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County of Santa Cruz

DEPARTMENT OF PUBLIC WORKS

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THOMAS L. BOLICH
DIRECTOR OF PUBLIC WORKS

**APPROVED AND FILED
BOARD OF SUPERVISORS**

DATE: 12/12/06
COUNTY OF SANTA CRUZ
SUSAN A. MAURIELLO
CLERK OF THE BOARD
BY: [Signature] DEPUTY

AGENDA: DECEMBER 12, 2006

November 30, 2006

SANTA CRUZ COUNTY BOARD OF SUPERVISORS
701 Ocean Street
Santa Cruz, California 95060

SUBJECT: REFUSE, RECYCLING AND YARDWASTE COLLECTION
AND PROCESSING SERVICES VENDOR SELECTION



Members of the Board:

After consideration of the four competitive proposals received for provision of collection services, on September 12, 2006, your Board awarded the next refuse, recycling and yardwaste collection and processing services franchise agreement to GreenWaste Recovery, Inc. (GWR) of San Jose and directed Public Works to complete negotiations on the final agreement. Services under this agreement are scheduled to commence on January 1, 2008. The proposed agreement with GWR for the subject services is on file with the Clerk of the Board.

Your Board has previously seen and approved the franchise agreement on a number of occasions throughout this process, which includes many improvements to the current services such as expanded commercial recycling, addition of a smaller 10-gallon refuse service level, and improved reporting requirements. This report will focus primarily on the added benefits and services included within the negotiated agreement with GWR that resulted from the proposal process and our subsequent negotiations.

GWR will be conducting all recycling and processing at its new materials recovery facility (MRF) under development in San Jose. The new facility is expected to be completed by fall 2007, but if the facility is not ready prior to commencement of services, GWR has secured added processing capacity at BLT Enterprises, a privately-owned processing facility in Fremont, as an alternate. As outlined in its proposal to the County, GWR's new MRF will also include a "dirty" sorting line that would be capable of sorting mixed refuse, and GWR has indicated a willingness to discuss how this added processing capacity could assist the County with other waste diversion activities in the future.

New regulations promulgated by the California Integrated Waste Management Board are now mandating that jurisdictions have plans for providing waste reduction and recycling services at large venues and events. GWR has agreed to new provisions in the franchise

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agreement that spell out the services required to comply with this new state mandate and has agreed to perform this community service at no added cost to the County or event sponsors. The new language can be found under Section 4.1 (Q) of the attached franchise agreement.

GWR has been in active negotiations with the labor representatives for the current employees of Waste Management (WM) and has agreed to accept the existing union representation and to offer employment to qualified WM employees wishing to continue working for GWR under the new franchise agreement. WM is working closely with GWR and the County to assure a smooth as possible transition to the new services and the transfer of employees. The revised language can be found under Section 2.1 (I) of the attached franchise agreement.

We are also very pleased to inform your Board that GWR has just hired Mr. Jim Moresco as its new general manager for the Santa Cruz area operations. Mr. Moresco has a long history of delivering quality recycling and waste collection services to our community from his early days as an employee of his father's trash collection business in South County to his most recent employment with WM as Regional General Manager of Santa Cruz County and Monterey County collection services. Mr. Moresco's experience and knowledge of the Santa Cruz County operations will be a great benefit to GWR and to our community as these new services are implemented.

Additional changes and agreement modifications include:

- Unlimited commercial recycling collections at no added cost to customers
- Use of cleaner burning bio-diesel fuels for all collection vehicles
- Location of new corporation yard on Industrial Road in Watsonville
- Increase in the "Life Line" discount rate for seniors and low-income customers from the proposed 10 percent to 15 percent, consistent with other comparable utility discounts
- Inclusion of the California Grey Bears in its public education and service implementation plans
- Purchase of all new collection vehicles, carts and bins
- Change of the rate escalation date from January 1 of each year to July 1 of each year to coincide with the typical date for any future landfill rate increases, in order to avoid two rate adjustments for customers each year (one for any pass-through increases in landfill fees approved by the County and one for the cost of living adjustments for the franchisee)
- Use of quieter automated and semi-automated collection vehicles to reduce early morning noise impacts and improve collection efficiencies

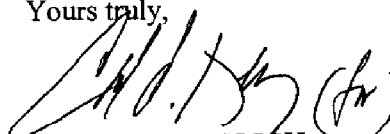
This agreement will continue to utilize the franchisee as the processor for both curbside yardwaste and self-hauled woodwaste received at both the Buena Vista Landfill and Ben Lomond Transfer Station. The County pays the franchisee for processing of the self-haul woodwaste taken to our facilities, which accounts for over 22 percent of the waste we divert from our landfill each year. Cost proposals received for this processing service during the franchise selection process ranged from \$28.85 per ton to over \$31.00 per ton. GWR's new pricing for this service will start at \$28.85 per ton, with annual cost of living adjustments, resulting in an estimated starting annual contract cost of \$850,000.00 for processing and marketing services for self-haul wood waste. GWR's woodwaste processing services will commence concurrent with start-up of the new franchise services on January 1, 2008; therefore, initial funding for this component of the franchise agreement with GWR will not occur until the 2007/2008 fiscal year.

There is one exception that GWR took with the proposed franchise agreement: the terms of the Performance Bond. GWR has requested that the bond be renewable on an annual basis instead running for the full ten-year term of the franchise period. Due to the size of the company, it has been unable to secure a ten-year bond for the entire term of the franchise agreement, as currently required. After discussing this matter with County Counsel, we have arrived at a mutually-agreeable solution that continues to provide the County with the level of protection needed, but keeps the bond requirements at a reasonable level for GWR. The initial term of the bond will be four years, which we all believe is the period in which a new franchisee will be most at risk of financial difficulty. After the first four years, the bond would be renewable annually with 90-day overlapping terms for each subsequent bond to assure the County has continuous, uninterrupted coverage. It is our opinion that this alternative bonding structure will provide us with a comparable level of security during the term of the agreement. The revised language can be found under Section 6.5 of the attached franchise agreement.

It is therefore recommended that the Board of Supervisors take the following action:

1. Approve the attached franchise agreement with GreenWaste Recovery, Inc. to provide refuse, recycling and yardwaste collection and processing services for a term through December 31, 2017.
2. Authorize the Director of Public Works to sign the agreement on behalf of the County.

Yours truly,


THOMAS L. BOLICH
Director of Public Works

TLB:RPM:ma

Attachments

RECOMMENDED FOR APPROVAL:


County Administrative Officer

Copy to: Frank Weigel, GreenWaste Recov
Carol Johnson, General Services
Public Works

	ROUTE DATA	COPY	ATT.
1	DIRECTOR		
3	ASST. DIR. SPEC. SVCS.		
	RECYCLING/SOLID WASTE		
	LANDFILL OPERATIONS		
	WATER CON/FLOOD CONT		
	STORM WATER MANG		
	CONSTRUCT ENG		
	SANITATION ENG		
	WATER & WASTEWATER		
	ASST. DIR. TRANSPORT.		
	ROAD OPS ENG		
	PERMITS/ENCROACH		
	DRAINAGE OPERATIONS		
	RD MAINT OPERATIONS		
	RDA ENG		
	ROAD DESIGN ENG		
	SURVEY/DEVELOPMT		
	TRANSP/RD PLANNING		
4	ASST. DIR. ADMIN. SVCS.		
	REAL PROPERTY/FLEET		
	CSA/PRGM ADMIN		
	SAFETY OFFICER/LIVE OAK P		
	PERSONNEL/MIS		

REFUSE, RECYCLING AND YARD WASTE SERVICES FRANCHISE

Granted by

THE COUNTY OF SANTA CRUZ, CALIFORNIA

to

GREENWASTE RECOVERY, INC.

Accepted on

December 12, 2006

12/12/06
#52

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REFUSE, RECYCLING AND YARD WASTE SERVICES FRANCHISE

THIS FRANCHISE (the "Franchise") is granted this 12th day DECEMBER, 2006, by the COUNTY OF SANTA CRUZ, a body corporate and politic and political subdivision of the State of California (hereafter "County"), to GREENWASTE RECOVERY, INC., a California corporation (hereafter "Franchisee").

RECITALS:

WHEREAS, the Legislature of the State of California, by enactment of the California Integrated Waste Management Act of 1989 ("AB 939") established a solid waste management process which requires cities and other local jurisdictions to implement source reduction, reuse and recycling as integrated waste management practices; and

WHEREAS, AB 939 authorizes and requires local agencies to make adequate provisions for solid waste handling within their jurisdictions; and

WHEREAS, the County is obligated to protect the public health and safety of the residents of the unincorporated areas of the County and has determined that arrangements by waste haulers for the collection of Solid Waste should be made in a manner consistent with the protection of public health and safety; and

WHEREAS, the Franchisee has represented and warranted to the County that it has the experience, responsibility, and qualifications to conduct the services detailed herein for the collection, safe transportation and processing or disposal of Franchise Materials as described herein; and

WHEREAS, Public Resources Code Section 40059 permits the County to impose terms and conditions on the award of a solid waste franchise if, in the opinion of the governing body, the public health, safety and well-being require the imposition of those terms and conditions; and

WHEREAS, the Board of Supervisors of the County of Santa Cruz determines and finds that, based on Franchisee's qualifications, past performance, financial strength as well as cost to the County, the proposal of the Franchisee to provide the solid waste handling services for single family residences, multi-family dwellings and commercial service customers, as

described in the Franchise Agreement, is in the best interest of the County of Santa Cruz and the public health, safety and well-being require the grant of a franchise on the terms contained in the proposed franchise agreement; and

WHEREAS, Chapter 7.20 of the County Code requires among other things that a commercial collector or transporter of solid waste be properly licensed or franchised to do so by the County of Santa Cruz, and

WHEREAS, the County Board of Supervisors adopted a resolution on December 12, 2006, authorizing the execution of this Agreement.

The County therefore grants the Franchisee the franchise described herein on the terms and conditions established hereby:

ARTICLE I DEFINITIONS

SECTION 1.1. DEFINITIONS. The following capitalized names and terms shall have the meanings set forth below:

"Act" means the California Integrated Waste Management Act of 1989 (Division 30 of the California Public Resources Code), as amended, supplemented, superseded and replaced from time to time.

"Appendix" means an appendix to this Franchise, as the same may be amended or modified from time to time in accordance with the terms hereof.

"Applicable Law" means any law, rule, regulation, requirement, guideline, permit, action, determination or order of any Governmental Body having jurisdiction, applicable from time to time to the Franchise Services; the Operating Assets; the siting, design, acquisition, permitting, construction, equipping, financing, ownership, possession, shakedown, testing, operation or maintenance of any of the Operating Assets; or any other transaction or matter contemplated hereby (including any of the foregoing which concern health, safety, fire, environmental protection, labor relations, mitigation monitoring plans, building codes, non-discrimination and the payment of minimum wages, and further including the County Code and the County Integrated Waste Management Plan).

"Bin" means any container, bin or compactor provided by and/or serviced by the Franchisee having a capacity of approximately one to nine cubic yards, meeting the specifications contained in Appendix C hereto.

"Bin Customer" means any person who subscribes to Bin service provided by the Franchisee pursuant to this Franchise.

"Bulky Goods" means large and small household appliances, furniture, tires, carpets, mattresses and similar large items of Solid Waste.

"Cart" means a receptacle meeting the requirements, and range of sizes and design standards of Appendix C for disposal of Franchise Refuse, Franchise Recyclables or Franchise Yard Waste..

"Cart Customer" means any person who subscribes to Cart Service provided by the Franchisee pursuant to this Franchise.

"Change in Law" means any of the following events or conditions which has a material and adverse effect on the performance by the parties of their respective obligations under this Franchise (except for payment obligations), or on the siting, design, permitting, acquisition, construction, equipping, financing, ownership, possession, management, operation or maintenance of the Operating Assets or other matters to which Applicable Law applies:

(1) the enactment, adoption, promulgation, issuance, modification, or written change in administrative or judicial interpretation on or after the Franchise Date of any Applicable Law; or

(2) the order or judgment of any Governmental Body, on or after the Franchise Date, to the extent such order or judgment is not the result of willful or negligent action, error or omission or lack of reasonable diligence of the County or of the Franchisee, whichever is asserting the occurrence of a Change in Law; provided, however, that the contesting in good faith or the failure in good faith to contest any such order or judgment shall not constitute or be construed as such a willful or negligent action, error or omission or lack of reasonable diligence.

"Commercial Premises" means any building or site in the Franchise Area, other than Residential Premises, from which any business, service, non-profit, governmental, institutional, commercial or industrial

activity is conducted, including without limitation motels, hotels, recreational vehicle parks, restaurants, professional offices, clubhouses, places of entertainment, manufacturing plants, and private schools.

"Containers" means Carts and Bins.

"County" means the **COUNTY OF SANTA CRUZ**, a body corporate and politic, and political subdivision of the State of California.

"County Code" means the Santa Cruz County Code, as the same may be amended, supplemented or modified from time to time.

"County Facility" means any building, park, beach access, rights of way or other site owned, leased or used regularly and significantly by employees or contractors of the County.

"County Indemnified Parties" has the meaning specified in Section 10.1 hereof.

"Customer" means any Cart Customer or Bin Customer.

"Customer Rates" means those rates or charges to be billed by the Franchisee and paid by Cart Customers and Bin Customers for franchise services received. . Except as provided for herein, the Customer Rates constitutes the entire compensation of the Franchisee for Franchise Services.

"Customer Rate Schedule" means the Customer Rate Schedule attached hereto as Appendix D

"Designated Disposal Site" means the facility or facilities designated by the County for the disposal of Franchise Refuse as specified in Section 4.7 (A).

"Director" means the Director of Public Works of the County, or his or her designated representative.

"Enclosure" means a walled or fenced storage area for Containers that is only accessible by a door or gate.

"Excluded Materials" means (1) Hazardous Waste, (2) Medical Waste, (3) Qualified Household Hazardous Waste, (4) Self-hauled Waste, and (5) Excluded Recyclable Materials.

"Excluded Recyclable Materials" has the meaning specified in Section 3.1(C)(1)

"Fees-and-Costs" means reasonable fees and expenses of employees, attorneys, architects, engineers, expert witnesses, contractors, consultants and other persons, and costs of transcripts, printing of briefs and records on appeal, copying and other reimbursed expenses, and expenses of any Legal Proceeding.

"Franchise" means this Refuse, Recycling and Yard Waste Services Franchise between the County and the Franchisee.

"Franchise Area" shall be that geographic area in the unincorporated area of the County so identified in Appendix A hereto.

"Franchise Date" means the date of execution of this Franchise by both parties hereto.

"Franchisee" means **GreenWaste Recovery, Inc.**, and its successors and assigns permitted hereby.

"Franchisee Operating Assets" means all real and personal property of any kind, which is owned, leased, managed or operated by or under contract to the Franchisee for providing the Franchise Services, including without limitation, containers, vehicles, transfer stations, processing facilities, maintenance and storage facilities, administrative facilities, and other equipment, machinery, parts, supplies and tools.

"Franchise Materials" means Solid Waste generated in the Franchise Area, and shall include Franchise Refuse, Franchise Recyclable Materials and Franchise Yard Waste; provided, however, that "Franchise Materials" shall not include Excluded Materials.

"Franchise Recyclable Materials" means that portion of Franchise Materials (other than Franchise Yard Waste) which is separated from other Franchise Materials for Recycling. "Franchise Recyclable Materials" include newspaper, cardboard, office paper, mixed waste paper (including junk mail, catalogs, kraft

bags and kraft paper, paperboard, egg cartons, phone books, brown paper, grocery bags, colored paper, construction paper, envelopes, legal pad backings, shoe boxes, cereal and other similar food boxes), computer paper, magazines, aseptic packaging, milk and juice cartons, glass, aluminum (cans, trays, foil and lids), tin cans and lids, steel cans and lids, bi-metal cans and lids, empty aerosol cans, metal scrap, appliances small enough to fit within the supplied recycling Container but no larger than 18" in any dimension or containing hazardous materials, PETE, HDPE, and mixed plastic containers (all types of #3 through #7), polyethylene film plastics (including grocery bags, dry cleaning bags, produce and bread bags, bubble wrap and other stretchable plastic films), used motor oil, used automotive oil filters, dry cell batteries and any other materials mutually agreed by the parties or designated in County Code Chapter 7.20.

"Franchise Refuse" means that portion of Franchise Materials which does not constitute Franchise Recyclable Materials or Franchise Yard Waste.

"Franchise Services" means all of the duties and obligations of the Franchisee hereunder.

"Franchise Yard Waste" means that portion of Franchise Materials, (other than Franchise Recyclable Materials) which is separated from other Franchise Materials for Recycling, consisting of all tree and plant trimmings, grass cuttings, dead plants, weeds, leaves, branches, Wood Waste dead trees, horse manure in quantities not exceeding two (2) 64-gallon carts per week per customer, and similar materials, and any other similar materials mutually agreed by the parties; provided, however, that Franchise Yard Waste shall not include any materials identified in Section 3.1 (C) or otherwise mutually agreed by the parties to be excluded from the definition.

"Franchise Year" means the fiscal year beginning on July 1 and ending on the following June 30, except that the first Franchise Year shall begin on the commencement of Franchise Services and end on the following June 30 and the last Franchise Year shall begin on the July 1 preceding the last day of the Term of this Franchise and end on such last day of the Term.

"Governmental Body" means any federal, State, county, city, local or regional legislative, executive, judicial or other governmental board, agency, authority, commission, administration, court or other body, or any officer thereof acting within the scope of his or her authority.

"Hazardous Waste" means (1) any waste which by reason of its quality, concentration, composition or physical, chemical or infectious characteristics may do either of the following: cause, or significantly contribute to, an increase in mortality or an increase in serious irreversible, or incapacitating reversible, illness, or pose a substantial threat or potential hazard to human health or the environment when improperly treated, stored, transported or disposed of or otherwise mismanaged, or any waste which is defined or regulated as a hazardous waste, toxic substance, hazardous chemical substance or mixture, or asbestos under Applicable Law, as amended from time to time including, but not limited to: (a) the Resource Conservation and Recovery Act and the regulations contained in 40 CFR Parts 260-281; (b) the Toxic Substance Control Act (15 U.S.C. Section 2601 et seq.) and the regulations contained in 40 CFR Parts 761-766; (c) the California Health and Safety Code, §25117 (West 1984 & Supp. 1991); (d) the California Public Resources Code, §40141; and (e) future additional or substitute federal, state or local laws pertaining to the identification, treatment, storage or disposal of toxic substances or hazardous wastes; and (2) radioactive materials which are source, special nuclear or by-product material as defined by the Atomic Energy Act of 1954 (42 U.S.C. Section 2011 et seq.) and the regulations contained in 10 CFR Part 40.

"Insurance Requirement" means any rule, regulation, code, or requirement issued by any fire insurance rating bureau or any body having similar functions or by any insurance company which has issued a policy with respect to the Operating Assets or the Franchise Services.

"Legal Entitlement" means all permits, licenses, approvals, authorizations, consents and entitlements of whatever kind and however described which are required under Applicable Law to be obtained or maintained by any person with respect to the Operating Assets or the performance of any obligation under this Franchise or the matters covered hereby.

"Legal Proceeding" means every action, suit, litigation, arbitration, administrative proceeding, and other legal or equitable proceeding having a bearing upon this Franchise.

"Loss-and-Expense" means any and all loss, liability, obligation, damage, delay, penalty, judgment, deposit, cost, claim, demand, charge, tax, or expense, including all Fees-And-Costs.

"Medical Waste" means waste capable of producing an infection or pertaining to or characterized by the presence of pathogens, including without limitation certain wastes generated by medical practitioners, hospitals, nursing homes, medical testing labs, mortuaries, taxidermists, veterinarians, veterinary hospitals and medical testing labs and any waste which includes animal wastes or parts from slaughterhouses or rendering plants.

"Operating Assets" means all collection vehicles, carts, bins, boxes, equipment, service equipment and trucks, real property dedicated to Franchised Services, and other necessary assets required to perform all Franchise Services defined herein.

"Premises" means any Residential Premises or Commercial Premises.

"Private Road" means any non-county maintained roadway providing primary vehicular access to three or more Commercial or Residential Premises within the unincorporated county.

"Public Refuse and Recycling Containers" means containers designated by the County for the collection of Franchise Refuse, Franchise Recyclable Materials or Recyclables at County Facilities or public places.

"Qualified Household Hazardous Waste" means waste materials determined by the State Integrated Waste Management Board, the Department of Health Services, the State Water Resources Control Board, or the Air Resources Board to be:

1. Of a nature that they must be listed as hazardous in State statutes and regulations;
2. Toxic/ignitable/corrosive/reactive; and
3. Carcinogenic/mutagenic/teratogenic; which are discarded from households as opposed to businesses. Qualified Household Hazardous Waste shall not include Hazardous Waste.

"Recyclables" means that portion of Solid Waste (other than Franchise Materials) which is separated from other Solid Waste for Recycling. "Recyclables" include newspaper, cardboard, office paper, mixed waste paper (including junk mail, catalogs, kraft bags and kraft paper, paperboard, egg carton, phone books, brown paper, grocery bags, colored paper, construction paper, envelopes, legal pad backings, shoe boxes, cereal and other similar food boxes), computer paper, magazines, aseptic packaging, milk and juice cartons, glass, aluminum (cans, trays, foil and lids), tin cans and lids, steel cans and lids, bi-metal cans and lids, empty aerosol cans, metal scrap and appliances small enough to fit within the supplied recycling Container but no larger than 18" in any dimension or containing hazardous materials, PETE, HDPE, and mixed plastic containers (all types of #3 through #7), polyethylene film plastics (including grocery bags, dry cleaning bags, produce and bread bags, bubble wrap and other stretchable plastic films), used motor oil, used automotive oil filters, dry cell batteries and any other materials mutually agreed by the parties or designated in County Code Chapter 7.20.

"Recyclables Processing Facility" shall mean the processing facility for Franchise Recyclable Materials and Recyclables specified in Section 4.1 (G) (3).

"Recycle," "Recycled" or "Recycling" means the process of separating, collecting, sorting, cleansing, treating, reconstituting or otherwise processing materials that are or would otherwise be disposed in a landfill and returning them to the economic mainstream in the form of raw material for new, reused or reconstituted products which meet the quality standards necessary to be used in the marketplace.

"Residential Premises" means any building in the County used for or designated as a residential dwelling, including condominium projects, apartments, duplexes, townhouse projects, or mobile home parks.

"Residue" means materials which remain after processing Franchise Recyclable Materials or Franchise Yard Waste which cannot be recycled, marketed, or otherwise utilized, including but not limited to materials such as rocks, contaminated paper, putrescibles and other debris.

"Routing and Collection System" means the routing and collection system (a description of which is attached hereto as Appendix I) for Franchise Materials which is utilized by the Franchisee to provide the Franchise Services, as it may be modified from time to time in accordance with Section 4.2 hereof.

"Self-Hauled Waste" means Solid Waste collected and hauled by Self-Haulers.

"Self-Hauler" means any person not engaged commercially in waste haulage that collects and hauls Solid Waste generated from residential, commercial or industrial activities conducted solely by such person.

"Solid Waste" means all garbage, refuse, rubbish and other materials and substances discarded or rejected as being spent, useless, worthless or in excess to the generator thereof at the time of such discard or rejection and which are normally disposed of by or collected from residential (single family and multi-family), commercial, industrial, governmental and institutional establishments, which are acceptable at Class III landfills under Applicable Law.

"Solid Waste Enterprise Fund" means the Solid Waste Enterprise Fund established and maintained by the County as an enterprise fund pursuant to the County Code separate from its other funds and accounts for receipts and disbursements in connection with County solid waste management services.

"State" means the State of California.

"Term" has the meaning specified in Article IX hereof

"Ton" means a "short ton" of 2,000 pounds.

"Uncontrollable Circumstance" means only the following acts, events or conditions, whether affecting the Operating Assets, the County, or the Franchisee, to the extent that it materially and adversely affects the ability of either party to perform any obligation under the Franchise (except for payment obligations), if such act, event or condition is beyond the reasonable control and is not also the result of the willful or negligent act, error or omission or failure to exercise reasonable diligence on the part of the party relying thereon as justification for not performing an obligation or complying with any condition required of such party under this Franchise; provided, however, that the contesting in good faith or the failure in good faith to contest such action or inaction shall not be construed as willful or negligent action or a lack of reasonable diligence of either party:

1. an act of nature (but not including reasonably anticipated weather conditions or short term impacts for the geographic area of the Franchise Services), hurricane, major landslide, lightning, earthquake, fire, explosion, flood, sabotage or similar occurrence, acts of a public enemy, extortion, war, blockade or insurrection, riot or civil disturbance;
2. a Change in Law;
3. the failure of any appropriate Governmental Body or private utility having operational jurisdiction in the area in which the Operating Assets are located to provide and maintain utilities, services, water and sewer lines and power transmission lines to the Operating Assets,

which are required for the performance of the Franchise Services and which directly results in a delay or curtailment of the performance of the Franchise Services; and

- 4 pre-emption of materials or services by a Governmental Body in connection with a public emergency or any condemnation or other taking by eminent domain of any portion of the Operating Assets.

It is specifically understood that none of the following acts or conditions shall constitute Uncontrollable Circumstances: (a) general economic conditions, interest or inflation rates, or currency fluctuation or changes in the cost or availability of fuel, commodities, supplies or equipment; (b) changes in the financial condition of the County, the Franchisee or any of its Affiliates or any subcontractor affecting their ability to perform their obligations; (c) the consequences of errors, neglect or omissions by the Franchisee, any of its Affiliates or any subcontractor of any tier in the performance of the Franchise Services; (d) the failure of the Franchisee to secure patents or licenses in connection with the technology necessary to perform its obligations hereunder; (e) union work rules, requirements or demands which have the effect of increasing the number of employees employed in connection with the Operating Assets or otherwise increase the cost to the Franchisee of operating and maintaining the Operating Assets or providing the Franchise Services; (f) strikes, work stoppages or other labor disputes or disturbances occurring with respect to any activity performed or to be performed by the Franchisee or any of the Franchisee's subcontractors or suppliers in connection with the Operating Assets or the Franchise Services; (g) any failure of any subcontractor or supplier to furnish labor, materials, service or equipment for any reason; (h) equipment failure; (i) any impact of prevailing wage law, customs or practices on the Franchisee's construction or operating costs; (j) changes in market prices for, or the unavailability of markets for, the sale or purchase of Franchise Recyclable Materials or Franchise Yard Waste, or (k) any act, event or circumstance occurring outside of the State of California.

"Wood Waste" means dimensional lumber, post-consumer and other wood products, pallets and tree trunks, all of which are without paint or chemical treatment of any kind.

"Yard Waste" means all tree and plant trimmings, grass cuttings, dead plants, weeds, leaves, branches, dead trees, horse manure in quantities not exceeding two (2) 64-gallon carts per week per customer, and similar materials, and any other similar materials mutually agreed by the parties; provided, however, that the parties hereto may, from time to time, mutually agree to exclude certain materials from or add certain materials to the definition.

"Yard Waste Processing Facility" means the facility for the processing of Franchise Yard Waste, Wood Waste, and other yard waste specified in Section 4.1(G)(10).

SECTION 1.2. INTERPRETATION. In this Franchise, unless the context otherwise requires:

(A) References Hereto. The terms "hereby," "hereof," "herein," "hereunder" and any similar terms refer to this Franchise, and the "hereafter" means after, and the term "heretofore" means before, the date of execution of this Franchise.

(B) Gender and Plurality. Words of the masculine gender mean and include correlative words of the feminine and neuter genders and words importing the singular number mean and include the plural number and vice versa.

(C) Persons. Words importing persons include firms, companies, associations, general partnerships, limited partnerships, trusts, business trusts, corporations, non-profit corporations and other legal entities, including Governmental Bodies, as well as individuals.

(D) Headings. The table of contents and any headings preceding the text of the Articles, Sections and subsections of this Franchise shall be solely for convenience of reference and shall not constitute a part of this Franchise, nor shall they affect its meaning, construction or effect.

(E) Entire Franchise. This Franchise contains the entire agreement between the parties hereto with respect to the transactions contemplated by this Franchise and nothing in this Franchise is intended to confer on any person other than the parties hereto and their respective permitted successors and assigns hereunder any rights or remedies under or by reason of this Franchise.

(F) Reference to Days. All references to days herein are to calendar days, including Saturdays, Sundays and holidays, except as otherwise specifically provided.

(G) Counterparts. This Franchise may be executed in any number of original counterparts. All such counterparts shall constitute but one and the same Franchise.

(H) Applicable Law. This Franchise shall be governed by and construed in accordance with the applicable laws of the State of California.

(I) Severability. If any clause, provision, subsection, Section or Article of this Franchise shall be determined to be invalid by any court of competent jurisdiction, then the parties hereto shall: (a) promptly meet and negotiate a substitute for such clause, provision, section or Article which shall, to the greatest extent legally permissible, effect the intent of the parties therein; (b) if necessary or desirable to accomplish item (a) above, apply to the court having declared such invalidity for a judicial construction of the invalidated portion of this Franchise; (c) negotiate such changes in, substitutions for or additions to the remaining provisions of this Franchise as may be necessary in addition to and in conjunction with items (a) and (b) above to effect the intent of the parties in the invalid provision. The invalidity of such clause, provision, subsection, Section or Article shall not affect any of the remaining provisions hereof, and this Franchise shall be construed and enforced as if such invalid portion did not exist. Notwithstanding the foregoing, however, the provisions of this Franchise reserving to the County the right and power to designate the Designated Disposal Site for Franchise Refuse, as provided in Section 4.7 hereof and otherwise herein, shall not be deemed to be severable from the other provisions hereof. In the event such provisions are held in any Legal Proceeding which is binding upon the County to be null, void, in excess of the County's powers or otherwise invalid or unenforceable, and the Franchisee as a result thereof, utilizes a disposal site other than the Designated Disposal Site, this entire Franchise shall immediately terminate without any liability of the County to the Franchisee.

