

FRANCHISE AGREEMENT  
FOR  
SOLID WASTE, RECYCLING AND  
GREEN WASTE SERVICES BETWEEN  
BOLINAS COMMUNITY PUBLIC UTILITY DISTRICT  
AND USA WASTE OF CALIFORNIA, INC.

THIS AGREEMENT is entered into this 1st day of April, 2003, by and between the BOLINAS COMMUNITY PUBLIC UTILITY DISTRICT (BCPUD or District) a public utility organized and existing by virtue of the laws of the State of California, and USA Waste of California, Inc., (Company or Contractor), a Delaware corporation.

WHEREAS, BCPUD finds and determines that it is in the best interest of the public health, safety and welfare of those living and working within the District and necessary for the protection of property within the District that Solid Waste, Recyclable Material and Green Waste collection, processing and disposal services be rendered by an exclusive franchise to serve District, business and residential properties within the District,

THEREFORE, it is mutually agreed:

1. **Definitions.**

For the purpose of this Agreement, the following definitions will apply, unless the context requires a different meaning:

(A) "Green Waste" means a subset of organic recyclable materials consisting of grass cuttings, weeds, leaves, prunings, branches, dead plants, brush, tree trimmings, dead trees [not more than six (6) inches in diameter], and similar materials generated at residential properties within the District, separated and set out for collection, processing, and recycling. Green Waste does not include materials not normally produced from gardens or landscapes, such as, but not limited to, palm fronds, brick, rock, gravel, large quantities of dirt, concrete, sod, non-organic wastes, oil and wood or wood products. Diseased plants and trees are also excluded from Green Waste.

(B) "Recycling" means the process of separating for collection, collecting, treating and/or reconstituting Recyclable Materials which would otherwise be discarded without receiving compensation and returning them to the economy in the form of raw materials for new, reused, or reconstituted products in compliance with AB 939 diversion requirements. The collection, transportation or disposal of Solid Waste not intended for, or capable of, reuse is not Recycling.

C) "Recyclable Materials" means segregated residential, commercial or industrial by-products of some potential economic value, set aside, handled, packaged, or offered for collection in a manner different from refuse. Recyclable Materials include newspaper, mixed paper, aluminum foil and cans, scrap metal, corrugated cardboard, glass containers, aseptic containers (milk, juice, soy) plastic food and beverage containers (#1-#7).

(D) "Solid Waste" means and includes all putrescible and nonputrescible solid, semisolid, and liquid wastes, including garbage, trash, refuse, rubbish, ashes, industrial wastes, demolition and construction wastes, discarded home and industrial appliances, manure, vegetable or animal solid and semisolid wastes, and other discarded solid and semisolid wastes, as defined in California Public Resources Code § 40191, as that section may be amended from time to time. For the purposes of this Agreement, "Solid Waste" does not include abandoned vehicles and parts thereof, hazardous waste, low-level radioactive waste or medical waste.

## 2. Grant of Franchise, Term.

Company shall have the exclusive right to collect all Solid Waste, Recyclable Materials and Green Waste within the District, and to provide casual debris box service within the District, from the date of execution of this Agreement through June 30, 2013. Thereafter, this Agreement may be extended for consecutive periods of two (2) years upon the mutual consent of the parties.

(A) The District shall not grant any third party the right to provide debris box service within the District in the absence of formal approval by the Directors of the District. The District further reserves the right to continue to regulate the debris box waste stream.

(B) The District and Company agree to meet and consider appropriate revisions to this franchise Agreement at least once every three years to reflect changes in law, regulations, technology, and local needs. In the event the parties agree that such changes require amendments to the Agreement, notwithstanding any other provision of this Agreement, the Company and District agree to amend this Agreement to incorporate such changes in a timely manner.

