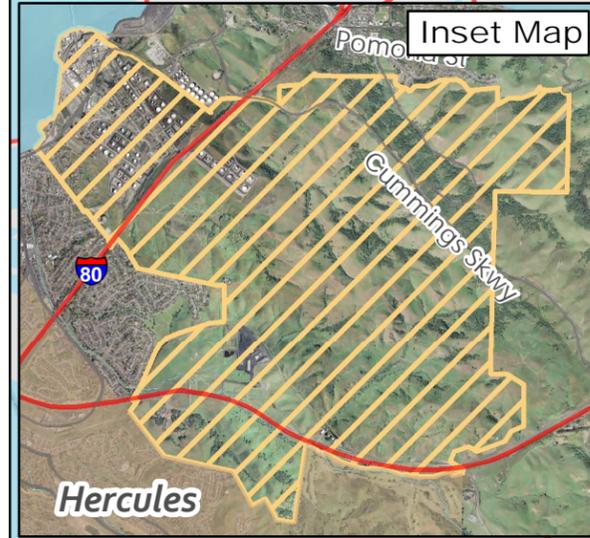
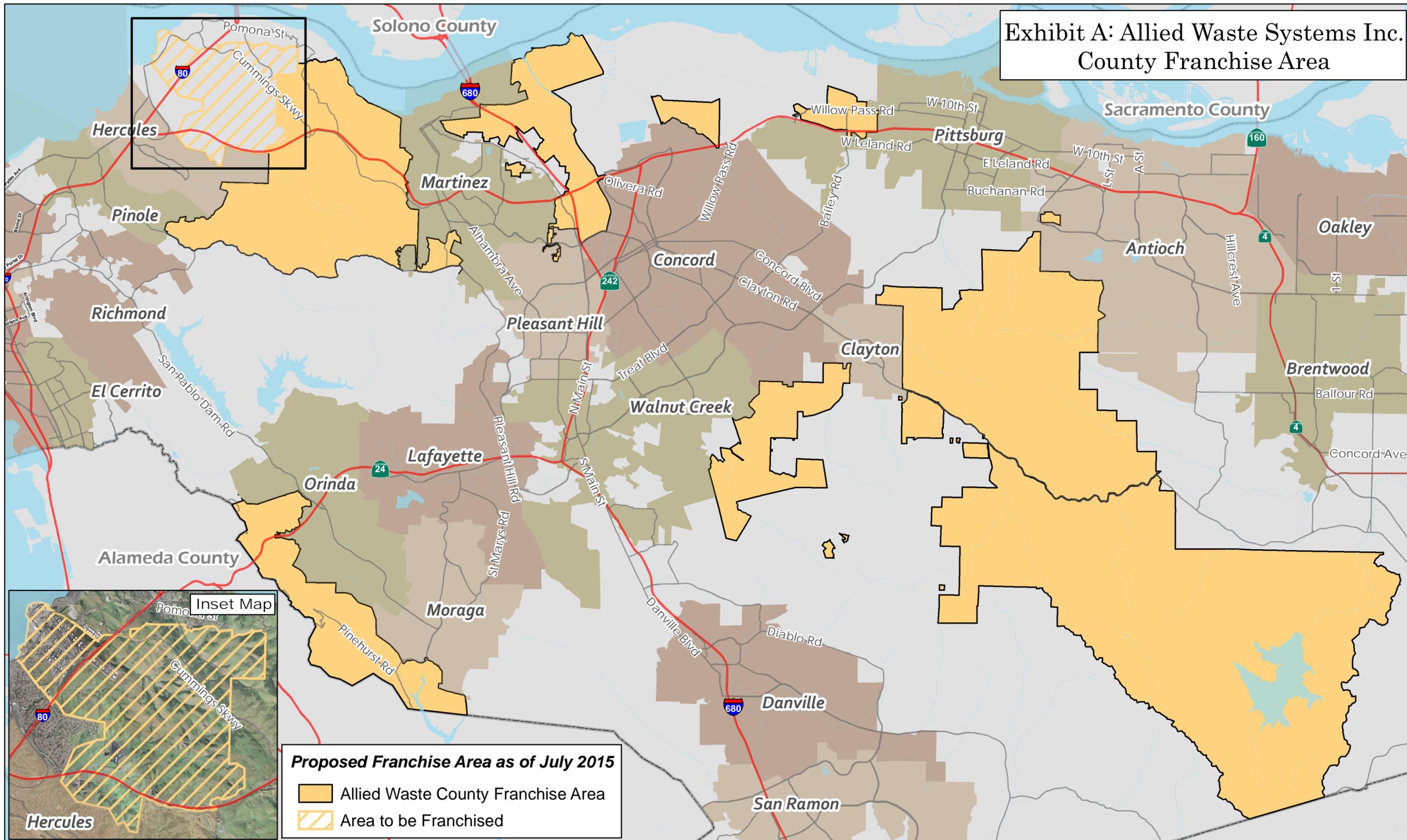
By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Note: Two officers must sign on behalf of corporations. The first must be the chairman of the board, president or any vice president; the second must be the secretary, assistant secretary, chief financial officer or any assistant treasurer. (Corp. Code, § 313; Civ. Code, § 1190.)

# Exhibit A: Allied Waste Systems Inc. County Franchise Area



Map created 6/10/2015  
 by Contra Costa County Department Conservation and Development  
 Community Development Division--GIS Group  
 30 Muir Rd, Martinez, CA 94553-0095  
 This map contains copyrighted information and may not be altered. It may be reproduced in its current state if the source is cited. Users of this map agree to read and accept the County of Contra Costa disclaimer of liability for geographic information.