(J) Defined Terms. The definitions set forth in Section 1.1 hereof shall control in the event of any conflict with the definitions used in the recitals hereto. Should there appear to be any uncertainty, ambiguity or discrepancy in terms or provisions hereof, or should any misunderstanding arise as to the interpretation to be placed upon any portion hereof or the performance required hereunder, the Director shall be consulted and his or her decision thereon shall be final and conclusive; provided, however, the foregoing shall not be construed as a waiver to any right of appeal or remedy available to Franchisee under law.

ARTICLE II
REPRESENTATIONS AND WARRANTIES OF THE FRANCHISEE

SECTION 2.1. REPRESENTATIONS AND WARRANTIES OF THE FRANCHISEE

The Franchisee, by acceptance of this Franchise, represents and warrants that:

(A) Existence and Powers. The Franchisee is duly organized and validly existing as a corporation under the laws of the State of California, with full legal right, power and authority to enter into and perform its obligations under this Franchise.

(B) Due Authorization and Binding Obligation. The Franchisee has duly authorized the execution and delivery of this Franchise. This Franchise has been duly executed and delivered by the Franchisee and constitutes the legal, valid and binding obligation of the Franchisee, enforceable against the Franchisee in accordance with its terms except insofar as such enforcement may be affected by bankruptcy, insolvency, moratorium and other laws affecting creditors' rights generally.

(C) No Conflict. Neither the execution nor the delivery by the Franchisee of this Franchise nor the performance by the Franchisee of its obligations hereunder (1) conflicts with, violates or results in a breach of any law or governmental regulations applicable to the Franchisee; (2) conflicts with, violates or results in a breach of any term or condition of any judgment, decree, agreement (including, without limitation, the certificate of incorporation of the Franchisee) or instrument to which the Franchisee is a party or by which the Franchisee or any of its properties or assets are bound, or constitutes a default under any such judgment, decree, agreement or instrument, or (3) will result in the creation or imposition of any encumbrance of any nature whatsoever upon any of the properties or assets of the Franchisee.

(D) No Litigation. There is no action, suit or other proceeding as of the Franchise Date, at law or in equity, before or by any court or governmental authority, pending or, to the Franchisee's best knowledge, threatened against the Franchisee which is likely to result in an unfavorable decision, ruling or finding which would materially and adversely affect the validity or enforceability of this Franchise or any such agreement or instrument entered into by the Franchisee in connection with the transactions contemplated hereby, or which would materially and adversely affect the performance by the Franchisee of its obligations hereunder or by the Franchisee under any such other agreement or instrument.

(E) No Legal Prohibition. The Franchisee has no knowledge of any Applicable Law in effect on the Franchise Date which would prohibit the performance by the Franchisee of this Franchise and the transactions contemplated hereby.

(F) Information Supplied by the Franchisee. The information supplied by the Franchisee in all submittals made in connection with negotiation and execution of this Franchise is correct and complete in all material respects. Franchisee's competitive proposal, dated June 23, 2006, and all supplemental information provided for the services defined herein are hereby incorporated into this agreement by reference.

(G) Waiver of Certain Rights. The Franchisee hereby:

1. Waives any right it may possess to contest the legal right, power or authority of the County to enter into and perform this Franchise, including particularly the provisions thereof providing for the delivery to the Designated Disposal Site of Franchise Materials which are not diverted from landfill disposal, and agrees to cooperate with and assist the County in supporting the legal validity of and authorization for such provisions in the event of any legal challenge thereto brought or made in any manner by a third party; and

2. Agrees to observe and comply with the operating rules and regulations established by the County with respect to the Designated Disposal Site, including without limitation those governing delivery procedures, receiving hours, vehicle and waste inspection, Hazardous Waste screening, litter control and safety measures.

(H) Free Market Decision. The Franchisee, without constraint and as a free market business decision in accepting this Franchise, agrees to use the Designated Disposal Site for disposal of Franchise Refuse and such decision in no way constitutes a restraint of trade notwithstanding any change in law regarding flow control limitations or any definition thereof.

(I) Labor Organization. The County and the Franchisee agree to the following procedure for the purpose of ensuring an orderly environment for the exercise by the Franchisee's employees of their rights under Section 7 of the National Labor Relations Act. This procedure is intended to avert picketing and/or other economic action directed at the Franchisee in the event a union decides to conduct an organizing campaign at any of the Franchisee's operations where a union does not serve as an exclusive authorized representative. The Franchisee recognizes and agrees to comply with provisions of the National Labor Relations Act and other applicable labor laws which includes, but is not limited to, guaranteeing workers the right to form or select any labor organization to act as the workers' exclusive bargaining representative for the purpose of collective bargaining with the Franchisee, or to refrain from such activity. To the extent required by the National Labor Relations Act, the Franchisee shall maintain a position of neutrality on all lawful efforts to unionize Franchise employees. The Franchisee shall not undertake unlawful efforts to support or oppose any selection by such employees of a collective bargaining agent or any particular union.

Franchisee agrees to offer continuing employment under this Franchise Agreement to Waste Management of Santa Cruz County employees who are providing services under the 1997 Franchise Agreement between the County and Waste Management of Santa Cruz County at the time of expiration of that 1997 Franchise Agreement. To the extent such continuing Waste Management of Santa Cruz County employees elect to continue union representation by a designated union, upon request of the employees' current union representative, Franchisee agrees to accept the terms of the employees' prior union contract with Waste Management of Santa Cruz County, in effect at the time of execution of this agreement.

(J) Living Wage. This agreement is subject to the provisions of Santa Cruz County Code Chapter 2.122, requiring payment of a living wage to covered employees. Non-compliance during the term of the contract will be considered a material breach and may result in termination of the Agreement or pursuit of other legal or administrative remedies.

If a contract for Living Wage covered services in excess of \$50,000 is terminated prior to its expiration, any new contract with a subsequent contractor for the same services must include this term:

"CONTRACTOR shall make best efforts to offer employment to qualified employees of the prior contractor for the performance of this contract. Such efforts shall not be required in regard to employees who are (1) exempt under the Fair Labor Standards Act, (2) family members of the prior contractor, (3) employed by the prior contractor for less than six months, or (4) convicted of a job-related or workplace crime. Upon request by the COUNTY, the CONTRACTOR shall demonstrate to the COUNTY that good faith efforts have been made to comply with this provision."

ARTICLE III FRANCHISE

SECTION 3.1. GRANT AND ACCEPTANCE OF FRANCHISE.

(A) Franchise Service. Pursuant to Section 7.20 of the County Code and Sections 40059 of the Act, the County hereby grants an exclusive franchise, license and privilege, on the terms and conditions set forth herein, to the Franchisee for continuing the service in the Franchise Area in the County of collecting, transporting, handling, processing and/or disposing of Franchise Materials. By its executed acceptance hereof the Franchisee accepts the franchise, license and privilege so granted by the County on and subject to the terms and conditions contained herein and in Section 7.20 of the County Code, and agrees to perform all of the duties and obligations of a franchisee there under. Specifically, the Franchisee agrees to provide Franchise Services to any person within the Franchise Area requesting such service, subject to the payment by such person of the Customer Rates specified in this Franchise. The Franchisee shall provide either Cart or Bin service, as requested by the customer.

(B) Franchise Area. The area with respect to which this Franchise is granted is the Franchise Area described in Appendix A. In the event that any portion of the Franchise Area is annexed by a city in the County, or by another County, and generators in the annexed area no longer receive Franchise Services, the Franchisee shall not be entitled to any compensation in excess of that specifically provided hereunder or any adjustment in the Customer Rates

(C) Exceptions to Franchise. The franchise, license and privilege granted in subsection 3.1(A) hereof shall not give the Franchisee any right or responsibility with respect to Excluded Materials or to the materials described below. The granting of this Franchise shall not preclude the categories of materials described below from being delivered to and collected and transported by others, provided that nothing in this Franchise is intended to or shall be construed to excuse any person from applying for and receiving any authorization from the County which is otherwise required by law:

1. Materials (Materials described in this clause (1.) shall constitute "Excluded Recyclable Materials") which would otherwise constitute Franchise Recyclable Materials but which are not deposited in Bins or Carts or other containers provided by the Franchisee, or properly bundled or packaged and placed alongside same, and are (i) collected by youth, civic, and charitable organizations, and private recyclers (with or without payment or compensation of any type by the generator of such materials to such collectors) and (ii) comprised of loads at least 90% of each load of which are actually Recycled, and are not deposited in landfills for disposal;
2. Materials which would otherwise constitute Franchise Materials removed from a premises by a contractor as an incidental part of a gardening, landscaping, tree trimming, cleaning, maintenance, construction or similar service offered by that contractor rather than as a hauling service;
3. Dead animals and animal waste and remains from slaughterhouses or butcher shops;
4. By-products of sewage treatment, including sludge, grit and screenings;
5. Material contained in roll-off (debris box) containers or compactor bins of 10 cubic yards or larger, as specified by the County.

6. Customers of Valley Trash located within the Franchise Area, not exceeding 300 at any one time, provided that Valley Trash shall, at the time of commencement of Franchise Services under this agreement, 1) provide weekly curbside recycling collection services to all its' customers in compliance with the County Mandatory Recycling Ordinance adopted June 21, 2005 and as amended in the future, 2) report recycling tonnages to the County quarterly in a form mutually agreed upon, and 3) provide the County with a complete list of all customers annually to verify compliance with the customer limit described above.

Further, the provisions of this Franchise shall not preclude or prohibit County or any officer or employer thereof or any employee of the State of California, or any governmental subdivision thereof, from collecting, removing, and disposing of Solid Waste from County or state facilities. In addition, the provisions of this Franchise shall not preclude or prohibit the owner or occupant of any Premises from collecting, removing and disposing of Solid Waste, Recyclables, Wood Waste or Yard Waste generated on such Premises.

(D) Haulage by Third Parties. This Franchise shall not prohibit haulers of Solid Waste other than Franchise Materials from hauling such waste over County streets in accordance with Applicable Law.

(E) Use of Highway 17 for transport of Franchise Materials. Notwithstanding any other terms or provisions of this agreement, the Franchisee shall be prohibited from utilizing Highway 17 for transport of Franchise Materials out of County, unless Franchise Materials have been consolidated for transportation into large transfer vehicles of 50 cubic yards in capacity or larger; for ingress and egress of collection vehicles from corporation facilities whether permanent or temporary, located out of County; or for collection vehicle maintenance out of County. Use of Highway 17 during periods of County declared emergencies or closures of other primary access routes may be approved by the Director upon written request from the Franchisee.

SECTION 3.2. ASSIGNMENT AND TRANSFER OF FRANCHISE.

(A) Consent of County Required. This Franchise shall not be transferred, sold, pledged, hypothecated, leased, or assigned, nor shall any of the rights or privileges herein be transferred, sold, pledged, hypothecated, leased or assigned, either in whole or in part, nor shall title hereto or thereto, either legal or equitable, or any right, interest, or property herein or therein, pass to or vest in any person, except the Franchisee, either by action or inaction of the Franchisee or by operation of law, without the prior written consent of the County, which may not be unreasonably withheld or delayed. Any attempt by the Franchisee to effectuate any of the foregoing without the consent of the County shall be null and void.

(B) Imposition of Conditions. The County may impose conditions and restrictions on any approval it may elect to give of any transaction described in Sections 3.2(A) and 3.3 hereof, including without limitation conditions relating to payment of all costs relating to such transfer and an additional fee of \$10,000 and requiring acceptance of amendments of this Franchise.

SECTION 3.3. CHANGE IN FRANCHISEE OWNERSHIP OR CONTROL.

(A) Current Ownership and Control. The Franchisee represents that, as of the date of this agreement, the Franchisee is owned by GreenWaste Recovery, Inc., a California corporation.

(B) Maintenance of Corporate Existence. The Franchisee covenants that during the Term of this Franchise it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets, and will not take any other action which would materially impair the ability of the Franchisee to perform the Franchise Service.

(C) Consolidation, Merger, Sale, Transfer and Change in Control. The Franchisee shall not, without the prior written consent of the County, which may not be unreasonably withheld or delayed, acquire any entity, consolidate with or merge with another entity, or permit one or more other entities to consolidate with or merge into it for the sole purpose of performing the Franchise Services hereunder.

(D) Transfer of Voting Stock. The County's prior written consent, which may not be unreasonably withheld or delayed, shall be required for the sale or transfer by any means, whether by agreement or by operation of law (including transfers resulting from death, bankruptcy or divorce) of a majority of the voting stock of the Franchisee to an entity for the sole purpose of performing the Franchise Services hereunder.

SECTION 3.4. PAYMENT OF CERTAIN COSTS BY FRANCHISEE. If the Franchisee requests the consent of the County for any transaction described in Section 3.2 or Section 3.3 hereof, the Franchisee shall reimburse the County for all costs and expenses incurred by the County in reviewing, examining, analyzing and acting on the request, including all direct and indirect administrative expenses of the County and consultants and attorneys' fees and expenses. If approved, the Franchisee shall pay a transfer fee in the amount of \$10,000 as described in Section 3.2(B). Bills shall be supported with evidence of the expense or cost incurred. The Franchisee shall pay such bills within thirty (30) days of receipt.

SECTION 3.5. EFFECT ON PRIOR AGREEMENTS. The parties acknowledge that as of the Franchise Date, the Refuse, Recycling and Yard Waste Services Agreement, dated February 25, 1997, and as periodically amended, is in effect between the County and Waste Management of Santa Cruz County.

The above agreement will continue in full force and effect through commencement of Franchise Services under this agreement. On January 1, 2008, which is the date on which the Franchisee is required to commence services pursuant to this Franchise, the prior agreement with Waste Management of Santa Cruz County will be superseded by this Franchise, and will be terminated.

ARTICLE IV SERVICES

SECTION 4.1. COLLECTION AND PROCESSING SERVICES.

(A) Commencement of Service. Commencing January 1, 2008, the Franchisee shall provide the Franchise Services, as more particularly described below and implemented according to this Franchise and the Franchisee's approved Service Implementation Plan in Appendix F.

(B) Cart Services.

1. Franchise Refuse Collection. The Franchisee shall collect and deliver to the Designated Disposal Site all Franchise Refuse generated by Cart Customers and delivered for collection not less than once per week. Collection will be performed with collection vehicles (as described in Appendix C) appropriate in each case to provide service to the particular Cart Customers in the Franchise Area, using 10, 20, 35, 65 or 95 gallon carts (based on the Cart size and service level requested by such Cart Customer). Additional Carts are to be made available to customers upon request at the additional cost specified in Appendix D.
2. Franchise Recyclable Materials Collection. The Franchisee shall collect and deliver to the Recyclables Processing Facility all Franchise Recyclables generated by Cart Customers and delivered for collection not less than once per week. Collection shall be performed with dedicated recycling collection vehicles or other vehicles (as described in Appendix C) appropriate in each case to provide service to the particular Cart Customers in the Franchise Area using stackable crates and 65-gallon carts. Additional Carts for Franchise Recyclable Materials are to be made available to Cart Customers upon request at the cart rental rates specified in Appendix D.
3. Franchise Yard Waste Collection. The Franchisee shall collect all Franchise Yard Waste generated by Cart Customers not less than once per week. The Franchisee shall deliver the Franchise Yard Waste to the Yard Waste Processing Facility designated under this Franchise. Collection will be performed with collection vehicles (as described in Appendix C) appropriate in each case to provide service to the particular Cart Customers in the Franchise Area, using 65 gallon Carts. Customers may request a total of two (2) Yard Waste carts at no charge. Additional Carts for Franchise Yard Waste are to be made available to Customers upon request at the additional cart rental rates specified in Appendix D. Notwithstanding the foregoing, the Franchisee shall not be required to collect Franchise Yard Waste from certain Cart Customers, such as Commercial Premises not requiring Yard Waste collection services or some difficult to access Residential Premises served by mini-packers, as identified by the Director. Franchisee shall provide home compost or worm compost bins in accordance with Section 4.3 (C) 5.
4. Special Services. The Franchisee shall provide, without charge or compensation, special manual carry-out services for those Cart Customers who are determined by the Director, to have difficulty doing so themselves due to physical disabilities or frailty.
5. Overages. The Franchisee shall only be required to collect Franchise Materials deposited for collection by Customers which are in excess of the amount of materials which the Customer is entitled to deposit for collection if such excess Franchise Materials are properly bundled or packaged. If such materials are Franchise Recyclable Materials or Franchise Yard Waste, the

Franchisee shall not be entitled to any additional compensation for the collection thereof. If such materials are Franchise Refuse, the Franchisee shall be entitled to the fee with respect thereto described in Appendix D. Franchisee shall include appropriate instructions for bundling or packaging of overages in all Customer service instructions.

6. Free Trial Subscriptions. The Franchisee shall provide without charge or compensation, "Free Trial Cart Service" for a minimum period of 30 days to Residential Premises within the Franchise Zone not required by County ordinance to subscribe to Cart Service. The Free Trial Cart Service shall include all Franchise Services available to Cart Customers up to and including 95 gallon Franchise Refuse Service. The Free Trial Cart Service offer shall commence within 12 months of the commencement of Franchise Services and be offered once to all Residential Premises within the Franchise Zone not required by County ordinance to subscribe to Cart Service. The scheduling and designation of geographical areas of the Franchise Zone which include such Residential Premises to receive the Free Trial Service at any given time shall be approved by the Director through mutual agreement with the Franchisee.
 7. Difficult Services on Private Roads and Residential Driveways over 100 feet in length. The Franchisee shall use appropriately sized collection vehicles, as defined in Appendix C, for Franchise Services provided on Private Roads. If the majority of Customers on a Private Road request, in writing, that the Franchisee use a smaller collection vehicle than would have otherwise been normally used by the Franchisee in accordance with Appendix C, then the Franchisee shall be entitled to additional compensation above the established rate for each service as defined in Appendix D, Customer Rates. County and Franchisee shall cooperatively develop procedures for implementing this provision. The Franchisee shall also be entitled to additional compensation in accordance with Appendix D for providing Franchise Services on residential driveways where the Franchisee must travel in excess of 100 feet from Public or Private Roads to service Residential Customers. The Franchisee shall not be required to traverse residential driveways on foot over 200 feet from the nearest public or Private Road.
 8. Service Disruptions Due to Acts of Nature. Storms and other Acts of Nature occasionally disrupt service due to mud slides, downed trees and other road damage that limits vehicle access. In the event a road is not accessible by Franchise collection vehicles, the Franchisee shall first attempt to access the area via an alternate route. If there is no alternate route, the Franchisee shall notify all affected Customers on the same day of service that collection is disrupted due to an Act of Nature. Customer shall be offered two options, and they can either double-up their refuse, recycling and yardwaste materials the following week at no additional charge, or the Franchisee shall provide a pro-rated discount for all missed pick-ups for the duration of the service disruption. Franchisee shall prepare, with County approval, direction for how Customers can utilize the double-up feature, such as how extras are to be contained.
- (C) Bin Services.
1. Franchise Refuse Collection. The Franchisee shall collect and deliver to the Designated Disposal Site all Franchise Refuse generated by Bin Customers, as scheduled with such Bin Customers, but not less than once per week. The collection shall be performed with collection vehicles using Bins provided by the Franchisee.

2. Franchise Recyclable Materials Collection. The Franchisee shall collect and deliver to the Recyclables Processing Facility all Franchise Recyclable Materials generated by Bin Customers as scheduled with such Bin Customers. At a minimum, the Franchisee shall provide Containers and a collection frequency that provides for collection of Franchise Recyclable Materials equal in capacity to 100 percent (100%) of the Customer's weekly refuse collection capacity, at no additional charge. Customers may request additional recycling capacity at 200 percent (200%), 300 percent (300%) or 400 percent (400%) of their weekly refuse collection capacity for an added surcharge as listed in Appendix D. Customers utilizing compactors for refuse collection shall be provided with a minimum recycling capacity equal in capacity to 200 percent (200%) of the Customer's weekly refuse collection capacity, at no additional charge. Compactor Customers may request additional recycling capacity at 300 percent (300%) or 400 percent (400%) of their weekly refuse collection capacity for an added surcharge as listed in Appendix D. Franchisee shall provide appropriately sized Containers and collection at a frequency adequate to meet each Bin Customer's Container storage space and weekly capacity needs. All public and private schools within the Franchise Area subscribing to Franchise Services shall be provided unlimited recycling capacity as requested by each school to meet the Waste Free Schools program goals and objectives. The Franchisee shall not be entitled to any additional compensation (beyond the Bin Customer Franchise Refuse Customer Rates identified in Appendix D) for providing such Cart(s) for the collection of Franchise Recyclable Materials or the weekly collection of Franchise Recyclable Materials placed therein by the Bin Customer. The collection will be performed with collection vehicles as specified in Appendix C using Carts or Bins provided by the Franchisee.

(D) County Services.

1. County Facilities. The Franchisee shall, without charge or compensation, collect Franchise Refuse and Franchise Recyclable Materials from specified County Facilities or County sponsored recycling collection facilities identified in Appendices E and M, and as mutually amended to meet future County needs
2. Public Refuse and Recycling Containers. The Franchisee shall, without charge or compensation, collect Solid Waste and Recyclables from Public Refuse Containers and Public Recycling Containers located at town centers, beaches, parks and other County facilities in the unincorporated area at locations and schedule identified in Appendix E and at such locations and schedule as may be modified from time to time by the Director. The County reserves the right to change or add new sites and to increase the number of containers up to 10% of that listed in Appendix E. Increases above 10% shall require consent of the Franchisee.
3. Cleanup Events. The Franchisee shall provide, without charge or compensation, a total of eight, 40-cubic yard collection containers (or such other size containers as may be designated by the Director) per year for the disposal of Solid Waste and a total of eight, 40-cubic yard collection containers (or such other size containers as may be designated by the Director) per year for the collection of Recyclables at events designated by the Director (such as the Coastal Cleanup and River Cleanup) and shall empty such containers, as needed, during such special events. The Franchisee shall deliver drop boxes to specified sites and then dispose of the Solid Waste at the Designated Disposal Site(s) and process the Recyclables at the

Recyclables Processing Facility. The Franchisee shall not be responsible for paying for the disposal costs relating to the Franchise Refuse collected pursuant to this provision; provided, however, the Franchisee will bear the costs of processing and marketing the Recyclables.

4. Illegal Dumping Abatement. Upon request of the Director, the Franchisee shall within seven days collect and remove from the County's streets, alleys, parks and other public areas which are located in the unincorporated area of the County, Bulky Goods and Solid Waste in any volume which has been unlawfully abandoned or discarded. For any such collection the Franchisee shall receive compensation from the County on the basis of time and materials at the rates specified in Appendix D; provided, however, that the County shall be entitled to receive the first \$2,500 worth of such services free in each Franchise Year. The County shall provide free disposal at the Designated Disposal Site for materials collected by the Franchisee pursuant to this subsection (4.). The Franchisee shall create a specific work order in response to each call received by the Director with a quarterly report as defined in Appendix B, Reporting Requirements.

(E) Bulky Goods. The Franchisee shall collect Bulky Goods and excess amounts of Franchise Materials from Cart Customers and Bin Customers in accordance with this Section at the rates specified in Appendix D. To arrange for a bulky goods pickup, a Customer must call the local office of the Franchisee Monday through Friday between the hours of 8:00 a.m. and 5:00 p.m. to arrange for a mutually acceptable time and day for the collection of said material. The Franchisee shall then pick up the material at the agreed upon day and time. Unless otherwise agreed by the Customer, this day and time shall be within the week following the date when the Customer first called for this service. The Franchisee shall deliver the collected Bulky Goods to the Designated Disposal Site. The Franchisee shall charge the Customer according to the Acceptance policies of the Designated Disposal Site. If the Bulky Good is accepted at no charge for recycling, the Franchisee shall not be charged a fee for delivery of bulky goods to the Designated Disposal Site, otherwise all other applicable fees shall apply to Bulky Goods delivered.

(F) Annual Cleanup. During the course of each Franchise Year, the Franchisee shall, without charge or compensation, undertake an "Annual Cleanup" program, pursuant to which the Franchisee shall collect and remove up to ten (10) cans, bags or bundles of Franchise Materials placed at the defined road edge by any Residential Premises Customers in accordance with policies outlined in Appendix I. The Franchisee shall also provide in-kind Annual Cleanup services to all non-Customers located along Franchise routes upon request by such non-Customers and for a fee, as provided for in Appendix D. Bulky Goods shall also be collected during the County Sponsored Spring and Fall Annual Clean-up at 50 percent discount over the Bulky Goods collection rate specified in Appendix D. The Franchisee shall segregate all Franchise Recyclable Materials, Franchise Yard Waste and Bulky Goods and process them for reuse or recycling. The Franchisee shall deliver the collected Bulky Goods to the Designated Disposal Site. The Franchisee shall charge the Customer according to the Acceptance policies of the Designated Disposal Site. If the Bulky Good is accepted at no charge for recycling, the Franchisee shall not be charged a fee for delivery of bulky goods to the Designated Disposal Site, otherwise all other applicable fees shall apply to Bulky Goods delivered.

(G) Processing Services.

1. Recyclables Processing and Marketing. The Franchisee shall be responsible for the following activities:
 - a. the receipt, storage, and processing of all Franchise Recyclable Materials collected by the Franchisee at the Franchisee's Recyclables Processing Facility;

- b. the transfer, receipt, storage and processing of all Franchise Recyclable Materials and other Recyclables from the drop-off centers at the Ben Lomond Transfer Station and the Buena Vista Landfill to the Franchisee's Recyclables Processing Facility, as requested by the operators of such drop-off centers, in accordance with Appendix M;
 - c. the provision, operation and maintenance of a Recyclables Processing Facility with a guaranteed processing capacity sufficient to receive and process all Franchise Recyclable Materials and other Recyclables collected or delivered under this Franchise, and adequate storage capacity for the handling and disposition of products recovered from the processing of such materials and processing Residues; allowing the County reasonable access to the Facility in order for the County to inspect and review operations at such Facility; providing tours of such facility to schools and other interested civic groups;
 - d. the coordination of Recyclables processing methodologies and technologies with Franchise Recyclable Materials collection services in order to maximize the efficiency and cost effectiveness of diversion of Franchise Recyclable Materials from landfill disposal;
 - e. the marketing of products recovered from the processing of Franchise Recyclable Materials in accordance with the Marketing Plan submitted by the Franchisee under this Franchise for approval by the Director. The Franchisee shall meet with County quarterly, or at less frequent intervals specified by County, to review Franchisee's marketing plan. Said Plan shall indicate how Franchisee tracks Franchise Recyclables received, processed and marketed separately from recyclables received, processed and marketed for other jurisdictions at the Designated Recyclables Processing Facility and shall ensure that all materials defined as Franchise Recyclables are sold or otherwise sent for reuse or remanufacturing and not disposed as Residue.
 - f. the completion of a waste characterization study on the MRF residue twice per year, with the methodology and dates of study to be defined in consultation with County. County shall be notified one week before study is carried out and shall be present as an observer during study. Results of the study shall be reported to the County in an electronic format acceptable to the County no later than one month after the sampling is completed.
 - g. the separation of plastic and paper materials from inert materials in the residue, and delivery, in separated condition, to a Designated Disposal site, upon the Director's request, should the County undertake waste conversion processing of refuse residuals during the term of this Franchise.
2. Payment of Recyclables Processing, Marketing and Residue Disposal Costs. The Franchisee shall be responsible for the payment of all costs and expenses associated with the transportation, processing and marketing of Franchise Recyclable Materials and other Recyclables collected or delivered under this Franchise, including any costs incurred by the Franchisee with respect to the Recyclables Processing Facility. In addition, the Franchisee shall bear the costs of and is solely responsible for the proper and lawful disposal of all processing Residues at the Designated Disposal Site or an alternate site as approved by the Director.
3. Designation of Recyclables Processing Facility. The County and the Franchisee agree that the designated Recyclables Processing Facility under this Franchise shall be located at: Green

Waste Recovery, Inc., 625 Charles Street, San Jose, California or as an alternate facility at **BLT Enterprises, 41149 Boyce Road, Fremont, California**. The Franchisee shall not process Franchise Recyclable Materials at any other facility without the prior written approval of the County. The design capacity of the facility shall have a minimum of 150 tons per day dedicated to the County of Santa Cruz. The processing Residue shall amount to no more than 10 percent of the total tonnage of material delivered to the Recyclables Processing Facility for the first 12 months of Franchise Services and 5 percent of the total tonnage of material delivered to the Recyclables Processing Facility thereafter. Residue levels may be adjusted only if the Franchisee can demonstrate that one or more of the listed Franchise Recyclable Materials cannot be marketed and the County elects to continue collection of these materials as Franchise Recyclable Materials until such markets become available.