## 3. Services, Rates and Rate Setting, Equipment.

Company will collect all Solid Waste, Recyclable Materials and Green Waste within the District during the term covered by this Agreement in accordance with federal, state and local law and the services described in Exhibit A, attached and incorporated, and as Exhibit A may be amended by the Directors with the consent of the Company from time to time. Company shall

not be responsible for hazardous waste or any other materials that do not meet the definition of Solid Waste, Recyclable Materials and Green Waste, as set forth above.

(A) The parties intend to create a rate structure which will provide reasonable compensation, including a reasonable profit, to Company from the services rendered within the District, and the parties intend to maintain a rate structure, which, upon review, will continue to provide reasonable compensation to Company. In this regard, the parties agree that a review and any increase or decrease of said rates or charges in the future, shall be based upon a rate setting methodology as set forth in Exhibit B, attached and incorporated, and as Exhibit B may be amended by the Directors with the consent of the Company from time to time. For this purpose, the books and records and other financial data of Company shall be open to inspection and audit by the District, or its designee(s). District may request and Company agrees to provide, without cost to District, a financial summary from Company relating to Company's operation in the District no more frequently than once each calendar year. Company shall retain such records and data for a three-year period.

(B) Exhibit C sets forth the current schedule of rates for services, attached and incorporated, which may be amended by the Directors from time to time in accordance with the rate setting methodology set forth in Exhibit B.

(C) Neither the District nor any of its officers, employees, or appointive or elective officials shall be personally liable or in any way responsible for the payment of said charges to Company for performing services to its customers.

(D) The Company shall utilize modern equipment, clean, painted, and in a state of good repair with the Company's name and telephone number clearly visible from the outside of vehicles or equipment.

#### 4. District Waste.

Company agrees to pick up and remove all Solid Waste, Recyclable Materials and Green Waste resulting from official operations and functions of The District, provided such Solid Waste, Recyclable Materials and Green Waste is deposited in containers furnished by District.

This Agreement to provide the above service to District includes all Solid Waste, Recyclable, and Green Waste materials except, in the event of an emergency, removal of a large volume of refuse, hazardous waste or dredging materials. In such an event, District agrees to meet with Company to agree upon adequate compensation to Company.

5. Insurance, Performance Surety.

At all times during the term of this Agreement, Company will carry the following insurance:

(A) Liability Insurance. Commercial General Liability and Automobile Liability - The Company shall provide and maintain the following commercial general liability and automobile liability insurance:

Coverage - Coverage for commercial general liability and automobile liability insurance shall be at least as broad as the following:

1. Insurance Services Office (ISO) Commercial General Liability Coverage (Occurrence Form CG 0001)
2. Insurance Services Office (ISO) Business Auto Coverage (Form Number CA 0001) covering Symbol 1 (any auto)

Limits - The Company shall maintain limits no less than the following:

1. General Liability - Two million dollars (\$2,000,000) per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit or products-completed operations aggregate limit is used, either the general aggregate limit shall apply separately to the project/location (with the ISO CG 2503, or ISO CG 2504, or insurer's equivalent endorsement provided to the District) or the general aggregate limit and products-completed operations aggregate limit shall be twice the required occurrence limit.
2. Automobile Liability - Two million dollars (\$2,000,000) for bodily injury and property damage each accident limit.

Required Provisions - The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

1. The District, its directors, officers, employees, and authorized volunteers are to be given insured status (via ISO endorsement CG 2010, CG 2033, or insurer's equivalent for general liability coverage) as respects: liability arising out of activities performed by or on behalf of the Company; products and completed operations of the Company; premises owned, occupied or used by the

Company; and automobiles owned, leased, hired or borrowed by the Company. The coverage shall contain no special limitations on the scope of protection afforded to the District, its directors, officers, employees, or authorized volunteers.

2. For any claims related to this project, the Company's insurance shall be primary insurance as respects the District, its directors, officers, employees, or authorized volunteers. Any insurance, self-insurance, or other coverage maintained by the District, its directors, officers, employees, or authorized volunteers shall not contribute to it.
3. Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to the District, its directors, officers, employees, or authorized volunteers.
4. The Company's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

The general liability policy shall cover bodily injury and property damage liability, owned and non-owned equipment, blanket contractual liability, completed operations liability, explosion, collapse, underground excavation and removal of lateral support.