# EXHIBIT B

## GUARANTY

This Guaranty is made and entered into this 1<sup>st</sup> day of August 2015, by and between the County of Contra Costa (hereinafter "County") and Republic Services, Inc. a Delaware corporation ("Guarantor").

WHEREAS, Allied Waste Systems, Inc. a Delaware corporation ("Contractor"), a wholly owned subsidiary of Guarantor, desires to enter into a certain Franchise Agreement with the County (the "Agreement") for the provision of solid waste handling service within specified areas in the unincorporated area of the County;

WHEREAS, pursuant to Section 47 of the Agreement, the County has required that Contractor obtain certain assurances from Guarantor, as to all conditions and obligations of the Agreement to be fulfilled by Contractor; and

WHEREAS, in order to induce the County to extend the Agreement with Contractor, Guarantor desires to provide the County with said assurances as to all conditions and obligations of the Agreement to be fulfilled by Contractor;

NOW, THEREFORE, the County and Guarantor hereby agree as follows:

1. Guarantor hereby guarantees to the County the full performance by Contractor of all conditions and obligations in the Agreement which are to be fulfilled by Contractor, provided that the County has fulfilled all of its obligations under the Agreement, and in particular, without limiting the foregoing, that the County has provided Contractor with the requisite notice(s), and opportunities to cure as provided for in the Agreement.

2. The County agrees to give Guarantor notice by certified mail, return receipt requested, at:

Republic Services, Inc.  
Attn: Vice President & Deputy General Counsel  
18500 North Allied Way, 2<sup>nd</sup> Floor  
Phoenix, AZ 85054

each time that the County becomes aware of any fact or circumstance which may give rise to an obligation of Guarantor to perform pursuant to this Guaranty.

3. Notwithstanding any provision in this Guaranty to the contrary, the Guarantor may exercise or assert any and all legal or equitable rights, defenses, counter claims or affirmative defenses under the Agreement or Applicable Law which the Contractor could assert against any Party seeking to enforce the Agreement against the Contractor, and nothing in this Guaranty shall constitute a waiver thereof by the Guarantor.

4. The County shall not sell, assign or otherwise transfer this Guaranty, or its rights or obligations thereunder, without the prior written consent of Guarantor, which consent shall not be unreasonably withheld if the assignment is to a municipal corporation.

5. This Guaranty constitutes the entire agreement between the Parties to this Guaranty with respect to the transactions contemplated by this Guaranty. Nothing in this Guaranty is intended to confer on any Person other than the Guarantor, the Authority and their permitted successors and Assigns under this Guaranty any rights or remedies under or by reason of this Guaranty.

6. This Guaranty may be executed in any number of counterparts, some of which may not bear the signatures of all Parties to this Guaranty. Each counterpart, when so executed and delivered, is deemed to be an original and all counterparts, taken together, shall constitute one and the same instrument; *provided, however*, that in pleading or proving this Guaranty, it shall not be necessary to produce more than one (1) copy (or sets of copies) bearing the signature of the Guarantor.

IN WITNESS WHEREOF, this Guaranty has been executed on the date first above written.

**COUNTY OF CONTRA COSTA**

**GUARANTOR**

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

# EXHIBIT C

## MAXIMUM COLLECTION RATES

*Dated: July 2015*

Contractor shall provide the services set forth herein, effective August 1, 2015.

### A. MAXIMUM COLLECTION RATES FOR RESIDENTIAL SERVICE

Contractor shall charge no more than the below listed maximum approved Collection Rates for basic residential service as well as the on-call services described in Exhibit E.<sup>1</sup>

Maximum Rates –Residential Trash, Recycling & Organics (64-gal or 96-gal)	
Customer Selected Waste Cart Size	Curbside - Wheeled Waste Carts (MONTHLY RATES <sup>1</sup> ) <i>includes post-collection processing &amp; disposal</i>
20-gal	\$12.15
32-gal	\$15.90
64-gal	\$23.70
96-gal	\$30.75
<b><i>Canyon Only</i></b>	
<u>32-gal</u>	<u>\$15.90</u>
<u>64-gal</u>	<u>\$23.70</u>
<u>96-gal</u>	<u>\$30.75</u>
<b>Additional Waste Carts (See note 2 for Additional Recycling or Green Waste Carts)</b>	

<sup>1</sup> Rates based on waste container size selected by the Customer, filled to rim, with lids fully closed.

<sup>2</sup> Additional Recycling/Green Waste Carts: Recycling (64-gal) - \$1.99 per cart per month + \$27.42 per delivery  
Green Waste (64-gal) - \$5.00 per cart per month + \$27.42 per delivery

### B. MAXIMUM COLLECTION RATES FOR COMMERCIAL SERVICE

Contractor shall charge no more than the below listed maximum approved Collection Rates for basic commercial services<sup>3</sup> described in Exhibit E.