4. Personnel. The Franchisee shall work with appropriate community organizations approved by the Director to provide employment opportunities at the Recyclables Processing Facility for developmentally disabled and physically handicapped workers.
5. County Designation of Facility in Certain Circumstances. The County may designate an alternative processing facility for the temporary or permanent receipt, storage, and/or processing of Recyclables collected or delivered under this Franchise in the event that the Franchisee is unable, or otherwise fails or refuses, to receive and process such Recyclables in accordance to this Franchise. The Franchisee shall be responsible for all costs associated with the use of such alternate facility, including the cost of transportation and the payment of any tipping or processing fees or other costs payable to the owner or operator of any such alternate facility designated by the County due to the unavailability of the Recyclables Processing Facility unless such unavailability of the Processing Facility is due to an Uncontrollable Circumstance, in which case the Franchisee shall be entitled to additional compensation based on satisfactory evidence of its additional costs.
6. Franchisee Responsibility for Marketing. The County shall have no responsibility for the availability of markets for recycled products, nor shall it have any liability associated with or resulting from the markets for, or end-uses of, recycled products, and the Franchisee shall indemnify and hold the County harmless from same. Notwithstanding the foregoing, the Franchisee agrees to aggressively explore its ability to collect, process, and market additional materials, such as textiles.
7. Recycling Market Development Zone. The Franchisee shall make recyclables available to remanufacturing businesses, identified by the Director, within the Central Coast Recycling Market Development Zone at the prevailing market prices for those Franchise Recyclable Materials, or at such other prices agreed to by the parties hereto. The Franchisee will use reasonable efforts to process Franchise Recyclable Materials to the specifications desired by such businesses in the Recycling Market Development Zone.
8. Yard Waste and Wood Waste Processing and Marketing. The Franchisee shall be responsible for the following activities:
 - a. the delivery to and receipt at the Franchisee's Yard Waste Processing Facilities at the Buena Vista Landfill and Ben Lomond Transfer Station of all Franchise Yard Waste and Wood Waste collected by the Franchisee pursuant to this Franchise and the receipt, storage, and processing of such Franchise Yard Waste and Wood Waste at the facilities;

- b. the storage, and processing of all Franchise Yard Waste and other Yard Waste and Wood Waste brought by County residents or businesses to the Franchisee's Yard Waste Processing Facilities;
 - c. the provision, operation and maintenance of Yard Waste Processing Facilities with a guaranteed processing capacity sufficient to receive and process all Franchise Yard Waste and other Yard Waste and Wood Waste collected or delivered to the Yard Waste Processing Facilities and adequate storage capacity for the handling and disposition of products recovered from the processing of Franchise Yard Waste and other Yard Waste and Wood Waste and processing Residues;
 - d. the coordination of Franchise Yard Waste collection services and processing methodologies and technologies in order to maximize the efficiency and cost effectiveness of diversion of Franchise Yard Waste from landfill disposal;
 - e. the marketing of all products recovered from the processing of Franchise Yard Waste and other Yard Waste and Wood Waste at the Yard Waste Processing Facilities in accordance with the Marketing Plan submitted by the Franchisee under this Franchise for approval by the Director. Such approval shall not be unreasonably withheld;
 - f. provide one drop box at the working face of the Buena Vista Landfill and another on the tipping floor of the Ben Lomond Transfer Station to receive Yard Waste and Wood Waste and empty as necessary;
 - g. provide a drop box at the Yard Waste Processing Facilities to receive processing residue and empty as necessary;
 - h. the provision of all services specified in this subsection in accordance with the service standards listed in Appendix G.
9. Payment of Yard Waste and Wood Waste Processing, Marketing and Residue Disposal Costs. The Franchisee shall be responsible for the payment of all costs and expenses associated with the processing, transportation and marketing of Franchise Yard Waste and other Yard Waste and Wood Waste delivered to the Yard Waste Processing Facilities, including any costs incurred by the Franchisee with respect to the Yard Waste Processing Facilities. In addition, the Franchisee shall bear the costs of and is solely responsible for the proper and lawful disposal of all processing Residues at the Designated Disposal Site.
10. Designation of Yard Waste Processing Facility. The County and the Franchisee agree that the Yard Waste Processing Facilities at the Buena Vista Landfill and Ben Lomond Transfer Station shall be the designated Yard Waste Processing Facilities under this Franchise. The Franchisee shall not process Franchise Yard Waste at any other facility without the prior written approval of the County. The County may designate an alternative processing facility for the temporary or permanent receipt, storage, and/or processing of Franchise Yard Waste and other Yard Waste and Wood Waste delivered to the Yard Waste Processing Facilities in the event that the Franchisee is unable, or otherwise fails, to receive and process said materials in accordance to this Franchise. The Franchisee shall be responsible for all costs associated with the use of such alternate facility, including the cost of transportation and the payment of any tipping or processing fees or other costs payable to the owner or operator of any such alternate facility designated by the County due to the unavailability of the Yard

Waste Processing Facilities. The Franchisee shall not be entitled to any additional compensation for transportation, processing or marketing of said materials.

11. Franchisee Responsibility for Marketing. The County shall have no responsibility for the availability of markets for products produced at the Yard Waste Processing Facilities, nor shall it have any liability associated with or resulting from the markets for, or end-uses of, such products, and the Franchisee shall indemnify and hold the County harmless from same. Franchisee shall be responsible for assuring any biomass conversion or transformation facilities, as defined in PRC 40210, used to market Yard Waste and Wood Waste products are in full compliance with all local, State and Federal regulations and meet the criteria under PRC 41783 to assure the County receives all entitled waste diversion credit allowed for Yard Waste and Wood Waste products delivered to such facilities.
12. Recycling Market Development Zone. The Franchisee shall make products produced at the Yard Waste Processing Facilities available to end-use businesses, identified by the Director, within the Central Coast Recycling Market Development Zone at the prevailing market prices or at such prices agreed to by the parties hereto, for those products. The Franchisee shall use reasonable efforts to process products to the specifications desired by businesses in the Recycling Market Development Zone.

(H) Public Outreach and Education. The Franchisee shall provide, without charge or compensation, a public outreach and education program to increase subscriptions to Franchise Services, enhance program participation and maximize diversion of Recyclables and Yard Waste. No later than 3 months after the execution of this Franchise Agreement, the Franchisee shall submit a Public Outreach and Education plan for review and approval of the Director, as further defined in Appendix H. The Franchisee shall work with an appropriate contractor or designated staff trained in public relations to provide focused, quality public education and awareness efforts. At a minimum, the Public Outreach and Education program will include: research and planning, media relations and advertising, video and radio programming, publications, special events, displays and programs, community presentations, school activities, newsletters, billing inserts and/or printed messages on bills, and consumer surveys as further defined in Appendix H. All public outreach and education materials produced by the Franchisee shall be bi-lingual in both English and Spanish and must be approved in advance of distribution by the Director. The County shall complete all reviews of Franchisee's Public Outreach and Education materials within 5 working days of receipt or said materials shall be deemed approved by the County. The programs and budgets for each Franchise Year shall be submitted to the Director for approval prior to implementation of such programs, as further defined in Appendix B, Reporting Requirements. The Franchisee shall provide annual funding to the County's Waste Free Schools Program in the amount of \$20,000 for the first Franchise Year and adjust said funding annually in accordance with the Rate Escalation Index methodology defined in Appendix L. Initial funding to the Waste Free Schools Program shall be made within 2 months of the commencement of collection services under this Franchise Agreement and no later than August 1st of each subsequent Franchise Year.

(I) Changes in Classification. The Franchisee shall make any change in the classification of service requested by any Cart Customer or any Bin Customer upon written notice by the Franchisee to, but without the approval of, the Director. Any such change shall become effective on the first day of the week following the date of the request. The Franchisee shall allow Cart Customers to change service levels once per billing quarter at no charge; any additional Cart exchanges may be charged an "Exchange Fee" in accordance with Appendix D. The Franchisee shall allow Cart Customers to change from Recycling Carts to Crates or

visa versa; or from Yard Waste Carts to Home Compost Bins or visa versa once per billing quarter at no charge; any additional exchanges may be charged an "Exchange Fee" in accordance with Appendix D. Bin customers are entitled to one (1) exchange of bin size per billing quarter at no charge; any additional Bin exchanges may be charged an "Exchange Fee" in accordance with Appendix D.

(J) Christmas Trees. The Franchisee shall, without additional compensation, collect all Christmas trees discarded by any Cart Customer or Bin Customer on their regularly scheduled collection days for the first three weeks after New Year's Day, free of any additional charge to the County or such Customer. The Franchisee shall be responsible for individual Customer notification and newspaper advertisement prior to the collection program informing residents of the dates of collection. In addition, for the first three weeks for each calendar year, the Franchisee shall provide, without additional compensation, up to eight drop boxes for Christmas trees, each at least 40 cubic yards in size (or smaller, if requested by the Director), at locations designated by the Director. The Franchisee shall collect and empty such containers as necessary at the Yard Waste Processing Facilities.

(K) Additional Services. The Franchisee shall provide special services identified in the Customer Rate Schedule identified in Appendix D, at the rates specified in Appendix D. The Franchisee shall also have the right, but not the obligation, to provide additional special services requested by any Customer which are directly related and ancillary to any of the other Franchise Services authorized hereunder. Such special services may include, without limitation, steam cleaning of containers, providing roll-off containers to Customers for special events or other special collection needs, and compactor maintenance services.

(L) Service Coordinator. The County and the Franchisee each shall designate in writing on or immediately following the Franchise Date a person to transmit instructions, receive information and otherwise coordinate service matters arising pursuant to this Agreement (each a "Service Coordinator"). The County's Service Coordinator initially shall be the Director. Either party may designate a successor or substitute Service Coordinator at any time by written notice to the other party.

(M) Drop-Off Centers. The Franchisee shall 1) purchase, 2) process, or 3) transport to market Recyclables collected at the drop-off recycling centers located at the Ben Lomond Transfer Station, the Buena Vista Landfill and other County-sponsored drop-off center locations identified by the Director and in accordance with the Memorandum of Understanding in Appendix M, if requested by the drop-off center operators. For Recyclables that are purchased by the Franchisee, the Franchisee shall pay no less than prevailing market prices unless otherwise specified in Appendix M (as determined by the Franchisee and approved by the Director) and shall make payment thereof within 15 days of receipt of such materials. Such prices in no case shall be a negative number regardless of prevailing market prices. The Franchisee shall charge a per-ton or hourly rate, as appropriate and at cost, for processing (and not taking possession of) Recyclables collected at such drop-off centers unless otherwise specified in Appendix M. This processing shall include stockpiling and truck loading. The Franchisee shall transport Recyclables collected at such drop-off centers, and to be purchased or processed by Franchisee, to the Recycling Processing Facility at no charge to the drop-off center operators, provided drop-off center operators agree to ensure that such Recyclables meet the processing capabilities of the Recycling Processing Facility and that materials are loaded into collection containers (bins or drop boxes) in a cost-efficient manner. The Franchisee shall charge an hourly rate, at cost, for transporting Recyclables from drop-off center locations directly to markets chosen by the drop-off center operators unless otherwise specified in Appendix M. Such transportation shall be provided in a timely manner taking into account the scheduling needs of the Franchisee and the needs of the drop-off center operators to move materials away from the drop-off centers and have collection containers available to the public. The

Franchisee shall provide, without charge or compensation, collection bins and roll-off boxes as needed at the Ben Lomond and Buena Vista landfill drop-off center operations and comply with all provisions of Appendix M for the term of the Franchise.

(N) County Waste Diversion Operations. The Franchisee shall provide up to two (2) 40-cubic yard drop boxes for collection of commingled recyclables from self-haul Customers using County facilities, one at the Ben Lomond Transfer Station and one at the Buena Vista Landfill, at no additional charge. These boxes shall be available for use by the County and designated customers. The County will provide monitoring of the boxes to prevent contamination and the Franchisee shall, upon notification by the County, haul full boxes to the Designated Recyclables Processing Facility for processing and marketing, and replace the full box with an empty box. The County will utilize these boxes for collection of Franchise Recyclables only.

(O) Designation of Corporation Yard Facility. The County and the Franchisee agree that the designated Corporation Yard Facility shall be located at 375 Industrial Avenue, Watsonville, California. In the event that the Franchisee is unable, or otherwise fails, to receive approval from the permitting jurisdiction for continued operation of the Corporation Yard Facility, the Franchisee may designate an alternative Corporation Yard, with prior written approval from the County. The Franchisee shall be responsible for all costs associated with the use of such alternate facility, including but not limited to, the cost of temporary interim facilities. The Franchisee shall not be entitled to any additional compensation for increased costs of transportation, equipment mobilization or any cost impacts to the Franchisee related to temporary facilities, development of new facilities or relocation.

(P) Future Collection of Food Waste for Composting. The County and the Franchisee agree that both parties will reopen this Agreement upon County's request solely for the purpose of defining the terms and conditions, and compensation, for the future collection of food waste, as will be defined by County, from residential and commercial sources using cart and/or bin collection. Both parties further agree to participate in a food waste composting pilot project, as defined in Appendix G of this Agreement, to identify, and resolve, collection, processing and marketing issues and to identify costs associated with collection, processing and marketing of compost produced from food waste.

(Q) Large Event Recycling Collection. The Franchisee, at no charge, shall collect and deliver to the Recyclables Processing Facility all Franchise Recyclables generated at large events in the unincorporated county including, but not limited to: Monte Foundation Fireworks, Aptos Parade, Santa Cruz Blues Festival at Aptos Park, Boulder Creek Art & Wine Festival, Wharf-to-Wharf Race, Highlands Games and other events as County may designate, up to a maximum of fifteen (15) per year. Franchisee shall be responsible for supplying an appropriate number of collection receptacles, such as carts or bins, with signage for said events. Franchisee shall also collect, at no charge, source-separated food waste from such events provided event organizers have a County-approved food waste recovery system in place. A large event is a publicly or privately sponsored gathering, which may or may not charge an admission fee, attended by 1,000 or more persons each day of operation of the event.

SECTION 4.2. COLLECTION SERVICE OPERATING REQUIREMENTS.

(A) Collection Routes. The Franchisee shall establish and maintain collection routes in such manner to provide for the uniform and efficient collection of Franchise Materials from all Cart Customers on a Monday-through-Friday basis and Bin Customers on a Monday-through-Saturday basis. Bin and Cart collection routes for Commercial Premises shall be designed and scheduled, wherever feasible, to avoid or limit noise impacts to residential dwellings before 7:00 a.m. The Franchisee shall not schedule Franchise

Materials collection on Sundays, except as authorized by the Director. For all Cart Customers and Bin Customers who require more than one (1) collection per week, the Franchisee shall schedule collections at appropriately spaced intervals throughout the work week, or as requested by the Customer and approved by the Director.

(B) Route and Collection System Revisions. The parties acknowledge that the Customer Rate has been established based on the Routing and Collection System described herein and in Appendix I. The Franchisee may request the County to approve any revision to the Routing and Collection System which the Franchisee may propose. The County's approval of any such request may only be withheld on reasonable grounds. Upon such direction or approval by the County, the Franchisee shall notify all affected Customers at least seven (7) days prior to implementing the revision.

(C) Route Books and Maps. The Franchisee shall prepare route books and maps for each route or maintain a computer based route map system, which outline specific routing information regarding the daily collection of Franchise Materials. The route books or computerized route maps shall be kept current and made available to the Director for inspection and copying. A copy of the route maps or access to the computerized route maps shall be provided to the Director a minimum of two weeks prior to implementation of each new route and revised copies shall be provided whenever the routes are revised per Appendix B Reporting Requirements.

(D) Hours of Service. Except for special pickups, collecting missed pickups, or due to emergencies, the Franchisee shall schedule no collections from any Customer earlier than 5:00 a.m., or later than 3:00 p.m. Monday through Friday and earlier than 8 a.m. or later than 3 p.m. on Saturdays. Collection of individual residential premises within mobile home parks or multi-family facilities prior to 7:00 a.m. shall be avoided, wherever feasible. In addition, the Franchisee shall use reasonable efforts to revise collection routes to address noise complaints.

(E) Holidays. Collection of Franchise Materials shall not be required on the following legal holidays: New Year's Day, Thanksgiving Day and Christmas Day, except in case of emergency or as otherwise required by the Director. (The Franchisee acknowledges that the Designated Disposal Site is not open on those days or after 11:30 a.m. on Christmas Eve.) Whenever a regular collection falls on such a holiday, the collection shall be made on the following working day, and collections throughout the County shall become current within one (1) week thereafter.

(F) Non-Collection of Contaminated Franchise Recyclable Materials. The Franchisee shall use reasonable efforts to not collect Franchise Recyclable Materials or Franchise Yard Waste from Containers which also contain visible amounts of materials which do not constitute Franchise Recyclable Materials or Franchise Yard Waste, as applicable. In the event that Franchisee determines that a particular Container contains more than a visible amount of such materials, the Franchisee shall place a tag (the contents of which shall be subject to the approval of the Director) on such Container informing the Customer of the reason for non-collection. In the event that the County determines that excessive amounts of contamination are being deposited in containers for Franchise Recyclable Materials or Franchise Yard Waste collected by the Franchisee, it shall so notify the Franchisee and the Franchisee shall take steps to identify Customers who are the source of such excessive contamination and curtail such contamination. Such steps may include heightened examination of containers by drivers or other employees of the Franchisee, increased educational efforts, or other steps directed by the County.

(G) Non-Collection of Franchise Refuse Containing in Excess of 5% Franchise Recyclable Materials. The Franchisee shall comply with all provisions of Santa Cruz County Code, Section 7.20,

including all mandatory recycling requirements for the Franchisee. Upon commencement of Franchise Services, Franchisee shall not collect any Franchise Refuse Cart or Bin that contains in excess of five (5%) percent Franchise Recyclable Materials (by volume) and shall provide appropriate notification to Customers detailing reasons for non-collection of Franchise Refuse Carts or Bins.

(H) Service Implementation Plans. The Franchisee shall submit a Service Implementation Plan to the Director for approval within 60 days of execution of this Agreement. The Service Implementation Plan shall include, but not be limited to, a complete set of initial route maps and books (Section 4.2.C), cart/bin distribution plan and schedule, service start-up schedule, transition plan with current Franchisee, equipment and facilities acquisition schedule, labor hiring plan, education/outreach plan, and a billing and collections and customer service plan. This plan, once approved by the Director, shall be amended to this agreement as Appendix F

SECTION 4.3. CONTAINERS.

(A) County Regulations. The type, size and other specific physical requirements for Containers are specified in Appendix C hereto and may not be changed without the prior written approval of the Director. The Franchisee shall not be required to collect Franchise Materials from Containers which do not conform to the requirements of Appendix C, unless otherwise mutually agreed.

(B) General Requirements. After emptying any Container, the Franchisee shall replace the Container in an upright position at the place where such Container was placed for collection. The Franchisee shall handle Containers in a manner so as to prevent damage or spillage, and shall not throw Containers after emptying them. The Franchisee shall repair or replace, at its own expense, any Container: (i) damaged by the Franchisee; (ii) damaged by the Customer (through normal wear and tear); (iii) damaged by others; or (iv) stolen. Such repair or replacement must occur by the end of the first business day following notification to the Franchisee of the need therefore. If it is determined that the same Customer's cart has been replaced twice in a 1-year period, or that the cart was damaged, due to customer abuse, the Franchisee, with the approval of the Director, may be allowed to charge a fee for cart replacement per Appendix D.

(C) Franchisee Provision of Containers to Cart Customers and Bin Customers.

1. Provision of Carts. The Franchisee shall supply each Cart Customer with separate Carts for Franchise Refuse, Franchise Recyclable Materials and Franchise Yard Waste. The Cart Customer may choose the size of the Cart(s) for Franchise Refuse based on the options listed in Appendices C and D. The Cart Customer may choose one (1) or two (2) 65 gallon Carts for Franchise Yard Waste as provided in Appendices C and D. Bin Customers may also request carts for yardwaste collection for an additional fee listed in Appendix D. The Franchisee shall supply 65 gallon Carts or an equivalent or larger capacity Bin of the Franchisee's designation for Franchise Recyclable Materials as provided in Appendices C and D. Upon request of any Customer due to repeated incidents of tipped Cart due to animals, the Franchisee shall provide such Customer with a secure closing mechanism for the Cart lid.
2. Provision of Bins. The Franchisee shall supply each Bin Customer with separate Containers for Franchise Refuse and Franchise Recyclable Materials, and Franchise Yardwaste, if requested by Bin Customer. The Bin Customer may choose the size of the Container(s) for Franchise Refuse based on the options listed in Appendices C and D. At a minimum, the Franchisee shall provide Containers and a collection frequency that provides for collection of Franchise Recyclable Materials equal in capacity to 100 percent (100%) of the Customers

weekly refuse collection capacity. Customers may request additional recycling capacity at 200 percent (200%) or 300 percent (300%) of their weekly refuse collection capacity for an added surcharge as listed in Appendix D. Franchisee shall provide appropriately sized Containers and collection at a frequency adequate to meet each Bin Customer's Container storage space and weekly capacity needs. All public and private schools within the Franchise Area subscribing to Franchise Services shall be provided unlimited recycling capacity as requested by each school to meet the Waste Free Schools program goals and objectives. The Franchisee shall also provide additional Bins at the request of any Bin Customer; provided, however, that the Franchisee shall be entitled to receive a payment for the use of such Bins by Customers, at the rates specified in the Customer Rate Schedule. All such Bins shall remain the property of the Franchisee.

3. Minimum Container Requirements. All Containers shall meet the requirements of Appendix C. Each such Container which is used primarily for the disposal of Franchise Refuse containing liquids shall be watertight.
4. Provision of Crates upon Customer Request. The Franchisee shall provide up to five 11-gallon stacking crates or up to three 18-gallon non-stacking crates, meeting the requirements of Appendix C, to any Customer in lieu of the 65 gallon Recycling Cart for collection of Franchise Recyclable Materials, if requested by the Customer. The Franchisee shall encourage use of carts for recycling unless crates are absolutely necessary. Beginning in January of the first Franchise Year, Franchisee shall, once per year, notify all Customers using crates to encourage use of carts, if at all possible, in order to facilitate the greatest amount of recycling. Notification shall include information about the range of materials that can be recycled.
5. Provision of Home Composting Bins in Lieu of Carts for Yard Waste. The Franchisee shall maintain an adequate supply of backyard home composting bins, including worm composting bins, and provide such bins to Cart Customers that request such bins in lieu of weekly yard waste collection service. In addition, the Franchisee shall offer a Home Composting Bin to every Cart Customer that is not offered regular yard waste collection in accordance with the provisions of Section 4.1 (B) 3. The Franchisee shall not be entitled to charge Cart Customers, or collect an extra fee from the County, for the supply and distribution of home composting or worm composting Bins as provided herein. The Home Composting Bins shall be from Biostack, Can-O-Worms or approved equivalent similar in design to County supplied home and worm composting bins. The proposed bins shall be approved by the Director, prior to purchase of such bins. Upon Customer request, Franchisee shall provide home compost or worm compost bins, as approved above, free of charge to any Customer not receiving Franchise Yard Waste Collection Services in accordance with Section 4.3 (C) 5. Upon request, a Customer may exchange a worn out compost bin, at no cost, once every 5 years for a new compost bin, or they may elect to convert to curbside yardwaste collection. Any Customer receiving Franchise Yard Waste Collection Services, may also purchase, for no more than \$25.00 per bin, a worm and/or compost bin from the Franchisee or may receive one bin free of charge upon successful completion of a County certified home or worm composting workshop. Franchisee shall make compost bins available for distribution (with or without charges as consistent with this paragraph) at County-sponsored home composting workshops. Franchisee shall make compost and worm bins available for purchase at-cost to

non-Customers residing in the unincorporated County upon successful completion of a County-sponsored home or worm composting workshop.

6. Franchisee Responsible for Cost of Containers. The Franchisee shall provide all Carts, Bins, and stackable crates at the Franchisee's cost and expense without any compensation in addition to the Customer Rate and all such Containers shall constitute the property of the Franchisee.
7. Assembly and Distribution of Containers. The Franchisee shall assemble and distribute all Containers required pursuant to this Franchise (including those provided by the County) at the Franchisee's cost and expense without any compensation in addition to the Customer Rate. Distribution of any replacement or exchange containers shall be made within 5 working days of the initial customer request.
8. The Franchisee shall be responsible for the general maintenance and repair of Bins so provided to Bin Customers, and shall institute and maintain an effective program to repair, steam clean and repaint all such Bins once each year without interruption in service. If more frequent repairing, maintenance, steam cleaning, and or repainting are required as a result of abuse, neglect or misuse on the part of any Customer; the Franchisee shall be entitled to charge such Customer a fee, as approved by the Director, to compensate the Franchisee for the cost thereof.
9. Upon earlier termination of the Franchise, the County shall have the right, but not the obligation, to purchase from the Franchisee all or a portion of the Carts owned by the Franchisee and utilized by the Franchisee to provide Franchise Services. In the event the County elects to exercise such option to purchase, the purchase price payable by the County with respect to each Container that it elects to purchase shall be the then current fair market value of such Container which shall include initial purchase price, tax, freight, and cost of assembly and distribution. The Franchisee shall be responsible, at its own cost and expense, for the removal of any Containers which the County does not elect to purchase.
10. Drop Box Storage. Franchisee may be allowed to temporarily store drop boxes at the Buena Vista Landfill and Ben Lomond Transfer Station at a location solely designated by the County and at the County's sole discretion. Franchisee shall store only empty boxes and shall not store boxes containing any refuse, recycling, yard waste or other materials. Franchisee shall be responsible for all security measures of the designated storage area and shall maintain the sites in a clean and orderly manner. Franchisee shall be responsible for maintaining proper drainage on the sites, erosion control, litter control, and repairs/maintenance to the site and ingress/egress to the site. The County has indicated that one or both storage sites may be used for future County operations. County shall provide Franchisee with a minimum 6 months advanced notice if these drop box storage areas are to be converted to County use.

SECTION 4.4. COLLECTION LOCATIONS.

(A) General. The Director will establish general regulations relating to the collection location for all Containers. The Franchisee is responsible for the collection of all Franchise Materials placed for collection in a legal manner at the roadside, within permissible enclosures, or in the event that physical conditions prohibit roadside placement, at a location within a reasonable distance of roadside, visible to the Franchisee. The Franchisee shall immediately notify the Director of any condition at or near any collection location which

creates a safety hazard or accessibility problem. In such circumstances, upon authorization by the Director, the Franchisee shall arrange with the Customer for a temporary collection location until the safety hazard or accessibility problem is corrected. The Franchisee shall, where necessary, traverse Private Roads in order to collect Containers deposited by Customers for collection; provided, however, that the Franchisee shall not be required to utilize Private Roads if the owner of such road prohibits the use of such road by the Franchisee. The Franchisee shall, at no additional cost to the Customer in excess of the fee associated with that size container, also collect Containers which are deposited into receptacles in ground, and non-standard containers mutually approved for collection by the County and Franchisee to the extent that such in-ground collection container or non-standard collection container is used by the owner of such premises as of the Franchise Date. The Franchisee shall also provide any other special services reasonably requested by a Customer; provided, however, that the Franchisee shall be entitled to reasonable compensation for providing such services, as specified in Appendix D, or if no rate is specified in Appendix D, at such rates as may be mutually agreed to between the Franchisee and the Director.

(B) Enclosures. Where the collection location is within an enclosure constructed pursuant to the requirements of the County, the Franchisee shall be responsible for the removal and replacement of all Containers placed therein. The Franchisee shall use sufficient care in the handling of such Containers so as to prevent any damage to the enclosure, the enclosure doors, and adjacent facilities or improvements. The Franchisee shall repair at its own expense and within thirty (30) working days after notification from the Director, any such enclosure or adjacent facilities or improvements damaged by it.

SECTION 4.5. GENERAL REQUIREMENTS RELATING TO COLLECTION.

(A) Clean Up. The Franchisee shall cause all spills of Franchise Materials occurring during the collection process to be cleaned up immediately upon the occurrence of the spill. Except where public health and safety concerns require quicker clean-up response, Franchisee shall respond to County reports of spills with same day clean-up, unless complaint is received after 4:00 p.m. in which case Franchisee shall respond the next day. Franchisee shall close all gates after making collections and shall avoid crossing private or public planting areas and grounds or jumping over hedges and fences.

(B) Employees; Uniform. The Franchisee shall take all steps necessary to ensure that its employees performing collection services conduct themselves in a workmanlike manner, and as quietly as possible. All such employees shall at all times of employment be dressed in clean uniforms with suitable identification. No employee may remove any portion of his or her uniform while working. The style and appearance of employee uniforms shall be subject to the approval of the Director.

(C) Improper Loading of Containers. The Franchisee may decline to collect any Franchise Materials that (1) have not been properly loaded into containers or properly bundled or packaged and placed alongside the containers, (2) have been loaded in Containers which weigh in excess of the amount described in Appendix C, (3) have been compacted or otherwise placed, kept or accumulated in a manner such that the Franchise Materials will not, of its own weight, fall out of the Container in which it is placed when such Container is turned upside down, or (4) have been placed into Containers in violation of County Code, Chapter 7.20. The Franchisee shall tag any Containers which it does not collect pursuant to this Section, identifying the reason for such non-collection utilizing a form approved by the Director.

(D) Authorized Non-Collection of Certain Waste. The Franchisee shall not be required to collect Excluded Materials.

(E) Record of Non-Collection. When any Franchise Materials deposited for collection is not collected by the Franchisee, the Franchisee shall leave a tag at least 2-7/8" by 5-3/4" indicating the reasons for such non-collection and the phone number of the Franchisee at which the Customer can inquire as to the circumstances relating to the non-collection. This information shall either be in writing or by means of a checkmark on a form tag. The Franchisee shall maintain, at its place of business, a log book listing all such circumstances in which collection is denied, in accordance with Appendix B, Reporting Requirements. The log book shall contain the names of the Premises involved, the date of such tagging, the reason for non-collection, and the date and manner of disposition of each case. The log shall be kept so that it may be conveniently inspected by the Director upon request. The log relating to any particular tagging shall be retained for a period of one year following such tagging.