The automobile liability policy shall cover all owned, non-owned, and hired automobiles.

All of the insurance shall be provided on policy forms and through companies satisfactory to the District.

Deductibles and Self-Insured Retentions - Any deductible or self-insured retention must be declared to and approved by the District. At the option of the District, the insurer shall either reduce or eliminate such deductibles or self-insured retentions.

Acceptability of Insurers - Insurance is to be placed with insurers having a current A.M. Best rating of no less than A-:VII or equivalent or as otherwise approved by the District.

(B) Workers Compensation Insurance. Workers' Compensation and Employer's Liability Insurance - The Company shall insure (or be a qualified self-insured) under the applicable laws relating to workers' compensation insurance, all of their employees working on or about the construction site, in accordance with the "Workers' Compensation and Insurance Act", Division IV of the Labor Code of the State of California and any Acts amendatory thereof. The

Company shall provide employer's liability insurance with limits of no less than \$1,000,000 each accident, \$1,000,000 disease policy limit, and \$1,000,000 disease each employee.

Evidences of Insurance - Prior to execution of the Agreement, the Company shall file with the District a certificate of insurance (Acord Form 25-S or equivalent) signed by the insurer's representative evidencing the coverage required by this Agreement.

Such evidence shall include an additional insured endorsement signed by the insurer's representative and evidence of waiver of rights of subrogation against the District (if builder's risk insurance is applicable). Such evidence shall also include confirmation that coverage includes or has been modified to include Required Provisions 1-5.

The Company shall, upon demand of the District, deliver to the District such policy or policies of insurance and the receipts for payment of premiums thereon.

Continuation of Coverage - If any of the required coverages expire during the term of this Agreement, the Company shall deliver the renewal certificate(s) including the general liability additional insured endorsement and evidence of waiver of rights of subrogation against the District (if builder's risk insurance is applicable) to the District at least ten (10) days prior to the expiration date.

(F) If Company fails or refuses to procure or maintain the insurance required by this paragraph 5 or fails or refuses to furnish the District with required proof that insurance has been procured and is in force and paid for, the District shall have the right, at the District's election, to terminate this Agreement in accordance with its provisions. If insurance coverage for certain items becomes unavailable on an industry basis, termination of this Agreement as above provided shall not apply. The parties shall meet and mutually agree upon appropriate revisions or amendments to such coverage requirements.

(G) Company shall provide the District within ten (10) days after execution of this Agreement, cash or a surety bond in the amount of fifty thousand dollars (50,000.), provided by a Surety Company with a Best rating of "A" or better and licensed to do business in the State of California, conditioned upon the full faithful performance of all provisions of this Agreement and any extensions or amendments thereto. The surety bond must be approved by the District prior to performance of any work under this Agreement. A certificate of deposit or an irrevocable letter of credit for the required amount from a bank acceptable to the District may be provided in lieu of said surety bond.

(H) Subject to the notice and hearing procedures set forth in paragraph 7, page 8, if the District determines that Company has substantially failed to keep and perform any

provisions of this Agreement or any extension or amendment thereto, the District may require Surety to perform or may resort to any certificate of deposit or irrevocable letter of credit received in lieu of a bond. In that event, the District shall notify the Surety of Company's failure to perform any provision, as well as the amount of time necessary for performance as determined by the District. If the Surety fails to perform, the District may perform and assess the Surety on its bond for all costs associated with such performance. The costs of performance may include all fees, labor, equipment, insurance, and all other reasonably necessary resources as determined by the District to perform the work required under this Agreement.

(I) Notwithstanding any other provision of this Agreement, the District shall annually review the adequacy of the amount of the surety bond and the District shall notify Company in writing of any changes to the required bond amount not later than thirty (30) days prior to the expiration of the bond; provided, however, the Company shall not be required to increase or decrease the amount of the bond prior to six (6) months following any such bond adjustment required pursuant to this paragraph.