Maximum Rates - Commercial Waste, Recycling & Organics (MONTHLY RATES <sup>3</sup> )							
Customer Selected Service Level	Bay Point	Unincorp Concord	Alhambra Valley	Morgan Territory	Clyde, Central San & Pacheco	Canyon	Unincorp PH
1 yd 1x wk	121.83	109.89	109.89	109.89	114.11		
1 yd 2x wk			219.80	219.80	185.28		
1 yd 3x wk			329.69	329.69	278.03		
1 yd 4x wk			439.57	439.59	370.70		
1 yd 5x wk			549.48	549.48	463.38		
Extra Pickup <sup>4</sup>	38.27	38.27	38.27	38.27	38.27		

**Maximum Rates - Commercial Waste, Recycling & Organics  
(MONTHLY RATES<sup>3</sup>)**

<b>Customer Selected Service Level</b>	<b>Bay Point</b>	<b>Unincorp Concord</b>	<b>Alhambra Valley</b>	<b>Morgan Territory</b>	<b>Clyde, Central San &amp; Pacheco</b>	<b>Canyon</b>	<b>Unincorp PH</b>
2 yd 1x wk	158.17	169.21	169.22	169.22	155.31		169.21
2 yd 2x wk	316.36	338.42	338.42	338.42	310.75		338.42
2 yd 3x wk	474.55		507.65	507.65	466.26		
2 yd 4x wk	632.73		676.86	676.86	621.63		
2 yd 5x wk	790.90		846.08	846.08	777.00		
Extra Pickup <sup>4</sup>	51.03	51.03	51.03	51.03	51.03		51.03
3 yd 1x wk	231.92	229.43			229.43		229.43
3 yd 2x wk	463.82	458.92			458.92		458.92
3 yd 3x wk	695.75				688.35		
3 yd 4x wk	927.66				917.77		
3 yd 5x wk	1159.57				1147.26		
Extra Pickup <sup>4</sup>	63.79	63.79	63.79		63.79		63.79
4 yd 1x wk	309.22	338.43			302.47		338.43
4 yd 2x wk	618.44	676.86			604.79		676.86
4 yd 3x wk	927.66	1015.28			907.25		1015.28
4 yd 4x wk	1236.88				1209.57		
4 yd 5x wk	1546.09				1512.02		
Extra Pickup <sup>4</sup>	82.92	82.92	82.92		82.92		82.92
5 yd 1x wk	382.70	369.88			369.88		369.88
5 yd 2x wk	765.39				739.82		
5 yd 3x wk	1148.08				1109.63		
5 yd 4x wk	1530.78				1479.57		
5 yd 5x wk	1913.48				1849.43		
Extra Pickup <sup>4</sup>	95.68	95.68	95.68		95.68		95.68
6 yd 1x wk	432.45				444.19		
6 yd 2x wk	864.88				887.71		
6 yd 3x wk	1297.33				1331.65		
6 yd 4x wk	1729.79				1775.46		
6 yd 5x wk	2162.24				2219.25		
Extra Pickup <sup>4</sup>	114.80	114.80	114.80		114.80		114.80
8 yd 1x wk	540.88	591.83			591.83		
8 yd 2x wk	1081.76				1183.68		
8 yd 3x wk	1622.63				1775.46		
8 yd 4x wk	2163.51				2367.29		
8 yd 5x wk	2704.38				2959.19		
Extra Pickup <sup>4</sup>	140.32	140.32	140.32		140.32		140.32
32 gal 1x wk	23.45	19.33			19.33	19.15	

Maximum Rates - Commercial Waste, Recycling & Organics (MONTHLY RATES <sup>3</sup> )							
Customer Selected Service Level	Bay Point	Unincorp Concord	Alhambra Valley	Morgan Territory	Clyde, Central San & Pacheco	Canyon	Unincorp PH
32 gal 2x wk	46.89				38.65		
32 gal 3x wk	70.35				57.98		
32 gal 4x wk	93.80				77.31		
32 gal 5x wk	117.25				96.63		
Extra Pickup <sup>4</sup>	10.10	10.10	10.42		10.42		10.10
64 gal 1x wk	34.12		30.81	30.81	34.12		
64 gal 2x wk	68.25		71.00	71.00	68.23		
64 gal 3x wk	102.36		111.18	111.18	102.36		
64 gal 4x wk	136.48		151.35	151.35	136.48		
64 gal 5x wk	170.60		191.60	191.60	170.60		
Extra Pickup <sup>4</sup>	20.19	20.19	20.19	20.19	20.21		20.19
96 gal 1x wk	50.53	50.53	45.61	46.52	45.61		50.53
96 gal 2x wk	101.03		99.76	99.76	91.36	111.54	
96 gal 3x wk	151.56		153.97	153.96	136.82		
96 gal 4x wk	202.08		208.20	208.20	182.42		
96 gal 5x wk	252.60		262.40	262.40	228.03		
Extra Pickup <sup>4</sup>	30.29	30.29	31.26	30.29	31.26		30.29

<sup>3</sup> Rates include waste, recycling and organics collection services effective September 1, 2015. The rate charged for combined commercial service will be equal to the current commercial refuse collection rate (meaning no additional rate changes will be implemented to account for lost revenues generated from the current recycling rate). ~~County may use Efficiency Surplus Funding to compensate~~ Contractor ~~may offset for~~ the cost of providing mandatory commercial recycling (\$157,033 per year) with Rate Setting Methodology Revenue as provided for in Exhibit F—~~Efficiency Surplus Funding~~.

<sup>4</sup> Extra Pick-up means additional weekly pick-up provided upon request by Customer.

### C. MAXIMUM PRICES FOR EXTRA BAGS AND BULKY ITEMS

Contractor shall charge no more than the below listed amounts for the listed optional extra services.