(F) Fees and Gratuities. The Franchisee shall not, nor shall it permit any agent, employee or subcontractor employed by it, to request, solicit, demand or accept, either directly or indirectly, any compensation or gratuity for the collection of Franchise Materials or while engaged in other Franchise Services, except such compensation as is specifically provided for herein.

(G) Safety. The Franchisee shall enroll all drivers, managers and other employees required to possess a Class A or B license in a Pull Notice Program (PNP) with the County or other designated agency approved by the Director. The Franchisee shall maintain the most up to date copies of such employees driving records at its primary business offices within Santa Cruz County and shall make such reports available to the Director for review at all times. The Franchisee shall provide the Director with copies of all law enforcement and other regulatory agency records pertaining to driver safety, vehicle inspections, and worker safety including, but not limited to safety inspection reports, notices of administrative actions, fines, citations and letters of commendation, in accordance with Appendix B, Reporting Requirements.

SECTION 4.6. OTHER WASTES. The County acknowledges that this Franchise is granted only with respect to those services described in Section 3.1(A) hereof and does not include the collection, transportation, processing or disposal of Excluded Waste. This Franchise does not, however, limit the right of the Franchisee to provide any such other services. If the Franchisee elects to provide any such other services, it shall not be governed by the terms of this Franchise, but shall be subject to Applicable Law.

SECTION 4.7. DISPOSAL.

(A) Disposal Location. The County shall have the right during the Term hereof to designate the Designated Disposal Site, or multiple concurrent Designated Disposal Sites, in its sole and absolute discretion. The initial Designated Disposal Site(s) shall be the Buena Vista Landfill and Ben Lomond Transfer Station operated by the County. The Franchisee acknowledges that the Ben Lomond Transfer Station and related facilities may be permanently or periodically closed at some point during the term of the Franchise. The Franchisee shall not be entitled to additional compensation in the event the reduction in hours is less than or equal to 25% of the current operating hours, 7:30-3:30 Monday through Sunday (excluding major holidays), at the Ben Lomond Transfer Station. The Franchise shall be entitled to additional compensation in the event it is required by the County to use an alternative Designated Disposal Site, based on records reasonably supporting the additional costs incurred. The County shall notify the Franchisee in writing of any changes in or additions to the Designated Disposal Site. The Franchisee shall transport and dispose of all Franchise Materials which it collects but does not divert from landfill disposal at the Designated Disposal Site in accordance with the requirements of Applicable Law, and shall comply with the requirements, rules and regulations of the owner or

operator of the Designated Disposal Site. The Franchisee agrees that it shall not dispose of Franchise Recyclable Materials or Franchise Yard Waste at any disposal site, through any other type of disposal or, in the case of Recyclable Materials, through incineration, except as may be required in emergencies resulting from Uncontrollable Circumstances with the prior written approval of the Director.

(B) Disposal Records. The Franchisee shall keep and maintain such logs, records, manifest, bills of lading or other documents as the Director may deem to be necessary or appropriate to confirm compliance by the Franchisee with this Franchise and shall retain all weight slips or other call information provided to the Franchisee's drivers by the owner or operator of the Designated Disposal Site. The Franchisee shall provide County with a Disposal Log in accordance with Appendix B, Reporting Requirements.

(C) Payment of Disposal Fees. The Franchisee shall pay, or make arrangements for the payment of, all tipping fees and other transfer, disposal or processing charges imposed by the owner or operator of the Designated Disposal Site for the disposal or processing of Franchise Refuse.

(D) Refuse Origin and Weight Tracking. The Franchisee shall work cooperatively with the owner or operator of the Designated Disposal Site to assure all incoming refuse is recorded and assigned to the Franchise Area or other jurisdiction. The Franchisee shall keep, maintain, and provide the Director with a list of all collection vehicles operating within the Franchise Area including each vehicle's license number, Designated Disposal site tare number, and general geographic areas of operation and collection. The Franchisee shall immediately notify the Director and owner or operator of the Designated Disposal Site in writing when new collection vehicles are added to the Franchise Area, collection vehicles are utilized in a different geographic location with the Franchise Area, tare weights are altered due to equipment modifications, collection vehicles are removed from the Franchise Area, collection vehicles are used both inside and outside the Franchise Area and collection vehicles integrate both Franchise and non-franchise materials in a single load, in accordance with Appendix B, Reporting Requirements.

ARTICLE V OPERATING ASSETS

SECTION 5.1. FRANCHISEE OPERATING ASSETS.

(A) Obligation to Provide. The Franchisee shall acquire and maintain at its own cost and expense Franchisee Operating Assets which in number, nature and capacity, shall be sufficient to enable the Franchisee to provide the Franchise Services in accordance with the terms hereof.

(B) Vehicle and Equipment Identification. The Franchisee's name, phone number and vehicle or equipment number shall be visibly displayed on both sides of its vehicles or other collection equipment used by the Franchisee. No other signs or markings shall be placed on the Franchisee's vehicles or other collection equipment without the prior approval of the Director except signs or markings relative to use of such equipment including traffic safety signs or markings or instructions regarding filling or placement of collection bins.

(C) Vehicle Specifications, Maintenance and Appearance. All vehicles used by the Franchisee in providing the Franchise Services shall be registered with the Department of Motor Vehicles of the State of California, shall be approved by the Director, shall be kept clean and in good repair, and shall be uniformly painted. Vehicles used to collect or transport Franchise Materials shall be kept covered at all times except when such material is actually being loaded or unloaded or when the vehicles are moving along a collection route in the course of collection. Any cover or screen shall be so constructed and used that Solid Waste shall not blow, fall or leak out of the vehicle onto the street. Franchise Materials collection vehicles shall be washed at least once every seven (7) days and cleaned and painted as required to maintain a like-new appearance. Franchisee shall provide for County prepared advertising to be displayed on Franchise Materials collection vehicles at no cost to the County, and no other advertisement or other display shall be carried on any Franchise Materials collection vehicle without the written approval of the Director, excluding franchisee logos, truck identification and contact information. All vehicles used to transport Franchise Materials shall use recycled motor oil, unless Franchisee provides County with written technical documentation that such use will be detrimental to the vehicle. All such vehicles shall display on the rear of the vehicle in a visible location a decal or sticker with 3" minimum lettering indicating the vehicle uses recycled motor oil. All Franchisee vehicles used in connection with this Franchise shall be required to be inspected and approved by the County on a yearly basis. The Franchisee shall have such inspection conducted by the California Highway Patrol, or other designated agency, and shall provide the results of such inspection to the Director within ten (10) days of receipt. The Franchisee shall maintain, at its primary business offices within Santa Cruz County, a record of daily vehicle inspection reports for all collection related vehicles and shall make such reports available to the Director for review at all times.

(D) Inventory of Operating Assets. The Franchisee shall furnish the Director with an inventory of Operating Assets used by the Franchisee to provide Franchise Services under this Franchise, and shall update the inventory upon request of the Directors or at least annually, in accordance with Appendix B, Reporting Requirements. Such inventory shall indicate the type, capacity and location of each vehicle and of each piece of equipment, and the date of acquisition and disposition.

SECTION 5.2. OPERATION AND MAINTENANCE OF THE OPERATING ASSETS.

The Franchisee, at its cost and expense, shall at all times operate, or cause to be operated, the Operating Assets properly and in a sound and economical manner; shall maintain, preserve, and keep the

Operating Assets or cause the Operating Assets to be maintained, preserved and kept in good repair, working order and condition, shall staff the Operating Assets with the appropriate number of hourly and salaried employees consistent with good management practice; and shall from time to time make, or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation of the Operating Assets may be properly and advantageously conducted. The Franchisee shall maintain the safety of the Operating Assets at a level consistent with Applicable Law, the Insurance Requirements, and prudent solid waste management practices.

SECTION 5.3. COMPLIANCE WITH APPLICABLE LAW. The Franchisee shall comply with the rules and regulations governing the operation, use and services of the Designated Disposal Site, shall observe and perform all of the terms and conditions contained in the Act, the County Code and all other Applicable Law, shall obtain and maintain all Legal Entitlements required for the Operating Assets and the Franchise Services, and shall comply with all valid acts, rules, regulations, order and directions of any Governmental Body applicable to the Operating Assets and the Franchise Services provided hereunder.

SECTION 5.4. TAXES, FEES AND UTILITY CHARGES. Accept as provided in Article 7, the Franchisee shall pay all Taxes and Fees lawfully levied or assessed upon or in respect of the Operating Assets or the Franchise Services, or upon any part thereof or upon any revenues of the Franchisee there from, and provide and pay the cost of all Utilities necessary for the operation of the Operating Assets and the provision of the Franchise Services, when the same shall become due.

SECTION 5.5. INSURANCE. The Franchisee shall at all times during the Term of this Franchise, at its own cost and expense, obtain and maintain insurance on all the Operating Assets meeting the requirements set forth in Appendix J hereto. If any useful part of the Operating Assets should be damaged or destroyed, the Franchisee shall, as expeditiously as may be possible, commence and diligently prosecute the repair or replacement of the damaged property so as to restore the same to use to the extent required to perform the Franchise Services in accordance with this Franchise.

ARTICLE VI GENERAL REQUIREMENTS

SECTION 6.1. PUBLIC ACCESS TO THE FRANCHISEE.

(A) Office Facilities. The Franchisee shall establish and maintain at all times during the Term hereof an office within the County. The Franchisee shall establish a local toll free customer service number that shall be identified on all publications, bills and correspondence.

(B) Office Hours. The Franchisee's office hours shall be, at a minimum, from 8:00 a.m. to 5:00 p.m. daily, except Saturdays, Sundays and holidays. Saturday hours shall be, at a minimum, from 8:00 a.m. to 12:00 noon.

(C) Availability of Representatives. A representative(s) of the Franchisee shall be available at the Franchisee's office during office hours for communication with the Director or the public. Franchisee's representative(s) shall be familiar with all terms and conditions of this Franchise and shall provide information to the Director and the public that is consistent and accurate.

(D) Emergency Telephone Number. The Franchisee shall maintain an emergency telephone number for use during other than normal business hours. The Franchisee shall have a representative, or an answering service to contact such representative, available at the emergency telephone number during all hours other than normal office hours. The Franchisee shall provide the Director with night and weekend telephone numbers for senior officials of the Franchisee for use by the Director in emergencies.

(E) Continuation of Franchise Services During Labor Actions. Franchisee shall prepare and submit to the Director, in accordance with Appendix B, a contingency plan for uninterrupted continuation of Franchise services in the event of labor actions such as strikes, sick-outs, work stoppages or slow downs, or any other reasonably foreseeable labor action intended to negatively impact, reduce or stop Franchisee services. The plan shall not prevent the Franchisee, workers or labor organizers from exercising their lawful rights as defined by applicable law and in accordance Section 2.1 (I).

SECTION 6.2. SERVICE COMPLAINTS AND DEFICIENCIES.

(A) Complaints to Franchisee. The Franchisee shall maintain during office hours a complaint service and an after office hours telephone answering system having an answering capacity satisfactory to the Director. All service complaints and billing complaints will be directed to the Franchisee. The Franchisee shall provide bilingual, Spanish speaking customer service representatives. Copies of all complaints shall be given to the Director upon request. The Franchisee shall record all complaints, including date and time, complainant name and address, and nature and date and time of resolution of complaint, in a computer-based log. This log shall be available at all times through the County's computer terminal as described in Section 6.3 (E) below.

(B) Required Response to Complaints. The Franchisee, within twenty-four (24) hours of its receipt of notice from a Customer or the Director of a failure to provide Franchise service as required by the terms of this Franchise shall collect such Franchise Materials, provided such Franchise Materials are in Containers, and/or properly bundled or packaged and placed alongside same, and have been placed in approved collection locations. Missed pick-ups that are called in by 12:00 p.m. shall be picked up on the same day; missed pick-ups called in after 12:00 p.m. shall be picked up no later than the following day. Drivers shall call in to the Dispatch office between 11:30 a.m. and 1:00 p.m. daily to receive and act on missed pick-ups. For service complaints, the field supervisor shall have 48 hours to resolve or attend to the complaint.

Customer services representatives shall call customers after complaint resolution to confirm that the results are satisfactory.

(C) Annual Review of Performance and Quality of Service. At the County's sole option, with 30 days written notification to the Franchisee, it may conduct a public hearing at which the contractor shall be present and shall participate, to review the contractor's performance and quality of service and provide for evaluation of technological and regulatory changes. The reports required by this Agreement regarding customer complaints may be utilized as a basis for review. Performance and service quality review hearings may be scheduled by the County at its discretion throughout the term of the service contract. Within 30 days after the conclusion of the public hearing, the County shall issue a report on the adequacy of performance and quality of service. If any noncompliance with the contract(s) is found, the County may direct the contractor to correct the inadequacies in accordance with the terms of the service contract.

(D) Damages For Failure to Meet Requirements of Franchise. The Director shall levy a charge in the amounts listed below for Franchisee's failure to meet the requirements of this Franchise. The Director's decision to levy any such charge shall not be deemed an election of remedies but shall be cumulative with any other remedies provided for in this Franchise. Specifically, without limitation, the Director shall impose the fines listed below for the corresponding deficiency in performance by the Franchisee:

1. Failure to correct a missed service within twenty-four (24) hours of notice of the missed service: \$100 per occurrence; Each additional 24-hour period: \$100.00;
2. Commingling or mixing of Franchise Materials: \$500.00 per Customer per occurrence;
3. Failure to repair or replace any damaged or stolen Container within three (3) working days, or any replacement or exchange Container within five (5) working days, after notification of the necessity thereof: \$100.00 per occurrence;
4. Undertaking collection operations without advanced approval of the County: earlier than 5 a.m. \$1,000.00 per occurrence or later than 4 p.m.: \$200.00 per occurrence;
5. Failure to maintain Operating Assets in neat and orderly manner, after notice by the Director and reasonable time to cure: \$100.00 per day;
6. Failure to document or record a customer complaint or request: \$100.00 per occurrence;
7. Franchisee imposes and/or bills for a special service not in accordance with Agreement or not requested by the Customer: \$100.00 per occurrence;
8. Failure to clean up spillage or litter during collection activity in accordance with Section 4.5 (A): \$100.00 to \$500.00 per occurrence, depending on the severity of the occurrence;
9. Failure to remit County fees by the thirtieth of the month: \$100.00 per day per occurrence;
10. Penalty assessed for each day past due date Franchisee does not provide required reports in accordance with Appendix B, Reporting Requirements: \$100.00 per day per occurrence;
11. Failure to resolve a billing complaint within seven working days from the complaint: \$100.00 per occurrence; each additional day problem not resolved: \$100.00;
12. Assessment when Franchisee receives more than 25 service-related complaints in one month: \$500.00;
13. Failure to tag materials not collected due to contamination or inappropriately prepared: \$100.00 per occurrence.
14. Collection of Solid Waste Containers with Franchise Recyclables in violation of County Code Chapter 7.20: \$100 per occurrence.

15. Failure to maintain processing residue by weight at the Franchisee's Recyclables Processing Facility at less than ten percent (10%) during the first 12 months of franchise services or five percent (5%) thereafter: \$5,000 for each percentage point, or portion thereof, above 10% for the first 12 months and above 5% percent in any given month thereafter. The Director may lower the amount of damages for failure to achieve the 5% residual cap, if the Franchisee can demonstrate the excess residuals above 5% are not due to the negligence of the Franchisee and the Franchisee provides a mitigation plan to address the excessive residuals with 30 days of the notice of non-compliance.
16. Failure to perform in accordance with Section 4.1 (N) and the Memorandums of Understanding between the Franchisee and Non-Profit Recyclers in Appendix M: \$500.00 per occurrence after notice by the Director and reasonable time to comply.
17. Failure to seek Director's approval of Public Outreach materials in advance of printing and distribution in accordance with Section 4.1 (H): \$500 per occurrence.
18. Improper disposal or disposition of Franchise Materials: \$1,000 to \$5,000.00 per occurrence, depending on the severity of the occurrence.
19. Failure to attain final implementation (100 percent of total Cart Customers in service) according to the approved schedule in Appendix F: \$1,000 per day

The Director shall also have the right to impose reasonable fines or other charges for unremedied breach of contract or nonperformance by the Franchisee of other terms and conditions of this Franchise. Any damages due under this section shall be compensated to the County in accordance with Section 7.1 (B).

SECTION 6.3. ACCOUNTING AND RECORDS.

(A) **Maintenance and Audit of Records.** The Franchisee shall maintain in its principal office in California full and complete financial and accounting records, pertaining to cash, billing and disposal transactions for the Franchise Area, prepared on an accrual basis in accordance with generally accepted accounting principles. Such records shall be made available in the Franchisee's local offices within the San Francisco Bay Area. In the event the Franchisee elects to make these records available in its offices outside of the San Francisco Bay Area, the Franchisee shall reimburse the County for the direct travel related costs (including transportation, meals and lodging) for inspection of these records. Such records shall be subject to audit and inspection, for the primary purpose of reviewing billing operations, accounts receivable, disposal fee charges, and compliance with service classifications by the County and its authorized officers, agents or employees, at any reasonable time at the Franchisee's principal office. The gross receipts derived from the Franchise Services under this Franchise, whether such services are performed by the Franchisee or by a subcontractor or subcontractors, shall be recorded as revenues in the accounts of the Franchisee. The Franchisee shall maintain and preserve all cash, billing and disposal records for a period of not less than three (3) years following the expiration or termination of the Franchise. At the request of the County, reports submitted by the Franchisee shall be audited and certified by an independent certified public accounting firm selected by the County, at the County's expense. This audit may include a customer billing audit in order to verify that each customer is receiving the level of service for which they are being billed.

(B) **Inspection of Franchisee's Accounts and Records.** The Franchisee's cash receipts, billing and disposal records shall be available at the Franchisee's principal office at any time during regular business hours for inspection and audit by any or all of the Director, County Administrative Officer, or County Auditor-

Controller during the term of this Franchise and for a period of three (3) years following the expiration or termination of the Franchise.

(C) Delivery of Financial Reports to County. The Franchisee shall furnish an audited Statement of the Franchisee's Gross Receipts and Franchise Fees to the Director, with copies to the County Administrative Officer and the County Auditor-Controller, necessary in order for the County to reconcile any financial determinations related to this Franchise, including the Franchisee Fees, Customer Revenues and the Customer Rates, in accordance with Appendix B, Reporting Requirements. The statement shall be examined by independent public accountants acceptable to the County, and shall include the unqualified opinion of such accountant as to whether such statement is a fair representation of the data included therein. The financial information shall include a report on the service classification of each Customer within the Franchise Area. The County shall also have the right, at its' sole expense, to undertake an independent audit of the Statement of the Franchisee's Gross Receipts and Franchise Fees. The Franchisee agrees to make available for inspection and audit by the County, upon request or as otherwise required under this agreement, any and all records which are necessary to evaluate any non-performance or substantiate any requested Customer Rate increase above Consumer Price Index adjustments provided or under Section 7.1 (A) and (C), under the terms of the agreement including but not limited to: billing records, disposal records, customer service records, Franchise Fee information, recycling records and diversion levels, green waste records and diversion levels, customer complaint and resolution records, audited profit and loss statements for Franchise Services provided under this agreement, and audited gross receipts and franchise fees..

(D) Recycling and Yard Waste/Wood Waste Information. The Franchisee shall maintain in its principal office in the County full and complete financial and accounting records pertaining to cash, billing, purchase, processing, shipping and sale of all Franchise Recyclable Materials, Franchise Yard Waste, Wood Waste, Recyclables and other yard waste collected, processed and sold under the provisions of this Franchise. Separate records shall be kept for (i) Franchise Recyclable Materials, Franchise Yard Waste and Wood Waste and other yard waste collected by Franchisee, (ii) Recyclables collected by drop-off centers at the County Ben Lomond Transfer Station and the County Buena Vista Landfill and any other County-sponsored drop-off center or mobile program, and (iii) Yard Waste and Wood Waste delivered to the County Ben Lomond Transfer Station and the County Buena Vista Landfill by persons other than the Franchisee. Said records shall be subject to the inspection provisions described in Section 6.3 (B), above.

(E) Computer System. The Franchisee shall maintain a computer database which specifies the service address of each Customer within the Franchise Area, the service classification applicable to each Premises, and any special services provided to such Premises. Such computer system shall be linked to County staff computers designated by the Director, and the designated County staff shall be entitled, with appropriate security restrictions, to access such database. The Franchisee computer system shall allow the County to review for each Customer, at a minimum: 1) the complaint log required to be maintained by the Franchisee, 2) record of missed pickups, 3) records of daily container (refuse, recycling, yard waste, home composting) delivery, 4) route identification, 5) container servicing, and 6) tagging for contamination, placement or other reasons. The County shall maintain an access list indicating name, title and accessibility level for all persons with access to such information and will provide the Franchisee with a copy of said list as of the Franchise Date. The County will notify Franchisee of any changes to authorized users or accessibility level. The Franchisee shall provide training to County employees. Should the Franchisee change the Customer service computer system during the term of the Franchise, the Franchisee shall reimburse the County for all staff time related to re-training staff to use the new Customer service system. The Franchisee shall cooperate with the

County in establishing a linkage between the Franchisee's Customer service location and the County's Geographic Information System.

(F) Confidentiality. The County agrees to hold financial statements delivered pursuant to this Section as confidential, if so identified by the Franchisee, and shall not disclose the same unless and to the extent disclosure is required pursuant to Applicable Law. If a request is made to the County to disclose information marked confidential by the Franchisee, the County will so notify the Franchisee, and will cooperate with any efforts by the Franchisee to preserve the confidentiality of such materials; provided, however, that the Franchisee be required to indemnify the County for any Loss-and-Expense including the reasonable value of professional services provided by County Counsel incurred by the County related to such cooperation.

(G) Customer Service Information. Data and information relating to Customer services shall be available for County use and review and shall not be held as confidential by the Franchisee, including but not limited to: records of Customer addresses and service levels, route books and maps, collection and delivery records, container distribution and service information, complaint/praise logs, records or survey data relating to container weights and volumes, and Franchise Materials collection data. All Customer service history shall be maintained for period of two years beyond the term of this Franchise Agreement.

SECTION 6.4. RULES AND REGULATIONS OF DIRECTOR. The Director shall have the power to establish rules and regulations relating to the accumulation, collection, recycling and disposal of Franchise Materials not inconsistent with the provisions of this Franchise, providing such rules and regulations are found to be reasonably necessary by the Director for enforcement of the provisions of this Franchise, or any and all Applicable Laws, and for the preservation of the public peace, health and safety.

SECTION 6.5. PERFORMANCE BOND. The Franchisee shall, within 5 working days of the Franchise Date, furnish to the County and maintain and file with the County Clerk a corporate surety bond, or other acceptable surety, approved as to form by the County Attorney executed by the Franchisee as principal and by a qualified corporate surety admitted in the State of California, in the sum of \$1,500,000.00. The initial term of the Performance Bond shall be 4 years from the Franchise Date and annually renewable each year thereafter. The term of each renewal bond shall commence not later than 90 days before expiration of the prior year's Performance Bond and the County shall receive the renewal bond not later than 90 days before the expiration of the prior year's Performance Bond. Such bond shall guarantee Franchisee's performance under this agreement, and shall guarantee Franchisee's payment of any sums due to the County under this agreement.. The surety bond shall also serve to secure the performance of the Franchise Services, and the amount thereof shall in no way limit the damages which may be payable hereunder upon any breach hereof by the Franchisee. The required form and content of the Performance Bond is included as Appendix K.

SECTION 6.6. SUBCONTRACTORS. The Franchisee shall not utilize any subcontractors for the performance of the Franchise Services if such subcontractor has any interaction with the public (including collection, processing and customer service) except with the advance consent of the Director, said consent to not be unreasonably withheld. The Franchisee may utilize subcontractors having no interaction with the public upon prior written notification to the Director.

SECTION 6.7. MONITORING AND REPORTING.

(A) **Records.** The Franchisee shall maintain in its principal office in the County records of the quantities of (i) refuse collected and disposed under the terms of this Franchise, (ii) recyclable materials, by type, collected, purchased, processed, sold, donated or given for no compensation, and residue disposed, and (iii) yard waste and wood waste materials collected, received, purchased, processed, sold, donated or given for no compensation, and residue disposed. Quantities by type of recyclable materials collected by Franchisee may be determined by estimates based on load sampling to characterize the contents of each commingled material load, using a sample protocol established by mutual agreement of County and Franchisee. Said records shall be subject to the inspection provisions described in Section 6.3(B), above.

(B) **Characterization Studies.** The Franchisee shall conduct six seasonal characterization studies of the Franchise collected Franchise Recyclables and Refuse during the course of this agreement in order to determine the content of said material for marketing and public outreach purposes. The dates of such studies shall be determined by mutual agreement. The Franchisee shall also cooperate with and assist the County in the performance of other waste characterization studies, to be defined by the Director which may be required to comply with the Act. The Franchisee may be required, at no additional compensation, to collect sample Franchise Materials for such studies on certain County-defined routes and deliver such material to a County designated site for study. The methodology and dates of such studies shall be defined in consultation with County. County shall be notified one week before study is carried out and shall be present as an observer during study. Results of the study shall be reported to the County in an electronic format acceptable to the County no later than one month after the sampling is completed.

(C) **Collection Monitoring.** The Franchisee shall monitor its collection of recyclable materials and yard waste as provided in Section 4.2 (F) and identify occurrences of, and prevent, contamination of recyclable materials and yard waste, the latter in particular for plastic and other inorganics. The Franchisee shall allow a person designated by the Director to ride with the Franchisee collection vehicles on any route or routes. The Director will inform the Franchisee at least one week in advance prior to date of route monitoring.

(D) **Yard and Wood Waste Composition Monitoring.** The Franchisee shall periodically sample and submit for laboratory analysis the processed yard waste and wood waste products it produces in order to ascertain its physical and chemical parameters based on a protocol to be determined in cooperation with the County, and shall make the results of such sampling available to interested parties on request.

(E) **Reporting.** The Franchisee shall submit all reports to the Director in accordance with Appendix B, Reporting Requirements;

1. **Monthly Report Submittals.** Monthly reports shall be submitted no later than the 25th of the month following the reporting period.
2. **Annual Report Submittals.** Annual reports shall be submitted no later than 90 days following the end of the Franchise Year.
3. **Additional Reports.** The Franchisee shall furnish the County with financial reports pursuant to Section 6.3 and any additional monthly or annual reports as may be required to set forth all information required under the Act or otherwise by the County pertaining to the recycling and diversion of Franchise Materials which is collected and/or processed by the Franchisee. Said reports shall be in the form required by the County and shall categorize recycling and diversion activity in the manner required by the County.

SECTION 6.8. RESEARCH AND DEVELOPMENT. Franchisee agrees to take a proactive approach on its own initiative and, in addition, to cooperate with the County in pursuing new technologies, management techniques and markets through pilot programs or other similar activities to improve cost-efficiencies and product quality and to increase material recovery from the collection and processing services described herein. Franchisee and County, by mutual agreement, will determine the scope of work, timing, costs, and compensation, if any, due Franchisee to accomplish the purposes of this paragraph. The Franchisee shall provide the County, on request, with a written summary report identifying the results and conclusions of such research or pilot programs. In the context of the objectives of this paragraph, the Franchisee will meet with the County, as requested, to evaluate the performance of the Franchise services and to examine new market opportunities for the processed materials produced by the Franchise services.

SECTION 6.9. FRANCHISE CORPORATE GUARANTEE. The Franchisee shall maintain and file with the County Clerk and the Director a Corporate Guarantee, approved as to form by the County Attorney and executed by the Franchisee. Such guarantee shall permit the County to draw upon it in the event the Franchisee fails to perform its obligations hereunder. The Corporate Guarantee shall serve to secure the performance of the Franchise Services, and the amount thereof shall in no way limit the damages which may be payable hereunder upon any breach hereof by the Franchisee. The Franchisee Corporate Guarantee is included as Appendix K.

ARTICLE VII COMPENSATION

SECTION 7.1. CUSTOMER RATES.

(A) Formula. For each month during the Term of this Franchise, the Franchisee shall pay, from the Customer Revenue and other funds described in Section 7.3 (C), Franchise Fees described in Section 7.4, Disposal Fees described in Section 4.7 (C) and any assessed damages described under Section 6.2 (D). The Customer Rates shall be computed in accordance with the provisions of this Article and may be adjusted from time to time as provided in this Franchise. The monthly Customer Rates constitute the entire compensation of the Franchisee for the Franchise Services. The Franchisee waives any right it has or may have at any time during the Term of this Franchise to seek to have the monthly Customer Rates increased under any theory of fact or law by any Governmental Body, except as specified under Section 7.1(E) below.

(B) Damages. The Franchisee shall make direct payment to the County for all damages assessed by the Director within 30 days notice of said damages, without prejudice to Franchisee's right to dispute said damages.