#### 6. Indemnification.

(A) Company agrees to hold the District, its officers, agents, employees and volunteers harmless from all liability of any kind, including, but not limited to, claims alleging violation of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) 42 USC Sec. 9602, et seq. and related California statutes, or failure to comply with the California Integrated Waste Management Act, to which the District or any of its officers, employees or agents may be subjected by reason of Company's performance or non-performance under this Agreement, but not including hazardous waste or other waste not covered by this Agreement and outside Company's control. In this connection Company agrees to indemnify the District, its officers and employees for all liability, fees and costs of defending against all such claims brought against the District, its officers, agents or employees.

(B) Company shall defend, indemnify and save harmless the District, its officers, agents, employees and volunteers from all additional claims, demands, damages, costs, expenses including attorney and expert witness fees, judgments or liabilities arising out of this Agreement or connected with the performance, attempted performance or nonperformance of its provisions, including but not limited to any act or omission on the part of Company or its agents, employees, or subcontractors directly responsible to it, except those claims, demands, damages, costs, expenses including attorney and expert witness fees, judgments or liability resulting from the sole active negligence or willful misconduct of the District.

(C) To the extent it is able to do so, the Company acknowledges that the District is not an arranger of Solid Waste service, nor a "potentially responsible party" within the meaning of CERCLA in performing Solid Waste service under any federal, state or local laws, rules or regulations as a result of granting this franchise, and that the District has not exercised flow control by entering into this Agreement. Company shall also defend and indemnify the District for any fines or penalties imposed by the California Integrated Waste Board or its agents only to the extent that Company's delays in providing information or reports required pursuant to this Agreement prevent the District from submitting records or attaining goals in a timely manner as required by the Integrated Waste Management Act

(D) Company shall also defend and indemnify the District for all actions of the Company associated with the Company's role as the arranger of solid waste service, or as a "potentially responsible party" within the meaning of CERCLA in performing solid waste service under any Federal, State, or local laws, rules or regulations. The Company shall further defend and indemnify the District from any and all legal actions against City on the basis of the assertion that the District is an arranger of solid waste services as a result of this Agreement. Notwithstanding any language to the contrary in this Agreement, Company shall not be required to defend or indemnify the District from any liability that the District may have as a generator or disposer of its own solid waste, nor shall Company be required to defend or indemnify the District from any allegations or legal actions which assert that the District has liability for a period prior to the commencement of this Agreement, or which allege that the District's liability arises from actions taken by the District after the termination of this Agreement, or from waste materials that Contractor is not responsible for under this Agreement, including but not limited to hazardous waste.

#### **7. Cancellation of Agreement.**

Should Company, its successors or assigns, fail to perform this Agreement or to materially breach any provision, the District will have the option to cancel this Agreement, upon giving at least 30 days advance written notice to Company. The notice will describe the Company's failure to perform or its material breach in detail. The District will provide Company with a reasonable opportunity to be heard before the Directors and the opportunity to correct the claimed failure of performance or material breach before cancellation. The decision of the Directors on whether to cancel will be final.

#### **8. Assignments, Subcontracts, and Changes of Ownership.**

(A) No interest in this Agreement may be assigned, leased, sold, subcontracted or transferred, either in whole or in part, without the prior written consent of the District. The District will not unreasonably withhold consent to any



assignment, sale, subcontract or transfer. Company shall promptly notify the Directors in writing in advance of any proposed assignment, sale, subcontract or transfer. In the event that the Directors approve of any assignment, sale, subcontract or transfer, the approval shall not relieve Company of any of its obligations or duties under this Agreement unless this Agreement is so modified in writing. Company shall also notify the Directors of any change in control or ownership of Company. For purposes of this Agreement, change of ownership or control is presumed to include, without limitation, the assignment, sale or transfer of at least 25 percent of Company's assets or at least 25 percent of Company's stock.