Twin Mattress includes box springs	\$40.00
Double Mattress includes box springs	\$40.00
Queen Mattress includes box springs	\$40.00
King Mattress includes box springs	\$40.00
Stove	\$60.00
Dryer	\$60.00
Washer	\$50.00
Dishwasher	\$60.00
Hot Water Heater	\$60.00
Sofa/Couch	\$50.00

Hide-a-Bed	\$60.00
Refrigerator (pick up & Freon removal)	\$75.00
Freezer (pick up & Freon removal)	\$75.00
Air Conditioner (pick up & Freon removal)	\$75.00
Swamp Cooler	\$40.00
Tires (smaller than 19")	\$20.00
Tires (larger than 19")	\$30.00
TV's	\$25.00
Computer Monitors	\$25.00
Large TV Consoles	\$40.00
E-waste (3 pieces)	\$ 5.00
Extra 32-Gallon Bag	\$15.00

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# EXHIBIT D

## SERVICES FOR PUBLIC FACILITIES

### County – Allied Waste Systems Inc. Franchise Area

*Dated: July 2015*

#### Section 1: GENERAL OBLIGATIONS RELATED TO SERVICES FOR PUBLIC FACILITIES

Contractor shall offer to provide the services set forth herein, effective September 1, 2015. The Contractor shall provide collection, Recycling and disposal services for Public Facilities specified in this Exhibit D, and are the services that the Contractor is required to provide under Sections 18-20. This includes routine services at specified County buildings, street cans and other public facilities (see "Routine Services" below).

#### Section 2: ROUTINE SERVICES

Contractor shall collect green waste, recycling and/or Solid Waste upon request at County designated locations. The following list of locations and related service levels may be modified from time to time pursuant to Section 18 of the Franchise Agreement. Subject to funding availability including that set forth in Exhibit F, Contractor shall provide on-call services at locations within the County rights-of-way or at properties being abated by the County (see "On-Call Services" below). As of the date of this Exhibit D, routine service levels for each currently designated location are as follows:

Public Facilities Being Served in County-Allied Franchise Area	Location	SERVICE LEVEL			
		Solid Waste		Recycling (Bi- Weekly)*	Green Waste (Bi- Weekly)*
		Container (Qty/Size)	Pickups per week		

#### Section 3: ON-CALL SERVICES

Contractor shall provide on-call Solid Waste and Recyclable Materials collection and Recycling/disposal services at locations within the County rights-of-way or at properties being abated by the County within the Franchise Area, upon written request of the Director or their designee. Contractor shall separately track allowable costs for providing said on-call services requested by the County, properly segregate said costs in rate applications and provide reporting of on-call service costs and other data by service type upon request of the Director or his/her designee.

**A. RIGHT-OF-WAY LOCATIONS:** Subject to funding availability, including earmarked funding specifically set forth in Exhibit F, Contractor shall remove Solid Waste from specified locations within County rights-of-way within three to five business days of receiving each request from the Director or his/her designee.

Contractor shall track and report to County all on-call services provided by Contractor for Solid Waste removed from right-of-way locations. Contractor shall utilize the on-call service reporting template provided by the County, unless an alternative reporting mechanism is approved by the Director or his/her designee.

**B. ABATEMENT PROJECT LOCATIONS:** Upon written request of the Director or their designee and subject to funding availability including that set forth in Exhibit F, Contractor shall provide and service requested receptacle(s) at the specified abatement project locations as follows:

1. Contractor shall commit to the date that the requested receptacle(s) will be delivered to the specified location within three business days of the written request;
2. Contractor shall deliver the requested receptacle(s) on the date mutually agreed upon; and
3. Contractor shall remove the requested receptacle(s) on the date mutually agreed upon.
4. Contractor shall track and report to County all receptacles provided to County by Contractor and document the amount of material disposed or Recycled from receptacles. Contractor shall utilize the on-call service reporting template provided by the County, unless an alternative reporting mechanism is approved by the Director or his/her designee.

**C. COMMUNITY CLEAN-UPS:** Contractor shall provide and service up to sixteen (16), 20-cubic yard clean-up boxes per year per region in the County-Allied Franchise Area as directed by the County pursuant to Section 20 of the Franchise Agreement. Contractor shall track and report the number of community clean-up boxes utilized and associated amounts disposed or Recycled on a quarterly basis.

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# EXHIBIT E

## BASIC RESIDENTIAL AND COMMERCIAL SERVICES

### County-Allied Waste Systems, Inc. Franchise Area

*Dated: July 2015*

#### **Section 1: GENERAL OBLIGATIONS RELATED TO BASIC SERVICES**

Contractor shall offer to provide the services set forth herein, effective August 1, 2015. The Residential Services and Commercial Services specified in this Exhibit E are the Basic Services that Contractor is required to provide under Section 5 of the Agreement.

Effective September 1, 2015, Contractor shall cause source-separated organics collected in the Franchise Area not to be used as landfill cover; instead, collected organics shall either be composted or otherwise diverted in accordance with the Integrated Waste Management Act subject to the review and approval of the Director or his/her designee.

Contractor shall provide quarterly reports with information requested by the Director or his/her designee pertaining to collection and diversion activities, including, but not limited to quantities collected, participation, contamination levels and other operational statistics for routine and on-call pickup of trash, Recyclable Materials, and construction and demolition (C & D) materials.