(C) Escalation of the Service Fee Schedules. The Service Fee Schedules in Appendix D contain three components, Service Fees, Disposal Fees and Franchise Fees, that combined constitute the Customer Rates. These fees shall be escalated in accordance with the formulas contained in Appendix L. Appendix D includes a Service Fee Component that shall be adjusted for CPI annually beginning on July 1, 2008 and July 1st of each subsequent year thereafter during the Term of the Franchise by application of the Service Fee Component formula, as provided in Appendix L. Appendix D includes a Disposal Fee Component that shall be adjusted by application of the Disposal Fee Component formula for rate increases or decreases that may occur from time to time at the Designated Disposal Facilities or alternative facilities that may be designated during the term of this Franchise, as provided in Appendix L. Franchise Fees shall be adjusted at the time of any Service Fee or Disposal Fee adjustment by application of the Franchise Fee Component formula, as provided in Appendix L.

(D) Customer Rates as Compensation for All Obligations of Franchisee. The parties agree that the Customer Rate is intended to compensate the Franchisee for all steps, activities, procedures, and obligations in the process of the collection, transportation, processing, or any other disposition of Franchise Materials or other materials specifically identified herein and the Franchisee shall only be entitled to amounts in addition to the Customer Rate to the extent that the Franchise expressly provides for the payment of such additional amounts.

(E) In addition to the CPI adjustment in Section 7.1 (A) and (C), Customer Rates may be adjusted to account for and compensate Franchisee for any additional costs due to Uncontrollable Circumstances, provided that the Franchisee can reasonably demonstrate that the said result of the Uncontrollable Circumstance has increased its' cost of operations, directly related to provision of the Franchise services defined herein, by ten percent or more of the applicable CPI during a Franchise Year, as calculated in accordance with Appendix L. Franchisee's demonstration of cost increases above CPI required under this Section shall include, but not be limited to delivery of the most current financial reports as required under Section 6.3 (C). Further, any increase in, or enactment of unanticipated new governmental fees, charges and/or taxes beyond the Franchisee's control shall be a direct pass-through and the Customer Rates shall be adjusted accordingly to recover all said fees, taxes and/or charges. Any rate adjustments covered under Section (E) shall be considered at a noticed public hearing before the Board of Supervisors.

(F) Customer Noticing of Rate Increases. Franchisee shall provide appropriate notification of any increase in rates to all Customers, a minimum of 30 days in advance of the effective date of the rate increase. The form and content of the rate increase notification shall be approved by the County prior to printing and distribution.

SECTION 7.2. MONTHLY CUSTOMER RATE STATEMENT.

(A) For each month the Franchisee shall prepare and provide to the Director a statement (a "Billing Statement") by the 30th day of the following month, which Billing Statement shall set forth a calculation of the monthly Customer Rate, as determined by using the Customer Rate Schedule, and taking into account any delinquencies as provided in Section 7.3(B). The Billing Statement shall reflect the Customer Revenues received by the Franchisee during such month.

(B) Billing Estimates and Adjustments. To the extent that the actual value of charge, credit, index value or any other item in any Billing Statement cannot be accurately determined at the Billing Statement date, such item shall be billed on a good faith estimated basis reflecting actual operating experience and reasonable projections for the balance of the Franchise Year, and an adjustment shall be made to reflect the difference between such estimated amount and the actual amount of such item on the Billing Statement next following the date on which the Franchisee learns the exact amount of such item.

(C) Annual Estimates. Ninety days prior to the end of each County fiscal year during the term of this Franchise, the Franchisee shall provide to the Director a written statement setting forth its reasonable estimate of the aggregate Customer Rates for the next year, which statement shall not be binding on the Franchisee in accordance with Appendix B. The Franchisee shall also estimate the number of Customers it expects the following year, as well as the type and level of service which it expects those Customers to subscribe to.

SECTION 7.3. BILLING OF CUSTOMER CHARGES BY FRANCHISEE.

(A) Billing by Franchisee. The Franchisee shall bill Customers for Franchise Services provided hereunder. The Franchisee shall bill the Cart Customers during the first month of each calendar quarter for a full quarter of service. Bills shall be fully itemized and formatted in clear and understandable language, free of abbreviations that are not discernable to Customers. New Cart Customers shall be billed on a pro-rata basis based upon the date of their initial service. Bin Customers shall be billed in arrears on a monthly basis. New Bin Customers shall be billed on a pro-rata basis based upon the date of their initial service. New Cart and Bin Customers subscribing to refuse collection service may be required to deposit an amount equal to one full billing period of collection service. There shall be no change in deposit requirements for existing Customers upon commencement of Franchise Services described herein. If the Franchisee elects to require a deposit for new Customers, deposits shall not exceed the aggregate amount of one Billing Period of Cart or Bin Services subscribed to by each Customer and deposits shall be returned to Customers after the first 18 months of service or upon cancellation of service, whichever occurs first, with interest at current bank rates for the period of time the deposit is retained by the Franchisee. Customers who forget or are unable to put their cans out any given week shall be allowed to put out their previous weeks refuse (double-up) along with the current weeks refuse on their next scheduled collection day. In order to take advantage of this service, the Customer must call to inform the Franchisee of the missed set-out prior to their next scheduled collection day. Upon request of a Customer, the Franchisee shall temporarily stop providing service, up to six (6) times per Franchise Year, during extended vacations or periods of tenant absence two weeks in length or greater and shall adjust or credit

Customer billing accordingly. Customers must notify the Franchisee a minimum of one working day in advance of service suspension. Service shall be reinstated by the Franchisee on the date requested by the Customer. A Customer's billing shall be credited on a prorated basis for any missed pick-ups not recovered in accordance with Section 4.1(B)(8), 6.2 (D)(1) or other services not provided to the Customer as a result of Franchisee's negligent performance. Other than the bills rendered in accordance with this Section, the Franchisee shall have no right to, and shall not, impose any fee or charge on any Customer or other person for Franchise Services except as provided in subsections 4.1(B), 4.1 (C) and 4.1(E) hereof. The Franchisee shall specify that payments made by Customers shall be payable to the Franchisee "Green Waste Recovery, Inc.", and such payments shall be deposited in accordance with subsection (B).

(B) Receipt of Payments. The Franchisee shall deposit all amounts received from Customers for Franchise Services into a special account to be established by the Franchisee entitled the "Customer Revenue Account". Such amounts shall constitute Customer Revenues. Such Customer Revenues shall constitute the property of the Franchisee, subject to the reconciliation of such Customer Revenues as described below. The Franchisee shall reconcile payments made by Customers to amounts billed to such Customers and shall send up to two delinquency notices to Customers which do not make timely payment of amounts billed. Franchisee may terminate service 10 days after second delinquency notice or when account becomes 60 days delinquent, whichever is longer. The Franchisee shall, by the 25th day of each month, provide the Director with a report detailing delinquent accounts in accordance with Appendix B, Reporting Requirements.

(C) Monthly Reconciliation. Within 30 days after the end of each Franchise month during the term of this Franchise, the Franchisee shall deliver to the Director a monthly settlement statement (the "Monthly Settlement Statement") setting forth the monthly aggregate franchise fees, disposal fees, damages, and Franchise retained revenues, as described in Section 7.1 payable with respect to such Franchise Year and a reconciliation of such amount with the Customer Revenues for such month, in accordance with Appendix B.

(D) Payment Methods. Franchisee shall provide payment methods for all customers that include: 1) Payment though mail, 2) Automatic payment through credit card, 3) On-line internet payment, and 4) Walk-in payment at a minimum of three locations located in south county, mid-county and the San Lorenzo Valley.

SECTION 7.4. FRANCHISE FEE. The Franchisee shall pay the County a Franchise Fee equal to ten percent (10%) of the sum of: 1) the gross amount of collected revenue from Customers of the Franchisee for all Franchise Services described herein, 2) gross funds collected on all past due accounts for Franchise Services, 3) gross revenues derived from the sale of all Franchise Recyclable Materials, and 4) for any other services performed under this Franchise Agreement, excluding the "Processing Fee for Yard Waste and Wood Waste Not Collected as Franchise Yard Waste". The County specifically acknowledges that the Franchisee shall not be required under this Franchise to pay any franchise fee for services described in Section 4.6 hereof; provided, however, nothing in this Franchise shall relieve the Franchisee of the obligation to pay any franchise fees or other impositions which are generally imposed by the County on all providers of services of the type described in Section 4.6 hereof. Franchise fees shall be paid within 30 days of the end of each month for the gross amount received in that month. Franchise fees shall be paid to the County of Santa Cruz by check delivered to the Director.

SECTION 7.5. DISPUTES. If the County disputes any accounting in the Billing Statement, the County shall provide the Franchisee with written objection within 30 days of the receipt of such Billing Statement indicating the portion of the Statement that is being disputed and providing all reasons then known

to the County for its objection to or disagreement with such amount. If the County and the Franchisee are not able to resolve such dispute within 30 days after the County's objection, either party may refer such dispute to review pursuant to Section 8.8 hereof. Nothing contained in this subsection shall limit the authority of any authorized officer of the County or any other governmental agency to raise a further objection to any accounting by the Franchisee pursuant to an audit conducted on its' own initiative or pursuant to Applicable Law.

ARTICLE VIII
DEFAULT, TERMINATION FOR CAUSE AND
DISPUTE RESOLUTION

SECTION 8.1. REMEDIES FOR BREACH. The parties agree that, in the event that either party breaches any obligation under this Franchise or any representation made by either party hereunder is untrue in any material respect, the other party shall have the right to take any action and seek any remedy at law or in equity it may have to enforce the payment of any damages for the performance of such other obligation hereunder. The Franchisee acknowledges that the County intends to rely on the Franchisee to provide Franchise Materials collection, transportation, disposal, recycling and other services hereunder for the protection of the public health, safety and welfare, and that therefore the County may enforce any action for specific performance of the Franchisee's obligations hereunder to provide the Franchise Services on the terms and conditions provided herein. Neither party shall have the right to terminate this Franchise for cause except after an Event of Default determined in accordance with the provisions of this Article VIII shall have occurred and be continuing or unremedied.

SECTION 8.2. RIGHT OF THE COUNTY TO PERFORM SERVICES IN CERTAIN CIRCUMSTANCES.

(A) Franchisee Failure to Collect for any Reason. Should the Franchisee, for any reason whatsoever, fail, refuse or be unable to collect, transport and dispose of any or all Franchise Materials which it is herein obligated to collect, transport and dispose of in the time and manner and as herein in this Franchise provided, for a period of more than forty-eight (48) hours, or if in any lesser time period Franchise Materials should accumulate in the County to such an extent, in such manner, or for such time that the Director or County Board of Supervisors should find that such accumulation endangers or menaces the public health, safety or welfare, then, in any of those events, County shall have the right, upon notice to the Franchisee, during such period, to take possession of any or all of the Operating Assets (including processing facilities) necessary in the collection, transportation, processing and disposal of the Franchise Materials produced, kept or accumulated in the County, and to use such property to collect, transport and dispose of any or all Franchise Materials which the Franchisee would otherwise be obligated to collect, transport and dispose of pursuant to this Franchise. The Franchisee agrees that in such event it will fully cooperate with County to affect such a transfer of possession of the Operating Assets for County's use of the same for the collection, transportation and disposal of Franchise Materials. The Franchisee agrees that, in such event, the County may take possession of and use all of the Operating Assets for the above-mentioned purposes and may pay the Franchisee reasonable rental value of the Operating Assets so taken, however, payment, in combination with the County's costs to provide Services, shall not exceed the Franchisee's Customer Rates. The County may in such circumstances operate the Operating Assets with its employees, or cause the Operating Assets to be operated by subcontractors to the County.

(B) Franchisee Repair. The Franchisee further agrees that, in the circumstances described in subsection (A) above, the Franchisee shall, if County so requests, keep in good repair and condition all of the Operating Assets, service all motor vehicles necessary for continued operations with gasoline, oil and other necessary service, and provide such other service as may be necessary to render the Operating Assets

operational and ready for use in collecting and transporting and disposing of Franchise Materials, all free of any and all costs or expenses to the County.

(C) County Use of Franchisee Personnel. The Franchisee further agrees that, in such an event, the County, if it so desires, may immediately engage any or all personnel necessary for the collection, transportation and disposal of Franchise Materials produced, kept or accumulated in the County, and that such employees or personnel may include, if the County so desires, employees or personnel theretofore or then employed by the Franchisee, providing said employees chose to provide said services. The Franchisee further agrees that, if the County should so request, the Franchisee shall furnish to the County, free of cost, services of any or all management or office personnel then in the employ of the Franchisee whose services are necessary for such operations providing said employees and managers agree.

(D) Franchisee Reimbursement. The Franchisee further agrees that, in such an event, it shall reimburse the County for any and all costs and expenses incurred by the County in taking over possession of the Operating Assets and in the collection, transportation and disposal of Franchise Materials in such manner and to such an extent as would otherwise be required of the Franchisee under the terms of this Franchise, which costs and expenses are in excess of the amount that the County would have been required to pay the Franchisee for providing services. In such event the County shall submit a reimbursement statement to the Franchisee. Each statement shall list such costs and expenses, and the reimbursement shall be made no later than five (5) days from and after each such submission. In the event the reimbursement is not made, the County may draw upon any security required to be maintained there under.

(E) Franchisee Resumption of Service. It is further agreed that the County may at any time, at its discretion, relinquish possession of any or all of the Operating Assets to the Franchisee and thereupon demand that the Franchisee resume the collection, transportation and disposal of Franchise Materials as provided in this Franchise, whereupon the Franchisee shall be bound to resume the same.

(F) County Performance Not a Taking. It is specifically understood and agreed that the County's exercise of its rights under this Section: (1) does not constitute a taking of private property for which payment must be made; (2) shall not create any liability on the part of the County to the Franchisee, except for the County's recklessness or willful misconduct; and (3) that the indemnity provisions of Section 10.1 of this Franchise are meant to include circumstances arising under this Section.

(G) Duration of County's Rights. The County's right under Section 8.2 hereof to retain temporary possession of the Operating Assets, and to render collection, transportation and disposal services, shall terminate at the earlier of: (1) the time when such services can, in the judgment of the County, be resumed by the Franchisee, or (if earlier), (2) the time when the County no longer reasonably requires such Operating Assets, as determined by the County, or (3) the expiration of twelve (12) months from the date the County took possession.

SECTION 8.3. EVENTS OF DEFAULT OF FRANCHISEE.

(A) Event of Default Defined. Each of the following shall constitute an Event of Default on the part of the Franchisee

1. Certain Events of Non-Compliance. Any transaction, without any requirement of notice or cure opportunity, not complying with the requirements of Section 3.2 or Section 3.3 hereof.
2. Failure of Deliveries to Designated Disposal Site. The failure by the Franchisee for any reason, without any requirement of notice or cure opportunity, to deliver to the Designated

Disposal Site, on a consecutive or cumulative basis throughout the Term of this Franchise, Franchise Materials which it collects in any amount.

3. Missed Collections. The failure of the Franchisee, except as may be excused by Uncontrollable Circumstances, to make at least [99.95%] of the gross number of scheduled collections in any Franchise Year.
4. Improper Disposal of Franchise Recyclable Materials or Franchise Yard Waste or Self-Hauled Yard Waste and Wood Waste. Disposal by the Franchisee in any landfill of Franchise Yard Waste, Self-Hauled Yard Waste and Wood Waste or Franchise Recyclable Materials.
5. Falsification of Report or Request for Proposal. Intentional falsification by the Franchisee of any report, document or request for proposal required to be provided by the Franchisee under this Franchise.
6. Other Failure to Perform. Failure or refusal of the Franchisee to perform any term, covenant, obligation or condition contained in this Franchise other than a failure or refusal described in items (1), (2), (3), (4) or (5) above, except that no such failure or refusal shall give the County the right to terminate this Franchise under this Section unless:
 - (a) The County has given prior written notice to the Franchisee, stating that a specific failure or refusal to perform exists which will, unless corrected, constitute a material breach of this Franchise on the part of the Franchisee and which will, in its opinion, give the County a right to terminate this Franchise for cause under this Section unless such default is corrected within 15 days, and
 - (b) The Franchisee has neither challenged in an appropriate forum the County's conclusion that such failure or refusal to perform has occurred or constitutes a material breach of this Franchise nor corrected or diligently taken steps to correct such default within such 15 day period from receipt of the notice given pursuant to the clause (a) of this subsection (but if the Franchisee shall have diligently taken steps to correct such default within a reasonable period of time, the same shall not constitute an Event of Default for as long as the Franchisee is continuing to take such steps to correct such default).
7. Voluntary Bankruptcy. The written admission by either the Franchisee or Guarantor that it is bankrupt, or the filing by the Franchisee or either Guarantor of a voluntary petition under the Federal Bankruptcy Code, or the consent by the Franchisee or either Guarantor to the appointment by a court of a receiver or trustee for all or a substantial portion of its property or business, or the making by the Franchisee or either Guarantor of any arrangement with or for the benefit of its creditors involving an assignment to a trustee, receiver or similar fiduciary, regardless of how designated, of all or a substantial portion of the Franchisee's or either Guarantor's property or business.
8. Involuntary Bankruptcy. The final adjudication of the Franchisee or either Guarantor as a bankrupt after the filing of an involuntary petition under the Bankruptcy Act, but no such adjudication shall be regarded as final unless and until the same is no longer being contested by the Franchisee nor until the order of the adjudication shall be regarded as final unless and until the same is no longer being contested by the Franchisee nor until the order of the adjudication is no longer appealable.

9. Failure to Provide Performance Bond or Corporate Guarantee. The failure of the Franchisee to provide or maintain the performance bond or Corporate Guarantee required pursuant to Sections 6.5 and 6.9 hereof, without any requirement of notice or cure opportunity.

(B) Termination Liquidated Damages Payable to the County If this Franchise is terminated by the County for cause as a result of an Event of Default by the Franchisee hereunder, the Franchisee immediately upon receipt of the County's termination notice shall pay to the County as liquidated damages (1) all amounts payable to the County by the Franchisee as liquidated damages up to such date of termination, and (2) an amount equal to the sum of all increased payments, damages, penalties incurred by or on behalf of the County under or Applicable Law as a result of the termination of this Franchise.

(C) Adequacy of Termination Liquidation Damages. The parties agree that the County's actual damages upon termination of the Franchisee for cause under this Section would be difficult or impossible to ascertain, that the termination liquidated damages provided for in subsection (B) hereof are intended to place the County in an economic position equivalent to that which it would have been in the Event of Default or material breach permitting termination for cause not occurred, and that such termination liquidated damages shall constitute the only damages payable by the Franchisee upon such termination for cause, regardless of legal theory. The obligation to pay such termination liquidated damages shall not impair or limit the obligation of the Franchisee to the County under any other provision of this Franchise which expressly survives termination hereunder.

(D) Waiver of Defenses The Franchisee acknowledges that it is solely responsible for providing the Franchise Services described herein, and hereby irrevocably and unconditionally waives the following defenses to the payment and performance of its obligations under this Franchise: any defense based upon failure of consideration, contract of adhesion, impossibility or impracticability of performance, commercial frustration of purpose, or the existence, non-existence, occurrence or non-occurrence of any foreseen or unforeseen fact, event or contingency that may be a basic assumption of the Franchisee with regard to any provision of this Franchise.

(E) Enforcement Costs. The Franchisee agrees to pay to the County all reasonable fees and expenses incurred by or on behalf of the County in enforcing payment or performance of the Franchisee's obligations hereunder if such non-performance results in a judicially determined Event of Default by the Franchisee.

(F) Failure to Pay The failure of the Franchisee to pay undisputed amounts due and owing to the County under this Franchise within 90 days following receipt of a County invoice therefore.

SECTION 8.4. EVENT OF DEFAULT BY THE COUNTY.

(A) Event of County Default Defined. Each of the following shall constitute an Event of Default on the part of the County:

1. Bankruptcy or Insolvency. The filing by the County of a petition seeking relief, a final adjudication of insolvency or bankruptcy, or an assumption by a cognizant regulatory body of supervision of the County's finances, in any case under the Federal Bankruptcy Code, or any federal or state statute intended to provide relief or otherwise become effective for political subdivisions with respect to enterprise funds, system revenue funds or any similar funds which are insolvent, financially unsound or unable to meet their obligations as they mature.

2. **Failure to Pay.** The failure of the County to pay undisputed amounts due and owing to the Franchisee under this Franchise within 90 days following receipt of a Franchisee invoice therefore.

SECTION 8.5. NO WAIVERS. No action of the County or Franchisee pursuant to this Franchise (including, but not limited to, any investigation or payment), and no failure to act, shall constitute a waiver by either party of the other party's compliance with any term or provision of this Franchise. No course of dealing or delay by the County or Franchisee in exercising any right, power or remedy under this Franchise shall operate as a waiver thereof or otherwise prejudice such party's rights, powers and remedies. No single or partial exercise of (or failure to exercise) any right, power or remedy of the County of the Franchisee under this Franchise shall preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

SECTION 8.6. NO CONSEQUENTIAL OR PUNITIVE DAMAGES. In no event shall either party hereto be liable to the other or obligated in any manner to pay to the other any special, incidental, consequential, punitive or similar damages based upon claims arising out of or in connection with the performance or non-performance of its obligations or otherwise under this Franchise, or the material inaccuracy of any representation made in this Franchise, whether such claims are based upon contract, tort, negligence, warranty or other legal theory.

SECTION 8.7. FORUM FOR DISPUTE RESOLUTION. It is the express intention of the parties that all legal actions and proceedings related to this Franchise or to the Franchise Services or to any rights or any relationship between the parties arising there from shall be solely and exclusively initiated and maintained in courts of the State of California in Santa Cruz County or the United States of America in San Jose having appropriate jurisdiction.

SECTION 8.8. ADMINISTRATIVE REVIEW OF DISPUTES. Either party hereto may give the other party written notice of any dispute with respect to this Franchise. Such notice shall specify a date and location for a meeting of the parties hereto at which such parties shall attempt to resolve such dispute. The Director shall keep a record of the proceedings conducted and information presented during such meeting. In the event that such dispute cannot be resolved by the parties hereto within 30 days, the matter may be referred by either party to Legal Proceedings. In the event either party has referred a dispute to any such proceeding, the County may not act to terminate this Franchise for cause except at the conclusion of the meeting of the parties held pursuant to this Section.

ARTICLE IX
TERM

SECTION 9.1. TERM. The term of this Franchise shall commence on the date of execution hereof and shall end on December 31, 2017.

ARTICLE X MISCELLANEOUS PROVISIONS

SECTION 10.1. INDEMNIFICATION. The Franchisee agrees that it will protect, indemnify and hold harmless the County and its representatives, officers, employees, volunteers and subcontractors (as applicable in the circumstances), (the "County Indemnified Parties") from and against (and pay the full amount of) all liabilities, actions, damages, claims, demands, judgments, losses, costs, expenses, suits or actions and reasonable attorney's fees (collectively, "Loss-and-Expenses"), and will defend the County Indemnified Parties in any suit, including appeals, for personal injury to, or death of, any person, or loss or damage to property arising out of (1) the negligence of the Franchisee or any of its officers, members, employees, agents, representatives or Subcontractors in connection with its obligations or rights under this Franchise, (2) the collection, transportation, handling, storage, processing, marketing, or disposal of Franchise Materials (except to the extent and from the point the County knowingly takes possession of Franchise Refuse at a County solid waste facility for the purpose of disposal), (3) any Franchisee Breach, (4) any claim for any finder's or brokerage fee or other commission resulting from any services alleged to have been rendered to or performed on behalf of the Franchisee with respect to this Franchise or any of the transactions contemplated hereby, (5) any action taken by the County pursuant to its rights under Section 8.7 hereof upon a failure to collect, transport, process or dispose of Franchise Materials, (6) the performance or non-performance of the Franchisee's obligations under this Franchise, or (7) any action taken by the County to grant the franchise including allegations involving federal antitrust or state Unfair Business Practices violations. The Franchisee shall not, however, be required to reimburse or indemnify any County Indemnified Party for any Loss-and-Expense to the extent any such Loss-and-Expense is due to (a) any County Breach, or (b) the negligence or other wrongful conduct of any County Indemnified Party. A County Indemnified Party shall promptly notify the Franchisee of the assertion of any claim against it for which it is entitled to be indemnified hereunder, shall give the Franchisee the opportunity to defend such claim, and shall not settle the claim without the approval of the Franchisee. These indemnification provisions are for the protection of the County Indemnified Parties only and shall not establish, of themselves, any liability to third parties. The provisions of this subsection shall survive termination of this Franchise.

SECTION 10.2. UNCONTROLLABLE CIRCUMSTANCES GENERALLY.

(A) **Performance Excused.** Except as otherwise specifically provided in this Franchise, neither the Franchisee nor the County shall be liable to the other for any failure or delay in the performance of any obligation under this Franchise (other than any payment at the time due and owing) to the extent such failure or delay is due to the occurrence of an Uncontrollable Circumstance.

(B) **Notice, Mitigation.** The party experiencing an Uncontrollable Circumstance shall notify the other party by telecommunication or telephone and in writing, within 24 hours after the party experiencing such Uncontrollable Circumstance first knew of the commencement thereof, followed within two days by a written description of (d) the Uncontrollable Circumstance and the cause thereof (to the extent known), (e) the date the Uncontrollable Circumstance began and the cause thereof, its estimated duration, the estimated time during which the performance of such party's obligations hereunder will be delayed, and (f) potential mitigating actions which might be taken by the Franchisee or County. Each party shall provide written notice of the cessation of such Uncontrollable Circumstance within 24 hours thereof. Whenever such act, event or

condition shall occur, the party claiming to be adversely affected thereby shall, as promptly as reasonably possible, use its best efforts to eliminate the cause therefore and resume performance under this Franchise. While the delay continues, the Franchisee or County shall give daily notice to the other party updating the information previously submitted.

SECTION 10.3. LIMITED RECOURSE TO THE COUNTY. No recourse shall be had to the general funds or general credit of the County for the payment of any amount due the Franchisee hereunder, or the performance of any obligation incurred hereunder, including any Loss-and-Expense of any nature arising from the performance or non-performance of the County's obligations hereunder. The sole recourse of the Franchisee for all such amounts shall be to the funds held in County Service Area 9C, Recycling and Solid Waste Services Enterprise Fund. All amounts held in the Solid Waste Enterprise Fund shall be held for the uses permitted and required thereby, and no such amounts shall constitute property of the Franchisee. The County shall make adequate provision in the administration of the Solid Waste Enterprise Fund for the payment of any amount or the performance of any obligation which may be due hereunder.

SECTION 10.4. RELATIONSHIP OF THE PARTIES. Neither party to this Franchise shall have any responsibility whatsoever with respect to services provided or contractual obligations or liabilities assumed by the other party hereto, whether accrued, absolute, contingent or otherwise, or whether due or to become due. The Franchisee is an independent contractor and franchise holder and nothing in this Franchise shall be deemed to constitute either party a partner, agent or legal representative of the other party or to create any fiduciary relationship between the parties.

SECTION 10.5. NO DISCRIMINATION. The Franchisee shall not discriminate nor permit discrimination by any of its officers, employees, agents and representatives against any person because of age, race, color, religion, national origin, sex, sexual orientation or physical or mental disability. The Franchisee will take all actions reasonably necessary to ensure that applicants are employed, and that employees are treated during employment, without regard to their age, race, color, religion, national origin, sex, sexual orientation or physical or mental disability. Such action shall include, without limitation, recruitment and recruitment advertising; layoff or termination; upgrading, demotion, transfer, rates of pay or other form of compensation; and selection for training, including apprenticeship. The Franchisee shall impose the non-discrimination provisions of this Section by contract on all Subcontractors hired with the County's consent to perform work related to performance of its obligations hereunder and shall take all reasonable actions necessary to enforce such provisions. The Franchisee will post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause.

SECTION 10.6. ACTIONS OF THE COUNTY IN ITS GOVERNMENTAL CAPACITY. Nothing in this Franchise shall be interpreted as limiting the rights and obligations of the County in its governmental or regulatory capacity, or as limiting the right of the Franchisee to bring any legal action against the County, not based on this Franchise, arising out of any act or omission of the County in its governmental or regulatory capacity.

SECTION 10.7. BINDING EFFECT. This Franchise shall bind and inure to the benefit of the parties hereto and any successor or assignee acquiring an interest hereunder consistent with the provisions hereof.

SECTION 10.8. AMENDMENTS. Neither this Franchise nor any provision hereof may be changed, modified, amended or waived except by written agreement duly executed by both parties.

SECTION 10.9. NOTICE OF LITIGATION. Each party shall deliver written notice to the other of any Legal Proceeding to which it is a party and which questions the validity or enforceability of this Franchise or any other related agreement executed by the County or the Franchisee or any Legal Entitlement issued in connection herewith.

SECTION 10.10. NOTICES. Any notices or communications required or permitted hereunder to be given to the County shall be in writing and shall be sufficiently given only if delivered to the Clerk of the Board, County of Santa Cruz, 701 Ocean Street, Room 500, Santa Cruz, CA 95060, with a copy also delivered in person to the Director of Public Works, 701 Ocean Street, Room 410, Santa Cruz, CA 95060. Any notices or communications required or permitted hereunder to be given to the Franchisee shall be in writing and shall be sufficiently given if delivered in person to the Franchisee at 625 Charles Street, San Jose, CA, 95112. Changes in the respective addresses to which such notices may be directed may be made from time to time by any party by written notice to the other party. Notices and communications given by mail hereunder shall be deemed to have been given 5 days after the date of dispatch; all other notices shall be deemed to have been given upon receipt.

SECTION 10.11. FURTHER ASSURANCES. Each party agrees to execute and deliver any instruments and to perform any acts as may be necessary or reasonably requested by the other in order to give full effect to this Franchise.

IN WITNESS WHEREOF, the parties hereto have executed this agreement on the dates indicated below.