(B) Neither party shall assign its rights nor delegate or otherwise transfer its obligations under this Agreement to any other person or entity without the prior written consent of the other party. Any such assignment made without the consent of the other party will be void and the attempted assignment will constitute a material breach of this Agreement. The District may, however, assign its rights and subrogate its obligations under this Agreement to a joint powers authority authorized by Govt Code § 6500 et seq without the prior written consent of Company.

(C) For purposes of this section, "assignment" shall include, but not be limited to:

(1) A sale, exchange or other transfer to a third party of at least twenty-five percent (25%) of Company's assets; and

(2) A sale, exchange or other transfer to a third party, including other shareholders of outstanding common stock of Company which may result in a change of control of Company; and

(3) Any dissolution, reorganization, consolidation, merger, recapitalization, stock issuance or re-issuance, voting trust, pooling Agreement, escrow arrangement, liquidation or other transaction to which Company or any of its shareholders is a party which results in a change of ownership or control of Company; and

(4) Any assignment by operation of law, including insolvency or bankruptcy, assignment for the benefit of creditors, writ of attachment for an execution being levied against this Agreement, appointment of a receiver taking possession of Company's property, or transfer occurring in the probate proceeding; and

(5) Any combination of the foregoing (whether or not related or contemporaneous transactions), which has the effect of any such transfer or change of ownership or change of control of Company.

(D) Company acknowledge that this Agreement involves rendering a vital service to the District residents and businesses, and that the District has selected Company to perform the services specified herein based on:

(1) Company's experience, skill and reputation for conducting its solid waste management operations in a safe, effective and responsible fashion, at all times in keeping with applicable local, state and federal environmental laws, regulations and best waste management practices; and

(2) Company's financial resources to maintain the required equipment and to support its indemnity obligations to District under this Agreement. The District will rely on each of these factors, among others, in choosing Company to perform the services to be rendered by Company under this Agreement.

(E) The District is concerned about the possibility that assignment could result in significant rate increases, as well as a change in the quality of service. Accordingly, the following standards have been set to ensure that assignment will result in continued quality of service. In addition, the District reserves the right to solicit competitive bids for these services if the assignment results in a request by the assignee for rate increases that are higher than the then Consumer Price Index (CPI) for the San Francisco/Oakland Bay Area and do not reflect value changes in service standards. At a minimum, no request by Company for consent to an assignment need be considered by District unless and until Company has met the following requirements:

(1) Company shall undertake to pay the District its reasonable expenses for attorney and consultant fees to investigate the suitability of any proposed assignee, and to review and finalize any documentation required as a condition for approving any such assignment;

(2) Company shall furnish the District with audited financial statements of the proposed assignee's operations for the immediately preceding three (3) operating years;

(3) Company shall furnish the District with satisfactory proof:

(a) That the proposed assignee has at least ten (10) years of solid waste management experience on a scale equal to or exceeding the scale of operations conducted by Company under this Agreement;

(b) That in the last five (5) years, the proposed assignee or affiliates have not suffered major citations or other charges from any federal, state or local agency having

jurisdiction over its waste management operations due to any significant failure to comply with state, federal or local laws and that the assignee has provided the District with a complete list of all citations and charges;

(c) That the proposed assignee has conducted its operations in a reasonably environmentally safe and conscientious fashion;

(d) That the proposed assignee has conducted its solid waste management practices in good faith and substantial compliance with sound waste management practices, in good faith and substantial compliance with all federal, state and local laws regulating the collection and disposal of solid waste, including hazardous wastes; and

(e) Provide any other available information required by the District to ensure the proposed assignee can fulfill the terms of this Agreement in a timely, safe and effective manner.

Under no circumstances shall the District be obliged to consider any proposed assignment by Company if Company has not performed the Agreement or is in material breach of any provision at any time during the period of consideration. The District will provide Company with a reasonable opportunity to be heard before the Directors and the opportunity to correct any such claimed failure of performance or material breach. The decision of the Directors will be final.