#### **Section 2: RESIDENTIAL SERVICES**

Contractor shall provide standard residential service for single-family homes and duplexes upon request of Customers consisting of routine collection of trash, Recyclable Materials (non-organic and organic) as set forth in this Section 2 and Section 4 of Exhibit E. Routine collection includes weekly collection of trash using wheeled cart size selected by Customer (20-gallon, 32-gallon, 64-gallon or 96-gallon cart sizes), weekly collection of Recyclable Materials, except organics using wheeled carts (64-gallon or 96-gallon size), and bi-weekly collection of organic Recyclable Materials using wheeled carts (64-gallon or 96-gallon size).

##### **A. GENERAL RESIDENTIAL SERVICE INFORMATION**

1. **Pickup Locations:** Standard residential service is curbside pickup. Backyard collection is available to Customers where no one in the household is able to move carts to the curb. Annual medical certification of disability is required. Optional backyard collection is available for an additional charge as noted in Section D.
2. **Containers:** Only wheeled carts provided to Customers by Contractor will be serviced.
3. **Frequency:** Contractor shall increase frequency of residential Recyclable Materials (except organics) collection from bi-weekly to weekly, effective January 1, 2016, unless Contractor requests and the Director or his designee authorizes a later start date. No later than December 1, 2015, Contractor shall distribute written information reviewed and approved by the Director or his designee to all residential Customers regarding this change to weekly collection.

4. **On-call Clean-up and Collection Services:** Clean-up collections will be on-call (at the Customer's request) in accordance with Sections 2.B and 2.C.

## **B. ON-CALL CURBSIDE CLEAN-UP (Bagged Materials)**

Contractor shall offer residential Customers up to two on-call curbside clean-ups for solid waste each year at no additional charge and provide such clean-ups upon Customers request. The following parameters apply to on-call curbside clean-ups:

1. On-call curbside clean-ups can be used for either trash or Recyclable Materials.
2. On-call clean-ups are scheduled upon request of the Customer. Clean-ups will be arranged to occur on their next regularly scheduled collection day if the request is received with a minimum 72 hour notice prior to the scheduled collection day.
3. Mixed set-outs will be collected and disposed.
4. A maximum of two cubic yards of bagged or bundled material (up to fifteen 35-gallon bags) will be collected in each on-Call curbside clean-up.
5. All items must be bagged or bundled.
6. Filled bags must weigh no more than 30 pounds and be strong enough to hold contents securely.
7. All bagged or bundled materials must be placed at the curb for collection.

Contractor shall track and report the number of on-call curbside clean-ups requested and provided per community on a quarterly basis.

## **C. ON-CALL CURBSIDE BULKY ITEM COLLECTION**

Effective September 1, 2015, Contractor shall offer residential Customers up to two on-Call curbside bulky item collections each year at no additional charge and provide such collection services upon request Customers request. No later than August 1, 2015, Contractor shall distribute written information reviewed and approved by the Director or his designee to all residential Customers regarding new on-call curbside bulky item collection services.

The manner in which bulky item collection is to be funded for the period of September 1, 2015 through December 31, 2015 is set forth in Exhibit F. Exhibit F specifies a means of offsetting Contractor's allowable costs to provide this on-call collection service beyond January 1, 2016 if not included in the 2016 Collection Rate. The following parameters apply to on-call curbside bulky item collection:

1. One (1) major residential appliance or other bulky item may be disposed of in one (1) on-call curbside bulky item collection.
2. Each item to be collected can weigh no more than 200 pounds.
3. Only bulky items that won't fit in waste cart, cannot be bagged for annual on-Call curbside clean-up and are not collected for Recycling curbside will be accepted.
4. On-call curbside bulky item collection will be scheduled on a date in the regular route schedule to be agreed upon by the Contractor and Customer.

Contractor shall track and report the number of on-call bulky item collections per community on a quarterly basis.

#### **D. OPTIONAL SERVICES AVAILABLE FOR ADDITIONAL CHARGE**

Contractor shall provide residential Customers the option of requesting the following services. Maximum Rates subject to County approval do not include or apply to these optional services. Contractor may impose an extra optional charge to provide listed services providing Customer is made aware of and agrees to optional charges in advance.

1. Extra waste pick-up
2. Collection of extra bags
3. Extra bulky item pick-up
4. Preference Backyard Carry-out Service (with no medical disability certification)
5. Cart wash out
6. Same week on-call curbside clean-ups, on-call curbside bulky item collection

Contractor shall include amounts collected for any additional charges imposed for optional services requested by Customers in calculations of Gross Annual Revenue subject to the Franchise Fee specified in Section 23 of this Agreement.

Contractor shall properly segregate the revenues and costs associated with these optional services requested by Customers for the purposes of rate setting. Contractor shall account for these revenues and costs in the rate application(s) submitted to the County.

#### **Section 3: COMMERCIAL SERVICES**

Contractor shall provide the following services to commercial Customers upon request. Contractor shall offer to collect Recyclable Materials as a part of the basic Solid Waste collection service provided to all commercial Customers. Contractor shall cease requiring commercial Customers pay a separate charge for collecting Recyclable Materials effective September 1, 2015. Contractor shall mail notices to all commercial Customers on August 1, 2015 indicating that Recyclables Materials collection service will be available at no additional charge beginning on September 1, 2015. The form and content of the Customer notice shall be subject to the review and approval of the Director or his designee.

Contractor shall offer the County with the opportunity to participate in each bulk purchase of internal containers and other assets (posters, bags, etc.) to increase commercial and multi-family recycling.