COUNTY OF SANTA CRUZ

Dated: Dec. 12, 2006

By: Thomas L. Bolich
Thomas L. Bolich, Director of Public Works

ATTEST:

Gail T. Bostwick
Clerk of the Board

APPROVED AS TO FORM:

[Signature] 11.27.06
County Counsel

APPROVED AS TO INSURANCE:

[Signature] 11-28-06
Risk Manager

ACCEPTED:

FRANCHISEE - GREENWASTE RECOVERY, INC.

Dated: 11/27/06

By: [Signature]
Name: Frank Weigel
Title: General Manager

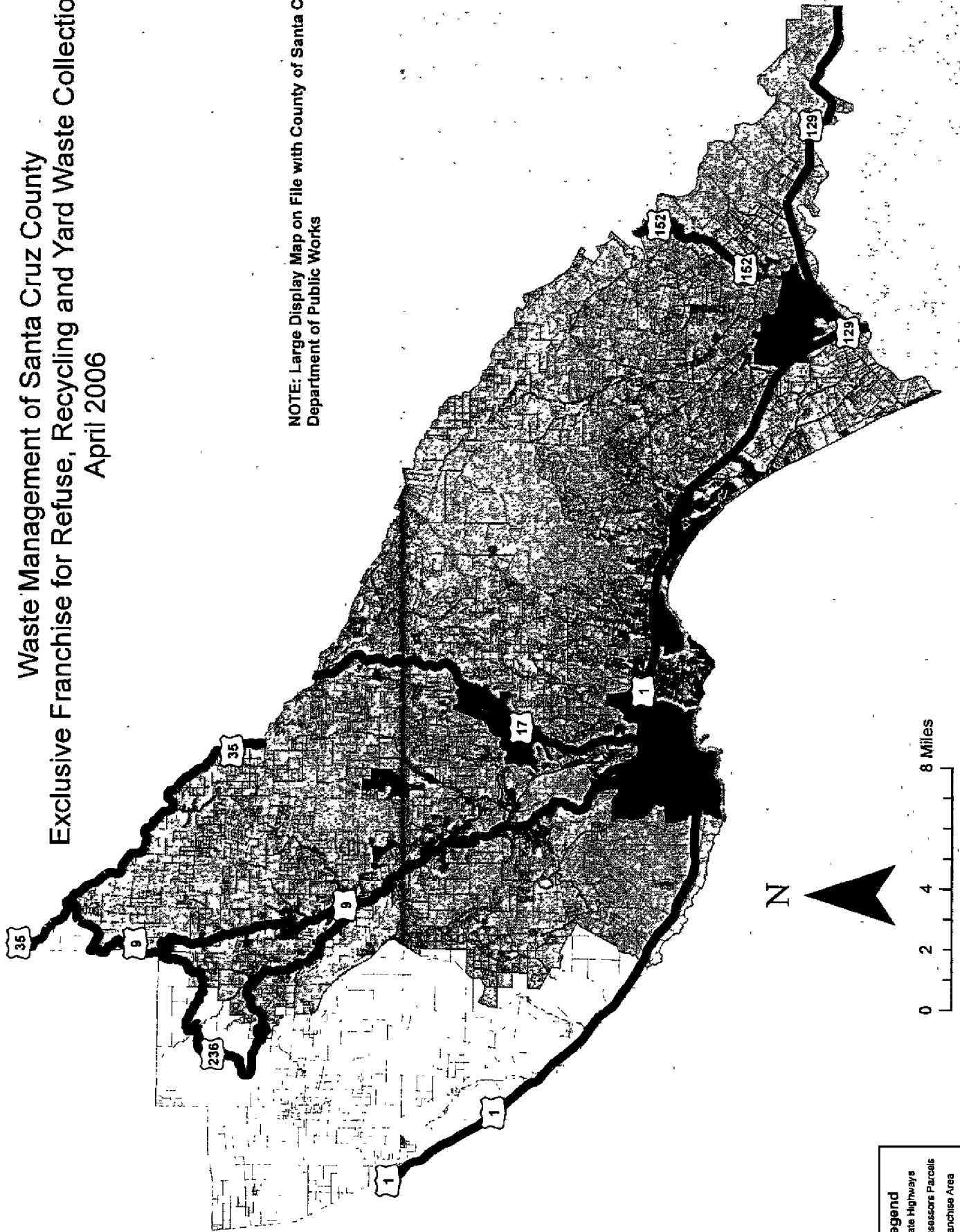
APPENDIX A

MAP OUTLINING FRANCHISE AREA

[Large Scale Map on file with Franchisee and County]

Waste Management of Santa Cruz County
Exclusive Franchise for Refuse, Recycling and Yard Waste Collection
April 2006

NOTE: Large Display Map on File with County of Santa Cruz,
Department of Public Works



Legend

- State Highways
- Assessors' Parcels
- Franchise Area
- City Limit

APPENDIX B

REPORTING REQUIREMENTS

APPENDIX B - REPORTING REQUIREMENTS

The Franchisee shall comply with the following reporting requirements for the duration of the franchise term.

- I. Prior to the initial preparation of the reports required by this Agreement Franchisee shall consult with County to establish the format and data definitions for each report that best meets County's needs.
- II. All reports shall be submitted electronically unless otherwise specified.
- III. Electronic reports shall be in a PC-based Excel, or Excel-compatible, format.
- IV. County shall have electronic read-only access to electronic files and database from which reports are generated.
- V. Reports shall be submitted by the 25th of each month following the reporting period unless otherwise specified.
- VI. Franchisee shall provide County with on-request reports within five (5) working days of request.

A. Refuse Data - Monthly.

1. **for Cart (Residential) Services**
 - a. by route: number of daily set-outs
 - b. by route: tons collected and delivered to disposal facilities
 - c. truck identification number for each daily route
 - d. by route: number of service accounts by service classification level
 - e. by route: number of collection containers distributed by size
 - f. total number of service accounts by service classification level
 - g. total number of collection containers distributed by size
2. **for (Bin) Commercial Services**
 - a. by route: tons collected and delivered to disposal facilities
 - b. truck identification number for each daily route
 - c. by route: number of service accounts by service classification level (size & frequency)
 - d. by route: number of collection containers distributed by size
 - e. total number of service accounts by service classification level
 - f. total number of collection containers distributed by size
3. **for County Services (County Facilities / Public Containers / Cleanup Events)**
 - a. by location: tons collected from roll-off bins and delivered to disposal facilities
 - b. number of collection containers serviced by size, location and route

B. Yard Waste Data - Monthly.

1. **for Cart (Residential) Collection Services**
 - a. by route: number of daily set-outs
 - b. by route: gross tons collected daily
 - c. truck identification number for each daily route
 - d. by route: weekly participation rates in terms of weekly set out counts
 - e. monthly participation rates based on a methodology to be agreed upon by County and Franchisee
 - f. total set-outs and tonnages, monthly by route and total monthly
 - g. by route: number of service accounts by service classification level
 - h. total number of service accounts by service classification level
 - i. number of collection containers distributed by size and customer type (cart/bin), including home composting and worm bins

2. **for Bin (Commercial) Collection Services**
 - a. by route: number of service accounts by container size
 - b. by route: number of daily setouts (collected by cart collection vehicle - yard waste not offered as part of franchise bin service)
 - c. method for separate tracking of quantities from bin customers with yard waste service to be determined
 - d. commercial cart customers (w/ yard waste) included with residential cart customer reporting
3. **for Self-Haul Yard Waste and Wood Waste**
 - a. gross delivered weight daily by material type
4. **Processing and Marketing Services**
 - a. by material type and source (Franchise yardwaste, self-haul yardwaste/woodwaste): monthly totals of quantities processed
 - b. by material type and source: monthly totals of quantities sold; specify purchaser name and location, price received per ton and total payment
 - c. by material type and source: quantities donated or otherwise disbursed without compensation
 - d. monthly quantity of processing residue and characterize (in manner mutually agreed by County)
 - e. monthly disposal log for processing residue indicating truck #, date/time of disposal, amount disposed, and location disposed

D. Recycling Data - Monthly.

1. **for Cart (Residential) Collection Services**
 - a. by route: number of daily set-outs
 - b. by route: gross tons collected daily
 - c. truck identification number for each daily route
 - d. by route: weekly participation rates in terms of weekly set out counts
 - e. monthly participation rates based on a methodology to be agreed upon by County and Franchisee
 - f. total set-outs and tonnages, by material category, monthly by route and total monthly
 - g. by route: number of service accounts by container type (cart/crate)
 - h. total number of service accounts by container type
 - i. number of collection containers distributed by size and customer type (cart/bin)
2. **for Cart (Commercial) Collection Services**
 - a. by route: number of daily setouts
 - b. by route: number of service accounts by container type & size
 - c. commercial carts collected by residential cart collection vehicle; loads mixed: method for separate tracking of residential and commercial quantities to be determined
3. **for Bin (Commercial) Collection Services**
 - a. by route: gross tons collected daily by material category/type (single stream and commingled)
 - b. truck identification number for each daily route
 - c. total tonnages, by material type, monthly by route and total monthly
 - d. by route: number of service accounts by service classification level service
 - e. total number of service accounts by service classification level service

f. number of collection containers distributed by size and customer type (cart/bin)

4. for County Services / Public Recycling Containers / Cleanup Events

County Services-Collection

- a. by location: tons collected by material category/type (single stream and commingled) and delivered to processing facility
- b. number of recycling collection containers serviced by size, material type and location

Public Recycling Containers - Collection

- a. by location: tons collected by material category/type (single stream and commingled) and delivered to processing facility
- b. number of recycling collection containers serviced by size, material type and location

Cleanup Events-Collection

- a. by location: tons collected by material category/type (single stream and commingled) and delivered to processing facility
- b. number of recycling collection containers serviced by size, material type and location

5. for Drop-off Centers

- a. by material type (and grade where appropriate) and drop-off center: tons purchased and price per ton paid
- b. by material type (and grade where appropriate) and drop-off center: tons processed & marketed; market price per ton; total return to drop-off center; market name/location
- c. by material type (and grade where appropriate) and drop-off center: tons transported directly to market; dates and tonnage by material type per trip; market name/location
- d. by material type (and grade where appropriate) and drop-off center: disposition and quantity of any material not marketed (e.g., stockpiled, donated or otherwise disbursed without compensation)
- e. describe and quantify any contamination problems, reject loads, etc.
- f. monthly quantity of processing residue and characterize.(in manner mutually agreed by County)

6. Processing and Marketing Services

- a. by material type (and grade where appropriate): monthly totals of quantities processed
- b. by material type (and grade where appropriate): monthly totals of quantities sold; specify purchaser name and location, price received per ton and total payment
- c. by material type: quantities donated or otherwise disbursed without compensation
- d. monthly quantity of processing residue and characterize (in manner defined by County)
- e. describe and quantify any contamination problems, reject loads, etc.
- f. method for tracking separately- by collection origin- quantities processed and sold, by material type

E. Praises, Complaints, Missed Pickups and Resolutions - Monthly.

- a. summarize any praises and complaints received in such month
- b. complaints which require the payment by the Franchisee of liquidated damages pursuant to this Article.
- c. written record of all calls related to missed pickups and responses to such calls.

F. Public Education and Information - Monthly.

- a. summary description of public education and information activities undertaken.

- b. distribution of individual customer literature, collection notification tags, community information and events, tours and other activities as identified in Appendix H of this Franchise
- c. describe any perceived needs for publicity or public education.

G. Problems and Actions Taken - Quarterly

- a. summary narrative of problems encountered with collection and processing activities and actions taken
- b. type and number of notification tags left at Customer accounts.
- c. instances of and responses to property damage or injury, poaching or scavenging, significant changes in operation, market factors.
- d. description of processed material loads rejected for sale, reason for rejection and disposition of load after rejection.

H. Annual Report Submittals.

Annual reports shall be submitted no later than 90 days following the end of the Franchise Year.

I. Annual Report Contents.

- a. summarize the numerical information contained in the monthly reports.
- b. complete inventory of collection and major processing equipment including stationary, and rolling stock, collection containers by type and size.
- c. discuss public awareness activities and their impact on recycling and yard waste participation and recovered amounts.
- d. analysis of collection, processing and marketing problems or conditions (participation, set outs, contamination, market trends, etc.) and possible solutions.
- e. summarize customer complaints or comments to convey any trends or developing situations.

J. Additional Reports.

- a. financial reports pursuant to Section 6.3 and any additional monthly or annual reports as may be required to set forth all information required under the Act or otherwise by the County/ pertaining to the recycling and diversion of Franchise Materials which is collected and/or processed by the Franchisee.
- b. said reports shall be in the form required by the County and shall categorize recycling and diversion activity in the manner required by the County.

K. Operations Performance Reports

The following reports shall be provided at the frequency specified for each. Reports submitted on special request of the County shall be submitted within 10 working days of the request.

<u>Report</u>	<u>Frequency</u>	<u>Source (Sect.)</u>
a. Free Backyard Service Total number by route	Monthly	4.1(B)(iv)
b. Special Services Total number by type of service	Monthly	4.1(B)(iv) 4.4(A)
c. Overages total by route by overage type	Monthly	4.1(B)(v)

Report	Frequency	Source (Sect.)
d. Free Trial Subscriptions Total by route	Monthly	4.1(B)(vi)
e. Collection of Illegal Dumping total tons collected/disposed; for each: date/time/hours spent/location/type of waste collected	Quarterly	4.1(D)(iv)
f. Bulky Goods Collection number of pick-ups by route, by customer & non-customer; tons recycled, disposed	Monthly	4.1(E)
g. Annual Clean-up Setouts number of collections per route, by customer & non- customer	Monthly	4.1(F)
h. Changes in Service Classification total by route by size (cart replacement/exchange, from-to)	Quarterly	4.1(J)
i. Additional Services total by route; total by type	Quarterly	4.1(L)
j. Route Books and Maps start/stop points for each route; map replacement pages whenever revised	With Each Change	4.2(C);I-1
k. Carts Repaired or Replaced total by size & type	Quarterly	4.3(B)
l. Non-Collection Tags total by route by type; log summary	Monthly	4.2(F), 4.5(C,E)
m. Stackable Crates total by route; copy of notice, date sent	Monthly	4.3(C)(iv)
n. Compost and Worm Bins total by each type by route; total by each type purchased	Monthly	4.3(C)(v)
o. Bin Repair or Clean total	Quarterly	4.3(C)(viii)
p. Driver & Worker Safety Records Pull Notice Program law enforcement & regulatory inspections, admin actions, fines, notices, etc.	Quarterly	4.5(G)
q. Collection Vehicle Changes fleet add/drop, route reassignments, tare wt changes, load combinations	With Each Change	4.7(D)
r. Vehicle Safety Inspections CHP inspection reports	Annual	5.1(C)
s. Inventory of Operating Assets vehicle & equipment type, capacity, location, acquisition date	Annual	5.1(D)

Report	Frequency	Source (Sect.)
t. Emergency Telephone Numbers night & weekend phone numbers for senior officials	With Each Change	6.1(D)
u. Financial Report audited statement of gross receipts and franchise fees; svc levels	Annual	6.3(C)
v. Billing Statement monthly Customer Rates; customer revenues; estimates & adjustments	Monthly	7.2(A, B)
w. Delinquent Accounts customer name/id #; total #; total \$ due	Monthly	7.3(B)
x. Monthly Settlement Statement monthly reconciliation of fees payable and revenues received	Monthly	7.3(C)
y. Rate Revisions for Bin Recycling Service revised rates	With Each Change	App. D
z. Recycling Sales Revenues by material: tons processed & sold, price paid; weighted average computations	Monthly	App. F-1
aa. Collection Vehicle Distribution by vehicle type: route; # accts; svc level, svc address	Quarterly	App. I-1
ab. Non-profit Drop-off Recycling Centers by material: pulls/charges; tons marketed, processed & marketed; sales revenue	Monthly	App. M-1

APPENDIX C

SPECIFICATIONS FOR CONTAINERS AND VEHICLES

APPENDIX C

SPECIFICATIONS FOR CONTAINERS AND VEHICLES

The Franchisee agrees to provide refuse carts, recycling crates or carts and yard waste carts to Cart Customers and refuse bins, recycling carts and recycling bins to Bin Customers as describe below.

Cart Customers		
Service	Container Type	Sizes (approximate)
Refuse	Wheeled Carts (Made with at least 25% post-consumer recycled material, with attached secure-fitting lids and large wheels. Color, markings and instructions as approved by the County)	20 gallons 35 gallons 65 gallons 95 gallons
	Cans - for Baseline Services (Same as Carts except no wheels)	10 gallons 20 gallons
Recyclables	Crates (Made with at least 25% post-consumer recycled material. Color, markings and instructions as approved by the County.)	Up to five (5) - 11 gallon stackable crates for commingled recyclables OR Up to three (3) - 18 gallon non-stackable crates for commingled recyclables
	Wheeled Carts (Made with at least 25% post-consumer recycled material, with attached secure-fitting lids and large wheels. Color, markings and instructions as approved by the County.)	65 gallons
Yard Waste	Wheeled Carts (Made with at least 25% post-consumer recycled material, with attached secure-fitting lids and large wheels. Color, markings and instructions as approved by the County)	65 gallons

Bin Customers		
Refuse	Collection Bins (leak-proof with attached lids) Color, markings and instructions as approved by the County	1 cubic yard 1.5 cubic yards 2 cubic yards 3 cubic yards 4 cubic yards 6 cubic yards 8 cubic yards
Recyclables	Wheeled Carts (Made with at least 25% post-consumer recycled material, with attached secure-fitting lids and large wheels. Color, markings and instructions as approved by the County)	65 gallons
	Collection Bins (with attached lids and, if requested, available locks), provide distinguishing lid or body color (different from Refuse Bins), markings and instructions as approved by the County	1 cubic yard 1.5 cubic yards 2 cubic yards 3 cubic yards 4 cubic yards 6 cubic yards

ADDITIONAL CART SPECIFICATIONS

The Franchisee shall provide carts meeting the following minimum specifications. These specifications apply to all 20-, 35-, 65-, and 95-gallon size carts (unless otherwise indicated) used for collection of refuse, recyclables, and yard waste.

Each Cart shall be identified with the name of the County and assigned unique identification number. The Franchisee shall use a method, to be approved by the Director, to clearly distinguish the differences between the Refuse, Recycling and Yard Waste Carts.

Upon request of any Customer due to repeated incidents of tipped Cart due to animals, the Franchisee shall provide such Customer with a secure closing mechanism for the Cart lid. The Franchisee shall also provide any additional Carts requested by Customers, provided that the Franchisee shall be entitled to receive the additional compensation therefore as specified in the Customer Rate Schedule contained in Appendix D.

General

Cart to be injection **or rotationally** molded, using highest quality High Density Polyethylene resins (virgin and post consumer), and the cart must be able to:

- weather seasonal temperature extremes
- remain stabilized against long-term effects of the sun
- be impervious to most household chemicals and solvents
- offer excellent impact resistance
- withstand temperatures from -30 to 120 degrees F
- withstand wind velocities of up to 25 mph from any direction, when empty, without overturning

Body

Specifications of the body of the cart are:

- **28.70-inch** width to allow for passage through standard 30-inch wide doors, and for easy handling and excellent balance
- top rim reinforced with a molded structural grid support for extra strength
- smooth, seamless surface inside and out for enhanced appearance and cleanability
- molded-in, reinforced upper bracket (for semi-automated lift hook-up)
- steel lower lift bar designed for easy replacement if damaged
- 3/4" wear strip under floor to provide added strength
- drip edge design to keep rain and insects out
- approximate cart capacity to be: 20 gallons, or 75 lbs., 35 gallons, or 125 lbs., 65 gallons, or 200 lbs., 95 gallons, or 250 lbs.

Lid, Handle, and Hinges

- lid design to eliminate need for secondary latch
- lids to allow for optional locking device for vector control
- lids to be self-opening when dumping cart
- handle design to allow for easy cart control

Wheels and Axles

- wheel diameter to be: 8" for 20 gallon cart, 8" for 35 gallon cart, 10" for 65 gallon cart, and 12" for 95 gallon cart
- 5/8" solid steel axle to be black zinc electroplated

Testing Standards and Quality Assurance

Test data results are to be provided which assure the above specifications are met. Test results and warranties must address the following:

- drop/impact tests
- accelerated UV exposure tests
- lift and dump tests
- wheel/axle tests
- salt spray test

SPECIFICATIONS FOR COLLECTION VEHICLES

The Franchisee shall provide collection vehicles meeting the following minimum specifications.

Franchise Collection Vehicles assigned to a specific collection route shall be of a size small enough to safely traverse all roads within that route without exceeding any posted bridge or road weight limits, without unreasonably impacting oncoming traffic, shall be able to traverse all turns without unsafely crossing into oncoming traffic, and shall have adequate clearance to avoid power lines and other fixed overhead and roadside obstacles. All collection vehicles with diesel engines shall be in full compliance with Monterey Bay Unified Air Pollution Control District and California Air Resources Board regulations. All diesel engines shall be fueled with Bio-diesel fuels, unless no bio-diesel fueling station is available within a 5 mile radius of the Franchisee's corporation yard.

Cart Customer Collection Vehicles

Vehicles for Refuse, Recyclables, and Yard Waste Collection

- Type of vehicle body shall be a front end loader / side loader or equivalent type and model capable of co-collection and separate storage of at least two material streams (refuse and yard waste or commingled containers)
- The body shall consist of at least two horizontal/vertical compartments, split between one (or two) upper and one lower compartment for segregation and storage of separate material types
- The body shall have a minimum of 18 cubic yards of capacity. The bottom/side compartment for refuse shall have 7 to 9 cubic yard capacity, and the top/side one or two compartment(s) shall have a combined 18 to 31 cubic yard capacity
- Payload capacity shall be a minimum of 9,000 pounds
- Discharge of materials shall be by hydraulic dumping mechanism

Mini Packer Vehicles for Refuse and Yard Waste Collection

- Type of vehicle body shall be a mid range rear loader / side loader or equivalent type and model, capable of safe operation in hilly terrain with narrow roadways and limited turnaround areas. Two vehicles will be used per route, one to collect refuse and one to collect yard waste
- The one or two compartment body shall have a 10 to 14 cubic yard capacity.
- The body shall have compaction capability to maximize payloads
- Overall vehicle length with tailgate lowered shall be approximately 300-330 inches; overall height above frame shall be approximately 90 inches

Mini Packer Vehicle for Hard to service areas for Refuse and Recycling

- Type of Vehicle Shall be 10 to 14 cubic yard capacity one or two compartment side loader or rear loader with cart tipper.

- The Vehicle shall be a low profile type with the capacity of a 8,000 pound payload.

Mini Packer Vehicles for Recyclables Collection

- Type of vehicle body shall be a mid range side loader or rear loader equivalent type and model, capable of safe operation in hilly terrain with narrow roadways and limited turnaround areas
- The single-hopper body shall have a 10 to 14 cubic yard capacity for fibers and commingled containers, and shall be equipped with racks for oil jugs and used oil filters
- The side loader or rear loader shall be modified to handle a 65-gallon recycling cart

Bin Customer Collection Vehicles

Front End Loader Vehicles for Refuse and Recyclables Bin Collection

- The type of vehicle body shall be a single compartment with compaction capability
- The vehicle shall have a minimum of 25 cubic yard capacity
- Payload capacity shall be a minimum of 17,000 pounds
- Discharge of materials shall be by hydraulic dumping mechanism

Rear Loaders Vehicles for Refuse Bin Collection.

- The type of vehicle shall be a single compartment body with the capacity of 11 to 25 yards.
- The Vehicle shall be a 3-axle configuration with the payload capacity of 6,000 to 16,000 pounds.

APPENDIX D

CUSTOMER RATE SCHEDULES

APPENDIX D

CART CUSTOMER FRANCHISE SERVICES FEE SCHEDULE

Schedule 1

Monthly Fee Schedule

Franchise Service Description	Service Fee	Disposal Fee	Franchise Fee	Total Monthly Customer Rate
Combined refuse, recycling and yard waste collection service: (1)				
Baseline 10-gallon refuse can (2)	\$8.07	\$0.93	\$1.00	\$10.00
Baseline 20-gallon refuse can (2)	\$8.03	\$1.87	\$1.10	\$11.00
10-gallon refuse can (3)	\$8.97	\$0.93	\$1.10	\$11.00
20-gallon refuse cart (3)	\$8.93	\$1.87	\$1.20	\$12.00
35-gallon refuse cart (3)	\$11.57	\$3.27	\$1.65	\$16.49
65-gallon refuse cart (3)	\$23.62	\$6.07	\$3.30	\$32.98
95-gallon refuse cart (3)	\$35.56	\$8.96	\$4.95	\$49.47
Recycle only service	\$5.40	n/a	\$0.60	\$6.00
Yardwaste only service	\$5.40	n/a	\$1.13	\$11.29
Life Line Service Discount (4)	n/a	n/a	n/a	15 %

(1) Approximate container volume, volumes may vary slightly dependent on manufacturer and lid configuration.

(2) Baseline 10 and 20 Gallon Refuse Can Service consists of a 10 or 20 gallon refuse can (non-wheeled) and up to 5 stacking 11-gallon recycling crates or up to 3 non-stacking 18-gallon recycling crates, (no yardwaste).

(3) Includes Recycling and Yardwaste carts with service.

(4) Life Line Service Discount shall apply to any Customer who can provide proof of low income status.

CART CUSTOMER SPECIAL SERVICES FEE SCHEDULE

Schedule 2

Unit Prices

Franchise Service Description	Service Fee	Disposal Fee	Franchise Fee	Total Monthly Customer Rate
Difficult to service charge (1)	\$13.37	n/a	\$1.48	\$14.85
Enclosure or lock charge at curb (2)	\$3.96	n/a	\$0.44	\$4.40
Long walk charge (3)	\$10.89	n/a	\$1.21	\$12.10
Additional carts: 65 gallon yard waste cart (4)	\$2.48	n/a	\$0.27	\$2.75
65 gallon recycle cart	\$2.48	n/a	\$0.27	\$2.75
Annual cleanup service (\$ per event): (5)				
up to five 35-gallon containers	\$14.63	\$4.05	\$2.08	\$20.76
Each additional 35-gallon container	\$2.23	\$0.81	\$0.34	\$3.38
Bulky goods pickup (\$ per collection) (6)				
Recyclable Item	\$17.82	n/a	\$1.98	\$19.80
Non-recyclable Item	\$21.07	\$4.05	\$2.79	\$27.91
Extra refuse pickup (\$ per can/bag) (7)	\$1.74	\$0.81	\$0.28	\$2.83
Saturday Collection Surcharge (8)	\$8.91	n/a	\$0.99	\$9.90
Non-Scheduled Collection (9)	\$14.85	n/a	\$1.65	\$16.50
Cart, Crate, Compost Bin Exchange (10)	\$6.93	n/a	\$0.77	\$7.70
Small Vehicle Service on Private Roads & Driveways over 100 feet from Road (11)	n/a	n/a	n/a	100% surcharge
Cart Replacement Fee (12)	\$49.50	n/a	\$5.50	\$55.00

- (1) Maximum charge allowed for any combination of service conditions relating to enclosures, locks, long walks, etc.
- (2) Enclosure charges are allowed when collection requires removing a Cart from an enclosure and replacing it when emptied. Lock charges are allowed when Cart access requires the driver to carry a key and unlock a lock to empty the Cart. Lock charges do not apply if a customer's lock is left in the unlocked position.
- (3) Long walk charge is allowed when each Customer's Carts are placed further than 10 feet and up to 100 feet from the defined edge of the road used by the collection vehicle.
- (4) This fee is for the monthly cost of the cart rental only, not for collection. Cart customer receives unlimited collection of yard waste and recycling at no additional cost.
- (5) Fee applies only to residents in Franchise Zone who are not Franchise Cart Customers, but request the annual cleanup service. Franchise Cart Customers are entitled to annual cleanup service at no additional fee as outlined in Appendix I.
- (6) Fee applies to Cart Customers and other residents in Franchise Zone that are not Cart Customers, but request bulky goods pickup service.
- (7) Fee applies to each set out of an additional bag or 35 gallon can equivalent on the scheduled collection day.
- (8) Surcharge shall be added to Cart Customers requesting regular scheduled service on Saturdays.
- (9) Fee applies to collection of a missed pick-up scheduled on a day other than the Cart Customer's regular collection day.
- (10) Cart, crate or compost bin exchange fee only applies if more than one exchange of cart(s), crates or compost bins is requested per billing period.
- (11) Surcharge applies to Total Monthly Customer Rates for Schedules 1 and 2 in accordance with Section 4.1 (B) (7). Long Walk charges do not apply if the surcharge is for "Driveways over 100 feet from Road".
- (12) Replacement of Carts due to customer negligence or repetitive losses in accordance with Section 4.3 (D).