(F) Assignment of Agreement: Requests for Rate Adjustments. In the case of any assignment, sale, lease, subcontract, or transfer of all or any part of Company's assets or stock, the acquiring party will not be entitled to request any adjustment in rates based on the purchase price or any other consideration associated with said assignment, purchase, lease, subcontract or transfer. In addition, any such acquiring party will not be entitled to request any adjustment in rates under this Agreement for any cost which said acquiring party incurs prior to the assignment, sale, lease, subcontract or transfer of Company's assets or stocks.

## 9. Notices.

Any notices required by this contract or by the applicable ordinance or resolution shall be given in writing, personally delivered by mail or by fax and mail to the business address of the addressee. If given by mail, time shall be computed from the date of deposit in the United States Post Office, or a Post Office box maintained or controlled by the United States Postal Service.

10 Annual Reports to Marin County Hazardous and Solid Waste Management Joint Powers Authority

Pursuant to Section 41821.5 of the California Public Resources Code and the requirements of Sections 18800 through 18813 of the California Code of Regulations Company shall prepare quarterly reports providing disposal and diversion activities, including tonnage information and program information on collection and processing services required by the Agreement. Company shall submit the reports to the District and to the Marin County Hazardous and Solid Waste Management Joint Powers Authority ("Marin WMA") for review and comment, and revision as needed. Reports shall be submitted on Marin WMA-approved forms.

The due dates for these quarterly reports are as follows: first quarter (Jan.-Mar.) May 15<sup>th</sup>; second quarter (Apr.-Jun.) August 15<sup>th</sup>; third quarter (Jul.-Sep.) November 15<sup>th</sup>; and fourth quarter (Oct.-Dec.) February 15 of the following year. Should for any reason the Marin WMA cease to provide the state with countywide data, Company shall be responsible for providing, preparing and submitting all substantially equivalent data required by the California Integrated Waste Management Board.

11. Waste Transport.

In connection with this Agreement, the District hereby grants permission to Company to carry Solid Waste, Recyclable Materials and Green Waste through the public rights way of the District, subject to applicable ordinances or resolutions now in effect or hereafter enacted or adopted by the District, and subject to Section 7.00.070 of the Marin County Code, which states: "It is unlawful for any person to collect or carry garbage through the streets of county without first having secured a franchise or obtained a permit from the county to do so. Permits shall be issued without charge and shall not be denied unless the applicant has failed or refused to take reasonably adequate precautions to insure that county streets will not be littered as a consequence of his operations. (Ord. 1626 § 1 (part), 1968)".

12. Franchise Fee.

As consideration for the granting by the District to Company of rights and privileges under this Agreement, Company agrees to pay the District a seven-thousand dollar (\$7,000) annual franchise fee. Company agrees to pay seventy-thousand dollars (\$70,000), ten (10) years' franchise fees, in one lump sum, within 30 days of execution of new contract. In the event this Agreement is terminated for any reason prior to the expiration of the Term, the District will rebate a portion of the franchise fee, on a pro-rated basis.

13. Litter Control.

Company shall be diligent in all collection activities so as to provide sanitary and litter-free collection areas. Company shall use due care to prevent solid waste and/or liquids from leaking, being spilled, and/or scattered during the collection/transportation process. If any solid waste or fluids escape, leak, or spill, Company shall promptly clean up such spills or leaks. Company shall properly cover all open containers for transportation.

14. Complaint Resolution.

Company shall promptly investigate and correct, where appropriate, any complaint by customer(s) in the District with respect to its services or its employees. Company shall maintain a written record of all customer complaints and the actions taken by Company in response to these complaints. The District may request and promptly receive from Company an up-to-date written record of all customer complaints and actions taken by Company in response to these complaints.

15. Entire Understanding of Parties.

This Agreement contains the entire understanding and Agreement of the parties.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of April 1, 2003.

Dated: FEBRUARY 21, 2003

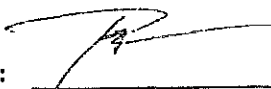
Dated: February 27, 2003

Bolinas Community Public  
Utility District

USA Waste of California, Inc.