#### **A. SOLID WASTE COLLECTION**

Contractor shall provide commercial Customers with the option of selecting solid waste bin sizes ranging from one (1) to eight (8) cubic yards, or 32-gallon, 64-gallon or 96-gallon carts.

Contractor shall provide commercial Customers with bin service the option to select their preferred frequency of solid waste collection ranging from one (1) to five (5) times per week.

#### **B. RECYCLING COLLECTION**

1. Beginning on August 1, 2015, Contractor shall provide the following Recycling and collection services to commercial Customers, including but not necessarily limited to the following:

- a. Collection of commercial source-separated Recyclable Materials specified in Section 4.A in this Exhibit E from carts and bins at a minimum weekly and up to three times per week, as requested by the Customer.
  - b. Collection of commercial source-separated organic Recyclable Materials (including all compostable food waste and food-soiled paper) as specified in Section 4.C in this Exhibit E from carts and bins at a minimum weekly and up to three times per week, as requested by the Customer.
  - c. Size of the recycling and organics carts and bins selected by the Customer to ensure service level meets their needs.
2. Beginning on September 1, 2015, Contractor's Recycling Coordinator shall dedicate the equivalent of at least one day per week to providing assistance and support within the County-Allied Franchise Area to maximize success of diversion programs. Recycling Coordinator shall perform commercial (including multi-family) waste assessments upon request. Contractor shall submit quarterly reports containing information required by the Director or his designee to demonstrate the Recycling Coordinator's activities.
3. Beginning on September 1, 2015, Contractor shall mail notices regarding expanded Recyclable Materials collection services to all commercial Customers (including multi-family). Written notice shall address cart/bin size and frequency options, list of Recyclable Materials collected as specified in Section 4 of this Exhibit as well as options to arrange for new or expanded collection services. The form and content of the Customer notice shall be subject to the review and approval of the Director or his/her designee.
4. Beginning on October 1, 2015, Contractor shall contact Customers that did not request commercial Recycling service in response to the written notice for the purposes of making arrangements that will meet the Customer needs. Contractor shall document and report commercial Customers' Recycling service needs or lack thereof in adequate detail to ensure compliance with applicable State laws.
5. Between September 1, 2015 and April 1, 2016, all commercial and multi-family customers not receiving Recyclables Material collection service shall be visited by the Recycling Coordinator to discuss (service choices) collection options to address individual customer needs. Contractor shall submit listings of the commercial and multi-family customers visited and service changes instituted on a quarterly basis.

#### **C. COMMERCIAL PROGRAMS MANDATED BY THE STATE**

1. Contractor shall provide the County with information and assistance requested by the Director for the purpose of monitoring, documenting and maintaining compliance with the State's mandatory commercial Recycling and organics laws.
2. Contractor shall provide the County with a report for each calendar year detailing the number of covered entities that are and are not participating in Recyclable Materials collection the number of waste assessments conducted and a summary of additional educational and outreach efforts undertaken and copy of sample compliance letter and annual compliance letter mailing list. Contractor shall provide additional information required for reporting to CalRecycle.

3. Contractor shall conduct the public education and outreach activities identified below, subject to the review and approval of the Director or his designee, to meet the State's mandatory commercial recycling program, as required in Assembly Bill 341 (AB 341).
  - a. Contractor shall publish information on its website on how businesses, public entities, and multi-family complexes can comply with the State law.
  - b. Contractor shall be responsible for providing AB 341 notifications upon approval of the Director or his designee.
  - c. Contractor shall make print information about the law readily available to businesses, public entities, and multi-family complexes. This information can be in the form of newsletters, bill messages, bill inserts, letters, e-mail notifications, or special similar methods of notification approved by the Director or his designee.
  - d. Contractor shall provide waste assessments upon request. During waste assessments Contractor shall provide Customers with information and/or materials (posters, bags, etc.).
  - e. Contractor shall regularly provide the County with the number of covered entities known to participate in recycling services or not, the number of waste assessments conducted and a summary of additional educational and outreach efforts undertaken. This information will be provided on a quarterly basis (January, April, July, and October).
  - f. At least once per year, Contractor shall provide non-compliant entities with written notification of non-compliance and offer guidance about the actions necessary to achieve compliance.

## **Section 4: RESOURCE RECOVERY AND DIVERSION**

Contractor shall collect the following materials at no additional charge.

### **A. RECYCLABLE MATERIALS (EXCEPT ORGANICS)**

In providing Basic Services, Contractor shall collect and Recycle the following materials placed in **residential recycling carts** or **commercial recycling bins/carts** at no additional charge:

1. Aluminum cans, clean foil & clean foil food containers
2. Glass bottles, jars (all colors)
3. Plastic #1 -7 narrow-necked bottles
4. Steel/tin cans
5. Plastic Bags
6. Uncoated and uncontaminated paper (newspaper, white paper, mixed paper, colored paper, chipboard, clean cardboard with no food or drink contamination, phone books, paper bags, junk mail, envelopes, clean cardboard egg cartons, magazines, paperback books, catalogs etc.)

Contractor shall collect the following items for residential recycling:

1. Used motor oil
2. Used oil filters
3. Household batteries (In sealed zip lock bags) – effective September 1, 2015\*
4. CFL's (In sealed zip lock bags) – effective September 1, 2015\*

The above list may be modified from time to time by agreement of the County and Contractor or pursuant to the provisions of Section 12.b and Section 17 of the Franchise Agreement.