BIN CUSTOMER FRANCHISE REFUSE CUSTOMER RATE SCHEDULE

Schedule 3

Monthly Fee Schedules

Refuse Bin Service Description	Service Fee	Disposal Fee	Franchise Fee	Total Monthly Customer Rate (1)
1 Yard - 1 x week	\$94.54	\$15.49	\$12.23	\$122.26
1.5 Yard -1 x week	\$120.40	\$23.23	\$15.96	\$159.59
2 Yard - 1 x week	\$149.29	\$30.97	\$20.03	\$200.29
3 Yard - 1 x week	\$196.76	\$46.46	\$27.03	\$270.25
4 Yard - 1 x week	\$230.62	\$61.95	\$32.51	\$325.08
6 Yard - 1 x week	\$332.72	\$92.92	\$47.29	\$472.93
8 Yard - 1 x week	\$411.09	\$123.89	\$59.44	\$594.42

Refuse Bin Service Description	Service Fee	Disposal Fee	Franchise Fee	Total Monthly Customer Rate (1)
1 Yard - 2 x week	\$158.49	\$30.97	\$21.05	\$210.51
1.5 Yard -2 x week	\$216.26	\$46.46	\$29.19	\$291.91
2 Yard - 2 x week	\$277.07	\$61.95	\$37.67	\$376.69
3 Yard - 2 x week	\$355.66	\$92.92	\$49.84	\$498.42
4 Yard - 2 x week	\$417.16	\$123.89	\$60.12	\$601.17
6 Yard - 2 x week	\$601.89	\$185.84	\$87.53	\$875.26
8 Yard - 2 x week	\$762.03	\$247.79	\$112.20	\$1,122.02

Refuse Bin Service Description	Service Fee	Disposal Fee	Franchise Fee	Total Monthly Customer Rate (1)
1 Yard - 3 x week	\$278.60	\$46.46	\$36.12	\$361.18
1.5 Yard -3 x week	\$335.97	\$69.69	\$45.07	\$450.73
2 Yard - 3 x week	\$393.32	\$92.92	\$54.03	\$540.27
3 Yard - 3 x week	\$552.42	\$139.38	\$76.87	\$768.67
4 Yard - 3 x week	\$647.79	\$185.84	\$92.63	\$926.26
6 Yard - 3 x week	\$934.61	\$278.76	\$134.82	\$1,348.19
8 Yard - 3 x week	\$1,124.66	\$371.68	\$166.26	\$1,662.60

(1) Included in each service category listed above is provision of weekly collection of Carts and Bins for Recyclables at Bin Customer premises in accordance with Section 4.1 (C) (2).

BIN CUSTOMER FRANCHISE REFUSE CUSTOMER RATE SCHEDULE

Schedule 3 (continued)

Monthly Fee Schedules

Refuse Bin Service Description	Service Fee	Disposal Fee	Franchise Fee	Total Monthly Customer Rate (1)
1 Yard - 4 x week	\$358.57	\$61.95	\$46.72	\$467.24
1.5 Yard - 4 x week	\$432.45	\$92.92	\$58.37	\$583.74
2 Yard - 4 x week	\$506.40	\$123.89	\$70.03	\$700.32
3 Yard - 4 x week	\$711.32	\$185.84	\$99.68	\$996.84
4 Yard - 4 x week	\$834.32	\$247.79	\$120.23	\$1,202.34
6 Yard - 4 x week	\$1,203.80	\$371.68	\$175.05	\$1,750.53
8 Yard - 4 x week	\$1,836.94	\$495.58	\$259.17	\$2,591.69

Refuse Bin Service Description	Service Fee	Disposal Fee	Franchise Fee	Total Monthly Customer Rate (1)
1 Yard - 5 x week	\$457.88	\$77.43	\$59.48	\$594.79
1.5 Yard - 5 x week	\$552.23	\$116.15	\$74.26	\$742.64
2 Yard - 5 x week	\$646.48	\$154.87	\$89.04	\$890.39
3 Yard - 5 x week	\$908.14	\$232.30	\$126.72	\$1,267.16
4 Yard - 5 x week	\$1,064.96	\$309.74	\$152.74	\$1,527.44
6 Yard - 5 x week	\$1,536.57	\$464.61	\$222.35	\$2,223.53
8 Yard - 5 x week	\$1,836.94	\$495.58	\$259.17	\$2,591.69

Refuse Bin Service Description	Service Fee	Disposal Fee	Franchise Fee	Total Monthly Customer Rate (1)
1 Yard - 6 x week	\$547.53	\$92.92	\$71.16	\$711.61
1.5 Yard - 6 x week	\$660.32	\$139.38	\$88.85	\$888.55
2 Yard - 6 x week	\$773.10	\$185.84	\$106.55	\$1,065.49
3 Yard - 6 x week	\$1,085.97	\$278.76	\$151.64	\$1,516.37
4 Yard - 6 x week	\$1,273.54	\$371.68	\$182.80	\$1,828.02
6 Yard - 6 x week	\$1,795.20	\$557.53	\$261.41	\$2,614.14

(1) Included in each service category listed above is provision of weekly collection of Carts and Bins for Recyclables at Bin Customer premises in accordance with Section 4.1 (C) (2).

**COMPACTOR BIN CUSTOMER FRANCHISE REFUSE CUSTOMER RATE
SCHEDULE
Schedule 4
Monthly Fee Schedule**

Compacted Refuse Bin Service Description (1)	Service Fee	Disposal Fee	Franchise Fee	Total Monthly Customer Rate (2)
1 Yard - 1 x week	\$103.99	\$61.96	\$18.44	\$184.39
2 Yard - 1 x week	\$132.44	\$92.92	\$25.04	\$250.40
3 Yard - 1 x week	\$164.22	\$123.88	\$32.01	\$320.11
4 Yard - 1 x week	\$216.44	\$185.84	\$44.70	\$446.98
6 Yard - 1 x week	\$253.68	\$247.80	\$55.72	\$557.20

Compacted Refuse Bin Service Description (1)	Service Fee	Disposal Fee	Franchise Fee	Total Monthly Customer Rate (2)
1 Yard - 2 x week	\$174.34	\$123.88	\$33.14	\$331.36
2 Yard - 2 x week	\$237.89	\$185.84	\$47.08	\$470.81
3 Yard - 2 x week	\$304.78	\$247.80	\$61.40	\$613.98
4 Yard - 2 x week	\$391.23	\$371.68	\$84.77	\$847.68
6 Yard - 2 x week	\$458.88	\$495.56	\$106.05	\$1,060.49

Compacted Refuse Bin Service Description (1)	Service Fee	Disposal Fee	Franchise Fee	Total Monthly Customer Rate (2)
1 Yard - 3 x week	\$306.46	\$185.84	\$54.70	\$547.00
2 Yard - 3 x week	\$369.57	\$278.76	\$72.04	\$720.37
3 Yard - 3 x week	\$432.65	\$371.68	\$89.37	\$893.70
4 Yard - 3 x week	\$607.66	\$557.52	\$129.46	\$1,294.64
6 Yard - 3 x week	\$712.57	\$743.36	\$161.77	\$1,617.70

(1) Customer owned and maintained bins. Fees cover cost of collection and transportation only. Franchisee supplied compactors will be negotiated with the customer on a case-by-case basis.

(2) Included in each service category listed above is provision of weekly collection of Carts and Bins for Recyclables at Bin Customer premises in accordance with Section 4.1 (C) (2).

**COMPACTOR BIN CUSTOMER FRANCHISE REFUSE CUSTOMER RATE
SCHEDULE
Schedule 4 (continued)**

Monthly Fee Schedule

Compacted Refuse Bin Service Description (1)	Service Fee	Disposal Fee	Franchise Fee	Total Monthly Customer Rate (2)
1 Yard - 4 x week	\$394.43	\$247.80	\$71.36	\$713.59
2 Yard - 4 x week	\$475.70	\$371.68	\$94.15	\$941.53
3 Yard - 4 x week	\$557.04	\$495.56	\$116.95	\$1,169.55
4 Yard - 4 x week	\$782.45	\$743.36	\$169.53	\$1,695.34
6 Yard - 4 x week	\$917.75	\$991.16	\$212.10	\$2,121.01

Compacted Refuse Bin Service Description (1)	Service Fee	Disposal Fee	Franchise Fee	Total Monthly Customer Rate (2)
1 Yard - 5 x week	\$503.67	\$309.72	\$90.38	\$903.77
2 Yard - 5 x week	\$607.45	\$464.60	\$119.12	\$1,191.17
3 Yard - 5 x week	\$711.13	\$619.48	\$147.84	\$1,478.45
4 Yard - 5 x week	\$998.95	\$929.20	\$214.24	\$2,142.39
6 Yard - 5 x week	\$1,171.46	\$1,238.96	\$267.82	\$2,678.24

Compacted Refuse Bin Service Description (1)	Service Fee	Disposal Fee	Franchise Fee	Total Monthly Customer Rate (2)
1 Yard - 6 x week	\$602.28	\$371.64	\$108.21	\$1,082.13
2 Yard - 6 x week	\$726.35	\$557.52	\$142.65	\$1,426.52
3 Yard - 6 x week	\$850.41	\$743.36	\$177.09	\$1,770.86
4 Yard - 6 x week	\$1,194.57	\$1,115.04	\$256.62	\$2,566.23
6 Yard - 6 x week	\$1,400.89	\$1,486.76	\$320.85	\$3,208.50

(1) Customer owned and maintained bins. Fees cover cost of collection and transportation only. Franchisee supplied compactors will be negotiated with the customer on a case-by-case basis.

(2) Included in each service category listed above is provision of weekly collection of Carts and Bins for Recyclables at Bin Customer premises in accordance with Section 4.1

(C) (2).

BIN CUSTOMER RECYCLABLES COLLECTION RATE SCHEDULE
Schedule 5

Commingled Recyclables Bin Collection
Maximum Monthly Rate Schedule

Recyclable Bin Service Description	Service Fee	Franchise Fee	Total Monthly Customer Rate (1)
1 Yard - 1 x week	\$45.00	\$5.00	\$50.00
2 Yard - 1 x week	\$54.00	\$6.00	\$60.00
3 Yard - 1 x week	\$63.00	\$7.00	\$70.00
4 Yard - 1 x week	\$72.00	\$8.00	\$80.00
6 Yard - 1 x week	\$90.00	\$10.00	\$100.00

Recyclable Bin Service Description	Service Fee	Franchise Fee	Total Monthly Customer Rate (1)
1 Yard - 2 x week	\$67.50	\$7.50	\$75.00
2 Yard - 2 x week	\$81.00	\$9.00	\$90.00
3 Yard - 2 x week	\$94.50	\$10.50	\$105.00
4 Yard - 2 x week	\$108.00	\$12.00	\$120.00
6 Yard - 2 x week	\$135.00	\$15.00	\$150.00

Recyclable Bin Service Description	Service Fee	Franchise Fee	Total Monthly Customer Rate (1)
1 Yard - 3 x week	\$101.25	\$11.25	\$112.50
2 Yard - 3 x week	\$121.50	\$13.50	\$135.00
3 Yard - 3 x week	\$141.75	\$15.75	\$157.50
4 Yard - 3 x week	\$162.00	\$18.00	\$180.00
6 Yard - 3 x week	\$202.50	\$22.50	\$225.00

(1) The rates established here are maximum rates that may be charged by the Franchisee for the Recycle-Only services described. Franchisee may charge lower rates at its sole discretion, provided however, that Franchisee must provide the Director with a revised rate schedule when such lower rates are established and any time they are subsequently revised.

BIN CUSTOMER RECYCLABLES COLLECTION RATE SCHEDULE
Schedule 5 (continued)

Commingled Recyclables Bin Collection
Maximum Monthly Rate Schedule

Recyclable Bin Service Description	Service Fee	Franchise Fee	Total Monthly Customer Rate (1)
1 Yard - 4 x week	\$151.88	\$16.87	\$168.75
2 Yard - 4 x week	\$182.25	\$20.25	\$202.50
3 Yard - 4 x week	\$212.63	\$23.62	\$236.25
4 Yard - 4 x week	\$243.00	\$27.00	\$270.00
6 Yard - 4 x week	\$303.75	\$33.75	\$337.50

Recyclable Bin Service Description	Service Fee	Franchise Fee	Total Monthly Customer Rate (1)
1 Yard - 5 x week	\$227.82	\$25.31	\$253.13
2 Yard - 5 x week	\$273.38	\$30.37	\$303.75
3 Yard - 5 x week	\$318.95	\$35.44	\$354.39
4 Yard - 5 x week	\$364.50	\$40.50	\$405.00
6 Yard - 5 x week	\$455.63	\$50.62	\$506.25

Recyclable Bin Service Description	Service Fee	Franchise Fee	Total Monthly Customer Rate (1)
1 Yard - 6 x week	\$341.73	\$37.97	\$379.70
2 Yard - 6 x week	\$410.07	\$45.56	\$455.63
3 Yard - 6 x week	\$478.43	\$53.15	\$531.58
4 Yard - 6 x week	\$546.75	\$60.74	\$607.49
6 Yard - 6 x week	\$683.45	\$75.93	\$759.38

(1) The rates established here are maximum rates that may be charged by the Franchisee for the Recycle-Only services described. Franchisee may charge lower rates at its sole discretion, provided however, that Franchisee must provide the Director with a revised rate schedule when such lower rates are established and any time they are subsequently revised.

BIN/COMPACTOR CUSTOMER EXTRA SERVICES FEE SCHEDULE
Schedule 6

Unit Prices

Service Description	Service Fee	Disposal Fee	Franchise Fee	Total Monthly Customer Rate
Additional pickup:				
1-yard bin	\$31.51	\$5.16	\$4.08	\$40.75 per pickup
1.5-yard bin	\$40.13	\$7.74	\$5.32	\$53.19 per pickup
2-yard bin	\$49.76	\$10.32	\$6.68	\$66.76 per pickup
3-yard bin	\$65.59	\$15.49	\$9.01	\$90.09 per pickup
4-yard bin	\$76.87	\$20.65	\$10.84	\$108.36 per pickup
6-yard bin	\$110.91	\$30.97	\$15.76	\$157.64 per pickup
8-yard bin	\$137.03	\$41.30	\$19.81	\$198.14 per pickup
1-yard compactor bin	\$34.66	\$20.65	\$6.15	\$61.46 per pickup
2-yard compactor bin	\$44.15	\$30.97	\$8.35	\$83.47 per pickup
3-yard compactor bin	\$54.74	\$41.29	\$10.67	\$106.70 per pickup
4-yard compactor bin	\$72.15	\$61.95	\$14.90	\$148.99 per pickup
6-yard compactor bin	\$84.56	\$82.60	\$18.57	\$185.73 per pickup
Weekly Yardwaste Cart Service	\$6.93	n/a	\$	\$7.70
Bin Push, Lock, Enclosure, Long Drive Charge (1):	\$9.90	n/a	\$1.10	\$11.00 per month, or per 25 feet of push per scheduled weekly collections
Bin Exchange (3):	\$19.80	n/a	\$2.20	\$22.00 per exchange
"Insta-bin" delivery/pickup charge (south county) (4):	\$89.10	n/a	\$9.90	\$99.00 per pickup
"Insta-bin" delivery/pickup charge (north county) (4):	\$118.80	n/a	\$13.20	\$132.00 per pickup
Increase Recycling to 200% of Weekly Refuse Capacity (Bins):	n/a	n/a	n/a	0% surcharge on base service rate
Increase Recycling to 300% of Weekly Refuse Capacity (Bins):	n/a	n/a	n/a	0% surcharge on base service rate
Increase Recycling to 400% of Weekly Refuse Capacity (Bins):	n/a	n/a	n/a	0% surcharge on base service rate

BIN/COMPACTOR CUSTOMER EXTRA SERVICES FEE SCHEDULE
Schedule 6 (continued)

Unit Prices

Service Description	Service Fee	Disposal Fee	Franchise Fee	Total Monthly Customer Rate
Increase Recycling to 300% of Weekly Refuse Capacity (Compactors):	n/a	n/a	n/a	0% surcharge on base service rate
Increase Recycling to 400% of Weekly Refuse Capacity (Compactors):	n/a	n/a	n/a	0% surcharge on base service rate

(1) Bin push charges are allowed when container access requires the driver to carry a key and unlock a lock to empty the bin, remove a bin from an enclosure and replace it when emptied, unlock a gate or drive more than 500 feet onto private property with permission in order to access a bin, or any circumstance where the driver must exit the vehicle to access the bin. All bins in excess of three cubic yards must be in a stationary position, (no wheels) accessible by a front loader collection vehicle. All pushes require a surfaced road, path or parking lot with a grade not exceeding 4%. Push charges apply to rear loading bins only after the first 25 feet.

(2) Example. Assume the bin is located 50 feet from the closest collection vehicle access point and is scheduled for collection 3 times per week: 50 feet = two 25 foot intervals at \$12.44 per 25 foot interval = \$24.88; \$24.88 x 3 scheduled collections per week = a total of \$74.64 per month push charge.

(3) Bin exchange rate only applies if more than one exchange of a bin is requested per billing period.

(4) Bin delivery/pickup charge shall be applied based upon geographical area north and south of Highway 1 and Highway 17 intersection.

**PROCESSING FEE FOR SELF-HAULED YARD WASTE, WOOD WASTE
AND COLLECTED OR SELF-HAULED FOOD WASTE
Schedule 7**

The processing fee for Yard Waste and Wood Waste delivered to the Yard Waste Processing Facility, and food waste collected by the Franchisee or self-hauled to the Buena Vista Facility and not collected as Franchise Yard Waste shall be **\$28.85** per input green ton and shall include full-time load checkers and operators seven days per week at both the Buena Vista Landfill and Ben Lomond Transfer Station for Self-Hauled Yard Waste and Wood Waste. Payment shall be made monthly by County to Franchisee based on monthly fee and the Disposal Site gate tonnage records for Self-Hauled Yard Waste and Wood Waste. Processing payments shall be adjusted in accordance with Appendix L.

FOOD WASTE COLLECTION SERVICE FEE SCHEDULE
[available to County approved pilot project participants only]
Schedule 8

Foodwaste Container (1) [Size & Frequency]	Service Fee	Franchise Fee	Total Monthly Customer Rate
Weekly Services			
35 GAL CART - 1x /Wk:	\$7.43	\$0.82	\$8.25
65 GAL CART - 1x /Wk:	\$14.61	\$1.62	\$16.23
35 GAL CART - 2x /Wk:	\$15.60	\$1.73	\$17.33
35 GAL CART - 3x /Wk:	\$24.58	\$2.73	\$27.31
65 GAL CART - 2x /Wk:	\$30.67	\$3.41	\$34.08
35 GAL CART - 4x /Wk:	\$34.46	\$3.83	\$38.29
65 GAL CART - 3x /Wk:	\$48.33	\$5.37	\$53.70
1CY BIN - 1 x /Wk:	\$47.52	\$5.28	\$52.80
65 GAL CART - 4x /Wk:	\$67.77	\$7.53	\$75.30
1.5CY BIN - 1 x /Wk:	\$62.37	\$6.93	\$69.30
2CY BIN - 1 x /Wk:	\$79.20	\$8.80	\$88.00
1CY BIN - 2 x /Wk:	\$108.79	\$12.09	\$120.88
1.5CY BIN - 2 x /Wk:	\$130.98	\$14.55	\$145.53
1CYBIN - 3 x /Wk:	\$157.29	\$17.48	\$174.77
2CY BIN - 2 x /Wk:	\$166.32	\$18.48	\$184.80
1CY BIN - 4 x /Wk:	\$220.55	\$24.50	\$245.05
1.5CY BIN - 3 x /Wk:	\$206.44	\$22.94	\$229.38
2CY BIN - 3 x /Wk:	\$262.15	\$29.13	\$291.28
1.5CY BIN - 4 x /Wk:	\$289.46	\$32.16	\$321.62
2CY BIN - 4 x /Wk:	\$367.57	\$40.84	\$408.41
Extra Pick-up			
35 GAL CART:	\$3.47	\$0.38	\$3.85
65 GAL CART:	\$6.93	\$0.77	\$7.70
1 CY BIN:	\$14.85	\$1.65	\$16.50
1.5 CY BIN:	\$17.82	\$1.98	\$19.80
2 CY BIN:	\$20.79	\$2.31	\$23.10

(1) Example: 2CY-2x /week = 2 cubic yard bin picked up 2 times per week

APPENDIX E
COUNTY FACILITY LOCATIONS

APPENDIX E

LOCATIONS OF COUNTY FACILITIES AND PUBLIC REFUSE AND RECYCLING COLLECTION CONTAINERS

<u>SITE</u>	<u>REFUSE¹</u>	<u>RECYCLING¹</u>	<u>FREQUENCY²</u>	<u>LOCATION</u>
<u>PUBLIC WORKS</u>				
Public Works (Brommer)	30 yd box	metal recycling	On-call	Live Oak
Sanitation (Lode St.)	20 yd box	-	On-call	Live Oak
Brommer Yard.	1-2 yd	2-65 gallon recycle	1/wk	Live Oak
Wilson Yard	1-2 yd	2-65 gallon recycle	1/wk	Watsonville
Felton Yard	1-2 yd	2-65 gallon recycle	1/wk	Felton
Felton Yard	1-95 gallon	1-65 gallon recycle	1/wk	Felton
Lode Street	1-2 yd	1-65 gallon recycle	3/wk	Live Oak
HHW (BV Landfill)	1-2 yd	2-65 gallon recycle	3/wk	Watsonville
Felton Recycle Center	1-1 yd	-	1/wk	Felton
Boulder Creek Recycle Ctr.	1-1 yd	-	1/wk	Boulder Creek
Ben Lomond Recycle Center	-	commingle bin	1/wk	Ben Lomond
Buena Vista Recycle Center	-	commingle bin	1/wk	Watsonville
<u>GENERAL SERVICES</u>				
Agricultural Commissioner	1-1 yd	2-65 gallon recycle	2/wk	Watsonville
Agricultural Extension	1-2 yd	2-65 gallon recycle	1/wk	Watsonville
Capitola Rd/7 th Ave	2-65 gallon	1-65 gallon recycle	1/wk	Live Oak
Emeline St 1000	1-6 yd	1-6 yd cardboard	3/wk	Santa Cruz
	-	2-65 gallon recycle	1/wk	
Emeline St 1020	1-6 yd	1-3 yd cardboard	3/wk	Santa Cruz
	-	3-65 gallon recycle	1/wk	
Emeline St 1040	1-6 yd	1-3 yd cardboard	3/wk	Santa Cruz
	-	3-65 gallon recycle	1/wk	
Emeline St 1080	1-6 yd	1-6 yd cardboard	3/wk	Santa Cruz
	-	3-65 gallon recycle	1/wk	
Emeline St 1400	1-6 yd	1-6 yd cardboard	3/wk	Santa Cruz
	-	3-65 gallon recycle	1/wk	
County Government Center	4-4 yd	10-65 gallon recycle	3/wk	Santa Cruz
County Government Center	-	2-2 yd cardboard	3/wk	Santa Cruz
County Jail (Water St.)	4-6 yd	6-65 gallon recycle	3/wk	Santa Cruz
		1-6 yd cardboard	2/wk	
Co. Detention (Roundtree)	2-2 yd	2-65 gallon recycle	3/wk	Watsonville
Courts Building (Freedom)	1-1 yd	5-65 gallon recycle	1/wk	Watsonville
Health Services (Crestview)	1-6 yd	1-6 yd cardboard	1/wk	Watsonville
Probation Ctr. (Graham Hill)	3-2 yd	4-65 gallon recycle	2/wk	Felton
Rehab Facility (Roundtree)	3-2 yd	2-65 gallon recycle	2/wk	Watsonville
Sheriff Center	1-2 yd	2-65 gallon recycle	1/wk	Aptos
Sheriff Center	1-2 yd	2-65 gallon recycle	1/wk	Felton
Sheriff Center	1-1.5 yd	2-65 gallon recycle	1/wk	Live Oak
<u>PARKS</u>				
<u>Debris Boxes/Park Offices</u>				
Emeline St 1100 (shop)	-	15 yd greenwaste	On-call	Santa Cruz
Emeline St 1200 (shop)	1-2 yd	2-65 gallon recycle	1/wk	Santa Cruz
Greyhound Rock	15 yd box	2-65 gallon recycle	On-call	Davenport
Highlands Park	15 yd box	2-65 gallon recycle	On-call	Ben Lomond
Pinto Lake Park	15 yd box	2-65 gallon recycle	On-call	Watsonville

<u>SITE</u>	<u>REFUSE¹</u>	<u>RECYCLING¹</u>	<u>FREQUENCY²</u>	<u>LOCATION</u>
Polo Grounds Park	-	15 yd greenwaste	On-call	Aptos
Simpkins Center (17 th Ave)	15 yd box	2-65 gallon recycle	On-call	Live Oak
Simpkins Center (17 th Ave)	-	15 yd greenwaste	On-call	Live Oak

Park Facilities

A J Cummings Park	3-4 yd	3-65 gallon recycle	1/wk	Soquel
Aldridge Lane	1-2 yd	1-65 gallon recycle	2/wk-1/wk	Watsonville
Aptos Park	1-4 yd	1-65 gallon recycle	1/wk	Aptos
Brommer Park	4-95 gallon	4-65 gallon recycle	1/wk	Live Oak
Coffee Lane Park	1-95 gallon	1-65 gallon recycle	1/wk	Live Oak
Felton Covered Bridge	2-95 gallon	2-65 gallon recycle	1/wk	Felton
Floral Park	2-95 gallon	1-65 gallon recycle	1/wk	Live Oak
Hestwood Park	1-95 gallon	1-65 gallon recycle	1/wk	Live Oak
Highlands Park	2-2 yd	2-65 gallon recycle	1/wk	Ben Lomond
Jose Avenue Park	4-95 gallon	4-65 gallon recycle	1/wk	Live Oak
Maplethorpe	1-95 gallon	1-65 gallon recycle	1/wk	Soquel
Mesa Village	2-95 gallon	2-65 gallon recycle	1/wk	Watsonville
Polo Grounds	1-2 yd	2-65 gallon recycle	1/wk	Aptos
Polo Grounds	1-3 yd	2-65 gallon recycle	1/wk	Aptos
Quail Hollow Park	1-2 yd	2-65 gallon recycle	1/wk	Ben Lomond
Santa Cruz Gardens	1-95 gallon	1-65 gallon recycle	1/wk	Live Oak
Scott Park	1-4 yd	2-65 gallon recycle	1/wk	Watsonville
Soquel Lions Park	1-95 gallon	1-65 gallon recycle	1/wk	Soquel
Twin Lakes Park	1-95 gallon	1-65 gallon recycle	1/wk	Live Oak
Wilder Hall	2-95 gallon	2-65 gallon recycle	1/wk	Ben Lomond
Willowbrook Park	2-95 gallon	2-65 gallon recycle	1/wk	Aptos
Winkie Farm Park	3-95 gallon	3-65 gallon recycle	1/wk	Live
Valencia Hall (bldg.)	1-2 yd	2-65 gallon recycle	1/wk	Aptos

Beach Access Points (BA)

12 th Ave Beach Access (BA)	1-95 gallon	1-65 gallon recycle	3/wk-1/wk	Live Oak
17 th Ave (BA)	1-95 gallon	6-65 gallon recycle	1/wk	Live Oak
20 th Ave (BA)	1-95 gallon	1-65 gallon recycle	3/wk-1/wk	Live Oak
21 st Ave (BA)	1-95 gallon	1-65 gallon recycle	3/wk-1/wk	Live Oak
26 th Ave (BA)	2-95 gallon	2-65 gallon recycle	3/wk-1/wk	Live Oak
35 th Ave (BA)	1-95 gallon	1-65 gallon recycle	3/wk-1/wk	Live Oak
38 th Ave (BA)	1-95 gallon	1-65 gallon recycle	3/wk-1/wk	Live Oak
Corcoran Beach (BA)	1-95 gallon	2-65 gallon recycle	3/wk-1/wk	Live Oak
Hidden Beach (BA)	1-2 yd	1-65 gallon recycle	1/wk	Aptos
Moran Lake (BA)	4-95 gallon	3-65 gallon recycle	1/wk	Live Oak
Pleasure Point (BA)	1-95 gallon	1-65 gallon recycle	3/wk-1/wk	Live Oak
Rockview (BA)	1-95 gallon	1-65 gallon recycle	3/wk-1/wk	Live Oak
Seascape (BA)	1-95 gallon	1-65 gallon recycle	1/wk	Aptos
Sunny Cove (BA)	3-95 gallon	3-65 gallon recycle	3/wk-1/wk	Live Oak
The Hook (41 st Parking)	1-2 yd	2-65 gallon recycle	1/wk	Live Oak
The Hook (BA)	4-95 gallon	4-65 gallon recycle	1/wk	Live Oak
Via Palo Alto (BA)	2-95 gallon	2-65 gallon recycle	3/wk-1/wk	Aptos

Future Park Sites:

Felt Street (APN 028-041-01, 02, 03)	Service TBD
Chanticleer Ave. (APN 029-071-08, 22 23, 38)	Service TBD
7 th and Brommer (APN 026-261-06, 08, 13, 15)	Service TBD
The Farm (APN 037-101-08, 13)	Service TBD

<u>SITE</u>	<u>REFUSE</u> ¹	<u>RECYCLING</u> ¹	<u>FREQUENCY</u> ²	<u>LOCATION</u>
McGregor Property (APN 038-081-36)		Service TBD		
Rodriguez (APN 026-111-03)		Service TBD		

PUBLIC LITTER CONTAINERS

Aptos Village	6-65 gallon	6-65 gallon recycle 2/wk	Aptos
Ben Lomond Business Dist	3-95 gallon	3-65 gallon recycle 2/wk	Ben Lomond
Boulder Creek Business Dist.	14-65 gallon	14-65 gallon recycle 2/wk	Boulder Creek
Felton Business Dist..	6-65 gallon	65-65 gallon recycle 2/wk	Felton
Pleasure Point Business Dist.	10-95 gallon	10-65 gallon recycle 2/wk	Live Oak
Soquel Village	10-65 gallon	10-65 gallon recycle 2/wk	Soquel

Franchisee agrees to adjust the levels of refuse and recycling service provided at each of the above locations based on volumes of material collected/generated, seasonal changes and other changes in conditions that require modifications of service, at no additional cost.