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

By:   
\_\_\_\_\_  
Vice-President

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

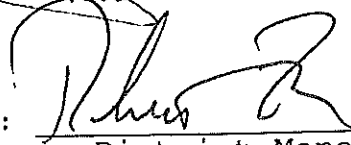
By:   
\_\_\_\_\_  
District Manager

EXHIBIT A

DESCRIPTION OF SERVICES

COLLECTION SERVICES

SOLID WASTE COLLECTION

*Single-Family Premises*

Contractor shall collect solid waste from single family premises once per week from Contractor provided carts with a 20, 32, 64 or 96 gallon (or similar sizes) as requested by the customer. Customer shall place cart at the curbside for collection by Contractor.

*Multi-Family Premises*

Contractor shall collect solid waste from multi-family premises not less than once per week. Contractor shall allow multi-family premises to use carts or bins for solid waste collection that are shared by the occupants of the multi-family premises. Contractor shall provide one or more carts or bins to such premises as requested by the owner provided that no less than 96 gallons (or similar volume) of capacity are provided for every four (4) dwelling units in the premises. Contractor shall provide each customer with a choice of one or more carts with capacities from 20 to 96 gallons (or similar sizes) or bins with capacity from 1 ½ to 4 cubic yards (or similar sizes). Contractor shall collect solid waste from carts or bins at a location selected by the customer and approved by the Contractor.

*Commercial Premises*

Contractor shall collect solid waste from commercial premises not less than once per week. Contractor shall collect solid waste from carts or bins at a location selected by the customer and approved by the Contractor. Contractor shall allow each commercial customer to select a collection service methodology that best suits the needs of its premises. The Contractor shall offer the following collection methodologies to commercial customers:

A. Individual bin or cart service. Contractor shall allow each commercial customer to use carts or bins for solid waste collection. Contractor shall provide each customer with a choice of one or more carts with capacities from 20 to 96 gallons (or similar sizes) or bins with capacity from 1 ½ to 4 cubic yards (or similar sizes).

B. Centralized bin or cart service. Contractor shall allow each commercial premise to use carts or bins that are

shared by the occupants of two or more adjacent commercial premises. In such case, Contractor shall provide one or more carts or bins as requested by customers provided that no less than 96 gallons (or similar volume) of container capacity is provided for every four (4) commercial premises. Contractor shall provide each customer with a choice of one or more carts with capacities from 20 to 96 gallons (or similar sizes) or bins with capacity from 1 ½ to 4 cubic yards (or similar sizes).

## RECYCLABLE MATERIALS COLLECTION

### *General*

Contractor shall collect recyclable materials that are commingled in the customer's recyclable materials collection container provided that the customer has separated the recyclable materials from solid waste.

### *Single Family Premises*

Contractor shall collect commingled recyclable materials from single-family premises once per week. Contractor shall provide each customer with a cart for recyclable materials. Contractor shall provide each customer with a 64 or 96-gallon (or similar sizes) cart. Customer shall place cart at the curbside for collection by Contractor.

### *Multi-Family Premises*

Contractor shall collect commingled recyclables from multi-family premises not less than once per week. Contractor shall allow multi-family premises to use carts or bins for recyclable materials collection that are shared by the occupants of the multi-family premises. Contractor shall provide one or more carts or bins to such premises as requested by the owner provided that no less than 96 gallons (or similar volume) of capacity are provided for every four (4) dwelling units in the premises. Contractor shall provide each customer with a choice of one or more carts with a capacity of not less than 96 gallons (or similar size) or bins with capacity from 1 ½ to 4 cubic yards (or similar sizes). Contractor shall collect recyclable materials from carts or bins at a location selected by the customer and approved by the Contractor.

### *Commercial Premises*

Contractor shall collect recyclable materials from commercial premises not less than once per week. Contractor shall collect recyclable materials from carts or bins at a location selected by the customer and approved by the Contractor. Contractor shall allow each commercial customer to select a collection service methodology that best suits the needs of its premises.