\* Contractor shall prepare and distribute promotional outreach materials (subject to the review and approval of the Director or his designee) to Customers, no later than August 1, 2015, notifying them how to set out plastic bags, household batteries and CFLs for Recycling collection, effective September 1, 2015.

### **B. ORGANIC RECYCLABLE MATERIALS (GREEN WASTE ONLY)**

In providing Basic Services, Contractor shall collect and compost the following materials placed in **residential green waste carts** at no additional charge:

#### Green Waste

1. Yard trimmings
2. Grass clippings
3. Leaves and flowers
4. Pine needles
5. Weeds
6. Christmas trees (cut/trimmed to fit in green waste carts)
7. Untreated and unpainted wood (cut/trimmed to fit in green waste carts)

#### Other Materials/Food Waste

8. Coffee filters
9. Cardboard and paper egg cartons with food and drink contamination
10. Uncooked fruit and vegetables
11. Waxy cardboard
12. Waxed paper

The above list may be modified from time to time by agreement of the County and Contractor or pursuant to the provisions of Section 12.b and Section 17 of the Franchise Agreement.

### **C. ORGANIC RECYCLABLE MATERIALS (GREEN WASTE/FOOD WASTE)**

In providing Basic Services, Contractor shall collect and compost the following materials placed in **commercial organic waste bins/carts** at no additional charge:

#### Green Waste

1. Yard trimmings
2. Grass clippings
3. Leaves and flowers
4. Pine needles
5. Weeds
6. Christmas trees (cut/trimmed to fit in green waste carts)
7. Untreated and unpainted wood (cut/trimmed to fit in green waste carts)

#### Other Materials/Food Waste

8. Coffee filters
9. Cardboard and paper egg cartons with food and drink contamination
10. Uncooked fruit and vegetables
11. Waxy cardboard
12. Waxed paper
13. Food soiled paper\*
14. Food waste\*

The above list may be modified from time to time by agreement of the County and Contractor or pursuant to the provisions of Section 12.b and Section 17 of the Franchise Agreement.

\* Effective January 1, 2016, unless Contractor requests and the Director or his designee authorizes a later start date. If a later start date is authorized, Contractor shall mail a separate written notification to all commercial Customers, subject to Director or his designee's approval.

### **D. CONSTRUCTION AND DEMOLITION DEBRIS RECOVERY**

Contractor shall offer optional collection and Recycling debris box services for recyclable construction and demolition debris to each Customer who requests this service. Recyclable construction and demolition debris includes, but is not necessarily limited to: glass, paper, cardboard, wood, concrete, plastic, ferrous and non-ferrous metal, aluminum and any other materials that are feasibly capable of being Recycled.

Contractor may charge for construction and demolition debris box services providing Customer is made aware of and agrees to the charges in advance. Maximum Rates subject to County approval do not include or apply to these debris box services. Contractor shall include amounts collected for debris box services in calculations of Gross Annual Revenue subject to the Franchise Fee specified in Section 23 of this Agreement. Contractor shall account for debris box revenues and costs in the rate application(s) submitted to the County.

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# EXHIBIT F

## ENHANCED SERVICES FROM RATE SETTING METHODOLOGY REVENUE

*Dated: July 2015*

### Section 1: RATE SETTING METHODOLOGY REVENUE & CPI-ADJUSTMENTS

For the period of August 1, 2015 through December 31, 2015, Contractor shall pay the fees and perform the services listed in this Exhibit F using Rate Setting Methodology Revenue (RSMR). Remaining Rate Setting Methodology Revenue shall be applied to offset the cost of enhanced services during the Base Year Rate setting process.

#### A. RATE SETTING METHODOLOGY REVENUE, CPI-ADJUSTED COMPENSATION AND REVENUE REQUIREMENT

A1	Total Projected Revenue for 2012 (Base Year Review Report <sup>1</sup> )	\$	2,657,764.00
A2	Total Base Year Revenue Requirement for 2012	\$	2,394,910.00
<b>A3</b>	<b>Projected RSMR for 2012 (10.20% rate credit, ½ year)<sup>1</sup></b>	<b>\$</b>	<b>131,427.00</b>
A4	Total Projected Revenue for 2013 (Remains Unchanged)	\$	2,657,764.00
A5	Resulting Revenue Requirement Increase for 2013 (2.80% Increase allowed by Interim Year Rate Process)	\$	70,650.00
A6	Projected Revenue Requirement for 2013	\$	2,465,560.00
<b>A7</b>	<b>Annual RSMR for 2013 (7.46% Credit, includes 5% Franchise Fees)<sup>1</sup></b>	<b>\$</b>	<b>192,204.00</b>
A8	Total Projected Revenue for 2014 (Remains Unchanged)	\$	2,657,764.00
A9	Resulting Revenue Requirement Increase for 2014 (2.03% Increase allowed by Interim Year Rate Process)	\$	52,763.00
A10	Projected Revenue Requirement for 2014	\$	2,518,323.00
<b>A11</b>	<b>Annual RSMR for 2014 (5.41% Credit, includes 5% Franchise Fees)<sup>1</sup></b>	<b>\$</b>	<b>139,441.00</b>
A12	Total Projected Revenue for 2015 (Remains Unchanged)	\$	2,657,764.00
A13	Resulting Revenue Requirement Increase for 2015 (2.96% Increase allowed by Interim Year Rate Process)	\$	78,572.00
A14	Projected Revenue Requirement for 2015	\$	2,596,895.00
<b>A15</b>	<b>Annual RSMR for 2015 (2.36% Credit, includes 5% Franchise Fees)<sup>1</sup></b>	<b>\$</b>	<b>60,869.00</b>
<b>A16</b>	<b>Rate Setting Methodology Revenue for 2012-2015 (A3+A7+A11+A15)</b>	<b>\$</b>	<b>523,941.00</b>

<sup>1</sup> Based on collection revenues of \$2,576,392 (2012 Base Year Rate Review Report).

## Section 2: SERVICE AND REPORTING OBLIGATIONS

In accordance with Section 23 of the Agreement, effective August 1, 2015, the Franchise Fee is increasing from 5% to 7%. For the period of August 1, 2015 through December 31, 2015, Contractor's uncompensated payment(s) of the incremental 2% Franchise Fee will be offset with Rate Setting Methodology Revenue in the amount specified in Table 1 herein.

In accordance with Exhibit D, Exhibit E and Sections 17 – 20 of the Agreement, Contractor shall provide new and expanded services to residential Customers, on-call services to the County, and mandatory commercial Recycling and outreach. For the period of August 1, 2015 through December 31, 2015, Contractor's uncompensated, allowable costs incurred for providing the new services will be offset with Rate Setting Methodology Revenue in the amount specified in Table 1 herein.

**Table 1 – Rate Setting Methodology Revenue Allocations for 2015**  
*Discounted enhanced services to begin on September 1 unless noted otherwise below*

2% Franchise Fee Increase - August 1 start date (Agreement Section 23 & Exhibit E)	\$22,083.33
Commercial Mandatory Recycling (Agreement Section 17 & Exhibit E)	\$46,844.33
Commercial Recycling Notice (Agreement Section 17 & Exhibit E)	\$2,500.00
Compost Collected Green Waste (Agreement Section 17 & Exhibit E)	\$647.05
Residential On-Call Bulky Collection Service (Agreement Section 19 & Exhibit E)	\$1,666.67
Residential Household Batteries & CFL Collection (Agreement Section 17 & Exhibit E)	\$4,000.00
Recycling Coordinator (20%) (Agreement Section 17 & Exhibit E)	\$4,666.67
On-call Right-of-Way Debris Removal (Agreement Section 18, Exhibit D)	\$3,333.33
Profit & Franchise Fees on Discounted Enhanced Services	\$2,858.33
<b>Projected Cost Increase for Discounted Enhanced Services in 2015</b>	<b>\$88,599.72</b>

### Section 3: COLLECTION RATE ADJUSTMENTS FOR 2012 THROUGH 2016

Collection Rates have been stable and remain unchanged as a result of service efficiencies achieved by the Contractor and identified as a result of the review of the 2012 Base Year Rate Application.

- A. **2012 BASE YEAR COLLECTION RATE:** Costs of the incremental Franchise Fee increase and the new and expanded services described in Sections 2.A -2.G were not accounted for in the projected costs included in the 2012 Base Year Rate Review. Contractor has not adjusted the Collection Rate amount charged to County Area residential Customers since 2009 or commercial Customers since 2010. The projected Rate Setting Methodology Revenue will be treated as a credit available to help offset allowable costs for fees or enhanced services governed under the County/Allied Franchise Agreement, which are not compensated through existing rates or equivalent level of funding from an alternative source.
- B. **2013-2015 INTERIM YEAR COLLECTION RATES:** Contractor did not adjust the Collection Rate amount charged to Residential Customers in 2013, 2014, or 2015 based on the applicable annual allowed Interim Year CPI-change. Instead, these three annual adjustments have offset a portion of the 10.20% reduction found warranted in the Base Year Rate Review as shown below:
- i. January 1, 2013: CPI increased 2.80% from August 2011 to August 2012, which served to reduce the -10.20% to -7.46%. (see A6 of Section 1 for associated increase to Revenue Requirement and see A7 for decrease in projected annual Rate Setting Methodology Revenue)
  - ii. January 1, 2014: CPI increased 2.03% from August 2012 to August 2013, which served to reduce the -7.46% to -5.41%.(see A10 of Section 1 for associated increase to Revenue Requirement and see A11 for decrease in projected annual Rate Setting Methodology Revenue)
  - iii. January 1, 2015: CPI increased 2.96% from August 2013 to August 2014, which served to reduce the -5.41 % to -2.36%.(see A14 of Section 1 for associated increase to Revenue Requirement and see A15 for decrease in projected annual Rate Setting Methodology Revenue)
- C. **2016 BASE YEAR COLLECTION RATE SETTING PROCESS:** Contractor shall provide the County with cost estimate details requested by the County during the 2016 Base Year Rate setting process for enhanced services identified in Exhibit D and Exhibit E which go into effect in 2016. The projected costs to provide the new and expanded services identified in Exhibit D and Exhibit E shall be reflected in the Contractor's Base Year Rate Application to be submitted in mid-2015.

A rate reduction credit of 2.36% is available (see A16 of Section 1) to help offset the next rate increase deemed warranted by the County. Additionally, the \$435,341.28 of Rate Setting Methodology Revenue remaining after deducting costs identified in Table 1 of Section 2 will be used to offset projected future costs during the Base Year Rate setting process. Following consultation with Contractor, County shall determine the manner in which the Rate Setting Methodology Revenue will be applied to the rates to be charged in 2016 through 2019.

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