The Contractor shall offer the following collection methodologies to commercial customers:

C. Individual bin or cart service. Contractor shall allow each commercial customer to use carts or bins for recyclable materials collection. Contractor shall provide each customer with a choice of one or more carts with a capacity of not less than 96 gallons (or similar size) or bins with capacity from 1 ½ to 4 cubic yards (or similar sizes).

D. Centralized bin or cart service. Contractor shall allow each commercial premise to use carts or bins that are shared by the occupants of two or more adjacent commercial premises. In such case, Contractor shall provide one or more carts or bins as requested by customers provided that no less than 96 gallons (or similar volume) of container capacity is provided for every four (4) commercial premises. Contractor shall provide each customer with a choice of one or more carts with a capacity of not less than 96 gallons (or similar size) or bins with capacity from 1 ½ to 4 cubic yards (or similar sizes).

#### **GREEN WASTE COLLECTION**

##### *Single Family Premises*

Contractor shall collect source separated green waste materials from single-family premises once per week. Contractor shall provide each customer with a cart for recyclable materials. Contractor shall provide each customer with a 96-gallon (or similar size) cart. Customer shall place cart at the curbside for collection by Contractor.

#### **ANNUAL DISPOSAL COUPON**

##### *Single Family Premises*

Contractor shall provide each single family premise with a coupon that may be presented to the Redwood Landfill for free disposal of up to 3 cubic yards or one (1) ton of solid waste or one (1) standard household appliance delivered by the customer. Customer shall provide all transportation and labor related to such deliveries.



EXHIBIT B

RATE-SETTING METHODOLOGY

Rate Setting Formula: to be based on the Bay Area Consumer Price Index.

(a) *Policy Regarding Rates*

*Rates will be eligible for adjustment annually in conformance with this policy commencing January 1, 2004. The adjustment in rates, if any, which will take effect on January 1, 2004, and each January 1 thereafter, will be a percentage applied to each category of rates in effect for the year ending on the August 31 preceding. The adjustment applied to each category of service will be based on the percentage change in the monthly rate for residential service as determined by the formula below.*

(b) *Formula for Setting Rates*

*The adjustment to be applied is based on the following:  
Eighty-five percent (85%) of the annual change in the United States Department of Labor Consumer Price Index, as distributed by the Bureau of Labor Statistics for the Consolidated Metropolitan Statistical Area covering San Francisco-Oakland-San Jose (hereinafter referred to as "CPI", measured for the previous 12 months, ending August 31 of each year applied as a percentage to the current monthly rate for residential service. The annual change under this paragraph shall not exceed eight (8) percent.*

(c) *Extraordinary Review.*

*In the event extraordinary circumstances arise which would cause economic hardship to CONTRACTOR, a special request may be made for review. In such case, CONTRACTOR shall present additional information to DISTRICT substantiating the need for extraordinary relief*

(d) *Base Year*

*The rates for garbage service which will be in effect as of April 1, 2003, shall be deemed Base Rates for purposes of establishing a place from which to begin the application of adjustments as per the above formula. The Base Rates shall be as shown in Attachment A to the Contractor's proposal.*

EXHIBIT C

SCHEDULE OF RATES

Residential Carts

20 gallon \$10.30  
32 Gallon \$13.75  
64 Gallon \$28.80  
96 Gallon \$43.85

Commercial Carts

20 gallon \$10.30  
32 Gallon \$13.75  
64 Gallon \$28.80  
96 Gallon \$43.85

Recycling Only

All Carts \$2.77

Commercial Bins

1½ Cubic Yard \$162.18  
2 Cubic Yard \$235.00  
3 Cubic Yard \$308.13  
4 Cubic Yard \$381.32

Debris Boxes

20 Cubic Yard \$425.78

Residential Rates: weekly refuse, recycling and green waste collection

Commercial Rates: weekly refuse and recycling

Debris Box Rates: includes first 3 tons of disposal. Overages billed at landfill rates

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