1. Number of containers – Volume of containers. “gallon” refers to rolling carts, “yd” box refers to bins and “box” refers to debris boxes.
2. Weekly collection frequency for refuse and recycling. If two frequencies noted (1/wk-2/wk), first is for refuse and second is for recycling.

APPENDIX F
SERVICE IMPLEMENTATION PLAN



COUNTY OF SANTA CRUZ

SERVICE IMPLEMENTATION PLAN

NOVEMBER 10, 2006

SERVICE IMPLEMENTATION PLAN

This section describes GreenWaste Recovery transition plan for commencement of services on January 1, 2008. Items included:

Cart/Bin Distribution
Equipment & Facilities Acquisition Schedule
Labor Hiring Plan
Billing, Collections and Customer Service plan

CART/BIN DISTRIBUTION

Residential Cart Distribution

GWR goals are to provide a seamless transition for the customer. GWR acknowledges comprehensive planning and notification are keys to being successful.

GWR will provide residential customers with a cart selection card. The cart selection card will be mailed to customers in August 2007. The card will allow residents to select their new garbage, recycling and yard trimmings carts.

Customers will have the option of sending their filled out selection card back to GWR at no charge to the customer. Customers will have the option to choose their garbage container. The sizes that will be available for garbage are 10, 20, 35, 65 and 95 gallon. Customers will receive 65-gallon recyclables cart and 65 gallons yard trimmings cart for services.

If customers opt not to participate in the cart selection card process, customers will default to their current level of service. The default will apply only to those customers currently participating in garbage and recycling services.

At the time of delivery, should the customer receive the default cart or carts that did not meet their expectations, GWR will exchange carts at no additional charge.

Cart distribution will commence with a coordinated effort with the current franchise service provider Waste Management.

GWR plans to deliver carts to customers on their regularly scheduled garbage, recycling and yard trimmings day. In areas where there are clusters, GWR plans to identify the carts by placing addresses on the carts themselves to assist with identification. GWR will follow the Waste Management service trucks to collect the customer's old containers on behalf of Waste Management.

Through a coordinated effort Waste Management will service GWR carts until GWR services commence on January 1, 2008.

Residential cart delivery will initiate October 2007.

Commercial Bin Distribution

Beginning August 2007, GWR will begin assessing businesses garbage and recycling needs. GWR will visit all businesses and schools within the County of Santa Cruz to determine and confirm solid waste and recycling services. Additionally, GWR will educate commercial customers on the new free single stream commercial services.

GWR goal is to implement recycling services at the same size service customers receive solid waste services. For example, if a customer has 2-yard front loader garbage service GWR will provide the customer with 2-yard front loader recycling.

As part of our education effort we will encourage customers to downsize with the implementation of recycling. However, in some cases, it will be appropriate for customers to have the volume available to use for recycling, the additional volume allows customers to ease into the recycling program. Once they realize they have the capacity for all of their materials, downsizing the garbage will be our task.

GWR will follow up with within a minimum of 30 days after implementation of recycling. The purpose of the follow up will be to assess how successful the recycling program is for the business customer. GWR believes the follow up meeting is an opportunity to discuss any outstanding questions, and encourage the downsizing of garbage as a savings to the customer.

Bin deliveries will commence in October 2007 and continue through the end of the year. Waste Management carts will be collected by GWR in an effort to provide the customer with a seamless transition.

EQUIPMENT & FACILITIES ACQUISITION SCHEDULE

GWR Corporation Yard

GWR has identified a corporation yard within the City of Watsonville on Industrial Road. A letter to County staff was provided on October 31, 2006 with details of the property.

Address Equipment Requirements

GWR will work closely with equipment manufacturers and suppliers to ensure all necessary equipment is properly ordered and scheduled for delivery. GWR will place a "tentative order" with a reliable cart and bin vendor to guarantee a building slot. The tentative cart and bin order will be re-evaluated and firmed up after an updated list of subscription cart and bin requirements are provided and cart selection cards are mailed out and processed. Commitment letters from the equipment vendors verifying that the equipment will be delivered within the timeframe needed to accomplish start-up operations have been provided during the RFP process.

Recyclables Processing Facility

GWR will transfer material at the Industrial Road corporation yard in Watsonville. The “single stream” recyclables will be processed at GWR’s Materials Recovery Facility in San Jose. The new state of the art single stream MRF in San Jose will be manufactured and installed by October of 2007. A secondary location has been identified by GWR. The location of the secondary processing facility is in Fremont California. It is operated by BLT Enterprise and is located at 41149 Boyce Road. The secondary location was selected if GWR experiences delays in construction of the new facility.

Yard Trimmings Processing Facility

TWDC Industries Inc., DBA Vision Recycling will be the sub-contractor providing the green and wood waste recycling. Vision Recycling is a quality and community conscience business serving only the Northern California region and particularly 55% of its business is for the community of Santa Cruz County.

The subcontractor, Vision Recycling, will utilize the parcels made available to the franchisee at both the Ben Lomond Transfer Station (Ben Lomond) and at the Buena Vista Landfill. Approximately, 4.5 acres on parcel #052-531-01 will be utilized at the Buena Vista Landfill site for wood and green waste processing.

Approximately 2.5 acres on a group of parcels (#076-221-01, #076-231-01, #076-241-01, and #076-261-01) will be utilized at the Ben Lomond site for wood and green waste processing.

LABOR HIRING PLAN

GWR is currently working with Local 3, Operating Engineers Union, to identify and enter into a Memorandum of Understanding prior to obtaining employees.

Discussions include meet and greet with the Waste Management work force, job fair timeframes and other timelines. The intent of the discussions is to assure successful relationship with Local 3 and labor peace.

BILLING, COLLECTIONS, & CUSTOMER SERVICE PLAN

Billing Services

GWR will provide customers with the ability to pay by cash, check, credit card, or automatic withdrawal from a banking account. All processes for accepting methods of payment identified are in place. Samples of a customer bill were provided during the RFP process.

Specifically, GWR proposes to bill customers according to the requirements in the Agreement and in the following manner:

Single-Family and Multi-Plex Premises: GWR proposes to provide quarterly billing services to single-family residents and multi-plex complexes (Cart Customers). In multi-plex complexes, individual residents of units will be billed separately unless specified by the owner of the multi-plex complex to bill otherwise. GWR plans to bill in the first month of each quarter for customers receiving quarterly billing. GWR commits to providing customers with billing information as part of the transition/public outreach plans.

Multi-Family Premises: GWR will provide monthly billing services to multi-family premises (Bin Customers). Bills will be delivered to the owner or property manager of said complexes.

Commercial Premises: GWR will provide monthly billing services to Commercial customers (Bin Customers). Bills will be delivered to commercial customers. In the event that there are centralized bins which are shared by more than one commercial customer, GWR will either bill one customer for centralized service or at the customer's request, bill each customer for service costs equal to the service rate divided by the number of commercial premises sharing the service.

All bills shall be fully itemized and formatted in clear and understandable language, free of abbreviations that are not discernable to customers. Additionally, GWR will prepare bill inserts relating to services and activities of the Program as requested. GWR is in the process of developing and maintaining a website to provide information on services provided and on-line bill payments.

Collection Services

GWR will provide delinquency notices to customers that are 60 and 90 days delinquent. Customers that are 30-day delinquent will receive a phone call reminding the customer to render payment.

Customers that are more than 90 days delinquent will have suspended account and services.

Customer Service

As demonstrated by GWR's current programs, customer service and satisfaction is an absolute key to the success of the refuse, recyclables and yard waste collection programs. To ensure a smooth transition from the current program and the success of the County's solid waste, recycling and yard trimmings program, GWR intends to initiate its customer service programs well in advance of the actual implementation of the new services. To accomplish this, GWR will:

- Set up all necessary office and support facilities – our customer service staff will be located in San Jose and will provide support to the County of Santa Cruz inquiries.
- Additional customer service staff and training will commence in June 2007.
 - The customer service representatives will be provided written scripts that detail many commonly asked questions and the associated appropriate responses.
- GWR utilizes a NEC phone system purchased and maintained by the Maynard Group located in Soquel, which can accommodate any number of lines necessary to rapidly handle all customer (or County staff) concerns or complaints created by GWR's collection services. These lines will be tested to assure additional call volume will be maintained.

- **RAMS- Pro Software** is the application used to track all inquiries from customers, that information is used to communicate with the drivers through work orders. As GWR approaches implementation for the transition, GWR will acquire information from Waste Management to import into our system.
 - GWR has worked with Waste Management in the past and can assure database information to transfer successfully.

IMPLEMENTATION TIMELINE

TASK	2006		2007												2008		
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Program Preparation & Set-Up																	
Sign Contract																	
Coordination & Planning with County Staff																	
Address Facility Requirements																	
Present Public Relation & Outreach (PR&O) Plan to County																	
Address Equipment Requirements																	
Address Cart Requirements																	
Address Staffing Requirements																	
Employee Familiarization & Input																	
Implement Customer Service & Outreach Program (Grey Bears)																	
Program Pre-Implementation																	
Route Review																	
Implement Public Relations & Outreach Programs																	
Finalize Equipment, Facility and Staffing Requirements																	
Evaluate Equipment Maintenance Program (Including Training)																	
Evaluate Cart Maintenance & Distribution System																	
Cart Distribution																	
Phase-In New Equipment & Employee Training																	
Program Implementation and Startup																	
Start-up of Program (January 01, 2008)																	
Continued Implementation of PR&O Programs																	
Continued Implementation of Customer Service Program																	
Distribute and Repair Carts (as needed)																	
Route Review																	

APPENDIX G

YARD WASTE AND WOOD WASTE PROCESSING SERVICE STANDARDS

APPENDIX G

YARD WASTE AND WOOD WASTE PROCESSING SERVICE STANDARDS

1. GENERAL

These standards shall govern the operation of the Yard Waste and Wood Waste Collection and Processing Facilities located at the Buena Vista Landfill and the Ben Lomond Transfer Station.

The Franchisee agrees to take delivery of and process Self-Hauled Yard Waste and Wood Waste received at the County's Buena Vista Landfill and Ben Lomond Transfer Station and Franchise Yard Waste in the quantity, of the quality, and on the terms and conditions stated herein.

2. QUALITY

Yard Waste and Wood Waste as used herein is defined as and shall consist of clean, recycled wood waste and residue, consisting of construction wood waste, pallets, brush, cable spools, manufactured residue, Yard Waste and residues, logs, and like materials meeting the following specifications:

- A. Yard Waste and Wood Waste shall be substantially free of bone, slate, earth, rock, or any other extraneous and foreign materials such as, but not limited to, plastics, metals, glue, paint, petroleum products or other impurities, of which extraneous and foreign materials shall comprise no more than five percent (5%), by weight, of each delivery.
- B. Wood Waste shall be free from any and all toxic hazardous waste materials and content, including but not limited to materials that are subject to Chapter 6.5, Division 20 of the California Health and Safety Code, as amended from time to time.
- C. The Franchisee and/or their designated representative shall be empowered by the County under the terms of this Franchise to inspect and prescreen all loads of Self-Hauled Yard Waste and Wood Waste directed to the Buena Vista Landfill or Ben Lomond Landfill stockpiling/ processing areas, hereinafter called the "Sites", and to take appropriate action as necessary to maintain the standards of Wood Waste quality as defined above. The Franchisee and/or their designated representative may reject all or any portion of a load not meeting the conforming standards set herein, but the Franchisee shall make a reasonable effort to accept and process the maximum amount of Self-Hauled Yard Waste and Wood Waste diverted to the Sites.
- D. Yard Waste and Wood Waste provided to the Franchisee shall be collected at the County's Buena Vista Sanitary Landfill, 150 Rountree Lane, Watsonville, CA. and at the Ben Lomond Transfer Station, 9835 Newell Creek Road, Ben Lomond, CA. Self-Hauled Yard Waste and Wood Waste provided to the Franchisee at the Buena Vista Landfill and Ben Lomond Transfer Station site will be restricted in dimension to no more than two (2) feet in diameter(logs) and no longer than eight (8) feet in length or width.
- E. For the purpose of optimizing marketability and providing County specified market products the Franchisee shall at all times segregate and separate stockpiles of Yard Waste and Wood Waste into two grades consisting of:
 - 1. Yard Waste, greenwaste, brush and small dimensional tree materials.
 - 2. Dimensional lumber, pallets, construction debris, large dimension logs and plywood.

Franchise Yard Waste shall be collected and delivered to the Sites under the conditions as outlined in Article IV of this Franchise.

3. QUANTITY

The Franchisee shall take delivery of all Self-Hauled Yard Waste and Wood Waste diverted from disposal at the Buena Vista Landfill and Ben Lomond Transfer Station during the term of this Franchise.

4. PROCESSING/STOCKPILING SITE AND ACCESS

- A. The Buena Vista Site has been designed and constructed to protect the integrity of the underlying landfill closure cover. There is a minimum 1 foot of broken concrete/asphalt overlaid with 6" of Class II baserock. The area is graded to drain to a channel south of the site along the perimeter access road. As a requirement of the landfill's operational permits the integrity of the Site shall not be compromised by this operation in any manner. Drainage grades from the stockpiling/processing area shall be maintained at all times and no ponding of water can occur anywhere within the Site or surrounding landfill top-deck.

The Ben Lomond Site has been designed to protect the underlying geosynthetic cover system. The cover is overlain with 2 feet of compacted earth and 6" of compacted baserock. An additional 12" of compacted baserock has been added to a 100' by 75' area in the southeast corner of the Site for staging of the grinding and screening equipment. As a requirement of the landfill's closure permits the integrity of the Site shall not be compromised by this operation in any manner. Drainage grades from the stockpiling/ processing area shall be maintained at all times and no ponding of water can occur anywhere within the Site or surrounding landfill topdeck.

No vehicular traffic or stockpiling of processed or unprocessed Self-Hauled Yard Waste and Wood Waste or Franchise Yard Waste shall occur outside of the prepared Sites. It will be the Franchisee's responsibility to maintain the Franchise operations occurring at the Sites in accordance with the provisions of this Franchise and any and all Federal, State, Local or operationally mandated requirements or regulations in effect during the term of this Franchise.

- B. A perimeter access road encircling the stockpiling/processing area, 15 foot minimum width, shall be maintained by the Franchisee for transfer truck and other vehicular return routing to the main access roads. These roads shall not exceed the boundaries of the prepared area. The main public access road shall be maintained at a minimum width of 30 feet to facilitate ingress and egress for offloading Self-Hauled Yard Waste and Wood Waste by the public in the stockpiling areas. Convenient public access and two-way traffic flow shall be maintained on the main access roads at all times the Sites are receiving Wood Waste. The County shall be responsible for providing road dust control on all access and perimeter roads.
- C. The Franchisee shall install a temporary 3 foot high litter fence along the outside of the perimeter access roads adjacent to each Site and in any other areas as directed by the County requiring additional litter control for each Site.

5. STOCKPILING AND MAXIMUM ACCUMULATION OF SELF-HAULED YARD WASTE AND WOOD WASTE AND FRANCHISE YARD WASTE

- A. The Franchisee shall be allowed to stockpile Self-Hauled Yard Waste and Wood Waste and Franchise Yard Waste at the Sites until the stockpile limits of the Sites(as defined in Attachments "A" and "B") are reached before commencing processing of Self-Hauled Yard Waste and Wood

Waste and Franchise Yard Waste. If accumulated Self-Hauled Yard Waste and Wood Waste and Franchise Yard Waste reaches or exceeds the stockpiling limits of the Sites or 90 days, the Franchisee shall immediately begin processing and continue until all accumulated Self-Hauled Yard Waste and Wood Waste and Franchise Yard Waste is processed and shipped from the Sites. No requests for extension of the stockpiling limits shall be granted.

- B. The Buena Vista Site, as defined in Attachment "A", shall consist of a designated processing area and up to four (4) stockpiles not to exceed 100 feet in length, 75 feet in width, and 12 feet in height each. Each stockpile shall be separated by a minimum 25 foot wide fire break. Stockpiles of processed and unprocessed Self-Hauled Yard Waste and Wood Waste and Franchise Yard Waste shall be arranged in such a way as to provide a minimum offset of 100 feet at all times between the active public drop off area and processing operations.

The Ben Lomond Site, as defined in Attachment "B", shall consist of a designated processing area and two (2) stockpiles not to exceed 100 feet in length, 75 feet in width, and 12 feet in height each. Each stockpile shall be separated by a minimum 25 foot wide fire break. Stockpiles of processed and unprocessed Self-Hauled Yard Waste and Wood Waste and Franchise Yard Waste shall be arranged in such a way as to provide a minimum offset of 100 feet at all times between the active public drop off area and processing operations.

- C. The Franchisee shall provide a full time spotter at both Sites during all Landfill and Transfer Station operational hours to inspect and manage the stockpiling operations, as provided for under Section 2.C. above, at no cost to the County. The Franchisee shall provide the spotters and the Landfill and Transfer Station gatehouses with two way radios for the purpose of Self-Hauled Yard Waste and Wood Waste quality control, at no cost to the County.
- D. The Franchisee may install a small office trailer/portable building and portable restrooms for staff use only at both sites.
- E. The County shall provide a loader or other acceptable equipment and a trained operator at the Buena Vista Site and Ben Lomond Transfer Station as needed to manage the Self-Hauled Yard Waste and Wood Waste and Franchise Yard Waste stockpiles in accordance with Section 5.B. above and to maintain the Sites in accordance with Section 4 above. The Franchisee shall provide a loader or other acceptable equipment and a trained operator at the Buena Vista Site as needed for the processing operation, at no cost to the County. The Franchisee shall provide for and perform all operation and maintenance of Franchisee's onsite equipment.
- F. The Franchisee shall arrange and provide for refuse drop boxes for use by the Franchisee to remove incidental refuse and contaminants, as defined under Section 2 above, during processing, at no cost to the County. These boxes shall be provided for the Franchisee's use only and it shall be the Franchisee's responsibility to minimize acceptance of heavily contaminated loads and to deter the public from using the drop boxes for disposal purposes. The Franchisee shall be responsible for maintenance and transfer of drop boxes when boxes are full. The County shall waive disposal fees for contaminants removed by the Franchisee up to 5% of total incoming Self-Hauled Yard Waste and Wood Waste and Franchise Yard Waste weight.
- G. The Franchisee shall make all reasonable efforts to process all Self-Hauled Yard Waste and Wood Waste and Franchise Yard Waste stockpiled on the Sites. If after the Franchisee's best efforts Self-Hauled Yard Waste and Wood Waste, Franchise Yard Waste and/or processing by-products remain that cannot be economically processed to meet specifications and quality criteria contained in Section 2 or alternatively marketed, the Franchisee shall immediately notify the Director and, upon

Director's written approval, may arrange for transport of the unacceptable Self-Hauled Yard Waste and Wood Waste, Franchise Yard Waste and/or processing by-products to the County's Buena Vista Landfill active face at no cost to County. The Franchisee shall pay all disposal fees for said materials. It shall be the sole responsibility of the Franchisee to minimize acceptance of contaminated Self-Hauled Yard Waste and Wood Waste and Franchise Yard Waste and to process and manage the Sites in a manner which maximizes marketability and prevents contamination of otherwise acceptable Self-Hauled Yard Waste and Wood Waste and Franchise Yard Waste.

6. PROCESSING, GENERAL CONDITIONS

- A. Processing of Self-Hauled Yard Waste and Wood Waste and Franchise Yard Waste at the Buena Vista Site shall only be permitted Monday through Friday, between the hours of 7:30 a.m. and 4:00 p.m. Processing of Self-Hauled Yard Waste and Wood Waste and Franchise Yard Waste at the Ben Lomond Site shall only be permitted Monday through Friday, between the hours of 8:30 a.m. and 4:00 p.m. Extensions in daily hours of operation or operation on weekend days may only be granted upon written approval of the Director. The Franchisee shall be permitted access for equipment maintenance from 6:30 a.m. to 6:30 p.m. and only during daylight hours November through February. Absolutely no heavy equipment operation or excessive noise shall occur before or after the prescribed processing hours.
- B. Water is available to the Franchisee at each Site for the purpose of processing dust control as required by the local Air District. It shall be the Franchisee's responsibility to provide adequately sized storage tanks for dust control water.
- C. The Franchisee shall be allowed reasonable space to store processing equipment needed for operations on the Sites at all times during the term of the Franchise. Security for the Franchisee's equipment will be the Franchisee's sole responsibility.
- D. The Franchisee may install above ground double contained temporary fuel tanks or trailers for its own use. Other fuels, oils, fluids or waste products may be temporarily stored on site in a secondarily contained and secured area, not to exceed six (6) 55 gallon drums. The Franchisee shall be responsible for obtaining all necessary permits, licenses and documentation relevant to said fuel tank/trailer and other fluids storage. All hazardous materials and/or fluid spills resulting from any operation and/or maintenance of the Franchisee's equipment or vehicles shall be the sole responsibility of the Franchisee including, but not limited to fines, clean-up, and disposal of clean-up wastes.
- E. The Franchisee shall be responsible for obtaining operational permits from the local Air District for all processing equipment, at no cost to the County. All other equipment or operations pertaining to these Yard Waste and Wood Waste Processing Service Standards requiring permits, authorizations or approvals during the term of the Franchise shall also be the sole responsibility of the Franchisee, unless the permits, authorizations or approvals are mandated under the county's Operating Permits or Waste Discharge Orders.
- F. All the Franchisee's work performed on Sites shall be by properly qualified and trained employees. Work performed shall be in compliance with all applicable Federal, State and Local regulations in existence during the term of this Agreement including, but not limited to:
 - 1. Conformance with all operating provisions of County's Operating Permits, Discharge Orders and other regulatory permits and authorizations; and

2. Conformance with all applicable local Air District rules, regulations and permit requirements.
- G. All the Franchisee's employees and sub-contractors shall be required to wear appropriate safety equipment at all times while operating on Site. The minimum required equipment shall be: steel toed and shanked safety shoes, orange safety vest, ANSI approved hard hat, safety glasses and heavy duty gloves.
- H. The Franchisee shall ensure that best management practices are used to minimize employee and public exposure to *Aspergillus Fumigatus* and other bioaerosols produced by the processing operation, to include, but not be limited to: 1) a general health examination given prior to employing individuals and annual follow-up health examination to screen for susceptible individuals; 2) dust masks for workers potentially exposed to high concentrations of dust of fungal spores; 3) equipment operating in high dust areas fitted with air filtering systems; 4) unpaved areas sprayed with water or the use of other dust suppression agents to minimize dust; 5) use of misting when needed to minimize dust when grinding or screening excessively dry material; 6) health fact sheet or manual covering various health aspects dealing with handling of waste and good hygienic practices; and 7) training session on occupational health and safety in relation to the processing operation.

7. DELIVERY

The Franchisee shall arrange for transport of processed Self-Hauled Yard Waste and Wood Waste and Franchise Yard Waste at no cost to the County. The Franchisee shall provide the county with proof of insurance from all trucking firms involved in the transport of the Franchisee's processed Self-Hauled Yard Waste and Wood Waste and Franchise Yard Waste, or shall itself carry such sub-contractor insurance. The Franchisee agrees that if a load of processed Self-Hauled Yard Waste and Wood Waste and/or Franchise Yard Waste is rejected as unacceptable fuel by the end user the Franchisee shall locate other markets for the processed Self-Hauled Yard Waste and Wood Waste and/or Franchise Yard Waste. Landfilling or use of Self-Hauled Yard Waste and Wood Waste and/or Franchise Yard Waste for Alternative Daily Cover shall be prohibited unless prior written authorization is granted by the Director. In the event that landfilling is the only viable option, landfilling shall occur at the County's Designated Disposal Facility at the then current disposal rates unless otherwise authorized by the Director.

The County retains option to direct up to 20% of processed Self-Hauled Yard Waste and Wood Waste and/or Franchise Yard Waste to pilot demonstration projects within a 50-mile radius of the County or to other on-Site uses at no additional cost to the County.

8. REPORTING

For all Self-Hauled Yard Waste and Wood Waste and Franchise Yard Waste delivered during the first through the last calendar day of the month the following reporting requirements shall apply:

- A. The County shall provide monthly gate records for all Product diverted to the Site with remitted payment within thirty (30) days of the end of each calendar month.
- B. The Franchisee shall forward to the County a monthly statement setting forth the net delivered weight for each truck/truck-trailer load of processed Self-Hauled Yard Waste and Wood Waste and Franchise Yard Waste, as biomass fuel, compost feedstock, mulch, soil amendment, recycled wood, erosion control product and any other end use. This report shall include a separate breakdown by quantity for both Self-Hauled Yard Waste and Wood Waste and Franchise Yard Waste delivered to each market including name, location, market price paid, quantity and end use.

The County shall review and compare such statements against County gate records and notify the Franchisee within thirty (30) days of receipt of any errors, otherwise, it shall be presumed conclusively that the statements are complete and correct in all respects.

9. WEIGHT

The Franchisee shall determine the net weight in U.S. pounds of each truck/truck-trailer load of processed Self-Hauled Yard Waste and Wood Waste and Franchise Yard Waste, as biomass fuel, compost feedstock, mulch, soil amendment, recycled wood product, erosion control product or any other end use, as delivered at the Franchisee's destination by weighing the loaded truck/truck-trailer and deducting the tare weight. The resulting weight divided by two thousand (2,000) shall determine the number of tons delivered. The Franchisee shall keep a record of all deliveries by date, load, weight and destination.

10. OBLIGATIONS OF THE PARTIES

A. County Obligations:

1. The County shall provide to the Franchisee exclusive right to the use of a pre-defined, mutually-agreed-upon area for stockpiling and processing of Self-Hauled Yard Waste and Wood Waste and Franchise Yard Waste at both the Buena Vista Sanitary Landfill and the Ben Lomond Transfer Station as defined under Attachment "B" and "C".
2. The County agrees to direct Self-Hauled Yard Waste and Wood Waste entering the Sites available to the Franchisee as defined and under restrictions of Section 2. The County has complete operational control of all facilities within the landfill/transfer station Sites and may, at its discretion, reject loads from entering the Site.
3. The County shall retain records documenting material entering the Sites and provide monthly totals to the Franchisee, as required under Section 8, Reporting.
4. The County shall maintain a winter accessible access road to the Sites.
5. The County shall assume responsibility for all clean-up, removal, disposal, fines and other related costs associated with handling hazardous materials deposited at the Sites, if it is determined that the Franchisee made all reasonable and responsible attempts to prevent such materials from being deposited at the Sites.
6. The County shall make water available to the Franchisee for use in dust control during processing and stockpiling operations. Franchisee shall exercise reasonable conservation methods to minimize water consumption.
7. The County shall perform all necessary dust control on Site access roads.

B. Franchisee's Obligations:

1. The Franchisee shall be responsible for all transportation and marketing of Self-Hauled Yard Waste and Wood Waste and/or Franchise Yard Waste in accordance with Section 4.1 (G) (8) of this Agreement.
2. The Franchisee shall manage all Site operations in a safe and diligent manner in accordance with County, State and Federal ordinances, rules, regulations and policies.

3. The Franchisee shall provide all necessary equipment including wood chipper/grinder, screening units, and loader at its own expense, to perform Self-Hauled Yard Waste and Wood Waste and Franchise Yard Waste processing.
4. The Franchisee shall furnish trained heavy equipment operators. The Franchisee shall perform load checking duties for all loads of Self-Hauled Yard Waste and Wood Waste directed to the stockpiling area and maintain representatives at both County facilities during all regular hours of public access to perform said duties.
5. Upon termination or expiration of the Franchise, the County shall remit all payments and obligations due the Franchisee. The Franchisee shall process and remove all accumulated Self-Hauled Yard Waste and Wood Waste and Franchise Yard Waste, processed or unprocessed, and transfer all waste residues and unprocessable materials to the Buena Vista Landfill's active dumping face. The Franchisee shall remove all operations equipment, and clean work areas to a condition acceptable to the County within thirty (30) days of termination or expiration of the Franchise.
6. The Franchise shall assume responsibility for all clean-up, removal, disposal, fines and other related costs associated with handling hazardous materials deposited at the Site, if the Franchisee is found to be negligent in its duties to inspect and manage incoming Self-Hauled Yard Waste and Wood Waste and/or Franchise Yard Waste as provided for under Section 2 above.

11. SITE CONTROL

The Director or his/her designated representative, as the responsible agent for administration and operation of the Buena Vista Sanitary Landfill and Ben Lomond Transfer Station, shall have complete authority to modify operating procedures of the Franchisee at the Sites as it pertains to the efficient operation and safety of the Sites. The decision of the Director shall be the final decision in any matter of dispute.

12. FOOD WASTE COMPOSTING PILOT PROJECT

Franchisee shall continue to participate in the County's food waste composting pilot project as defined herein:

FOOD WASTE COMPOSTING PROJECT

MEMORANDUM OF UNDERSTANDING

This MEMORANDUM OF UNDERSTANDING is between the County, and Franchisee.

WHEREAS, the County seeks to establish a food waste composting project at the County's Buena Vista Landfill as a Research Composting Operation under the provisions of California Code of Regulations Section 17682, and

WHEREAS, the County intends to use the services of Franchisee and their subcontractor for woodwaste and yardwaste processing under the aforementioned contract, and

WHEREAS, the County seeks to define the responsibilities of each party participating in the food waste composting program,

THE PARTIES UNDERSIGNED DO HEREBY AGREE AS FOLLOWS:

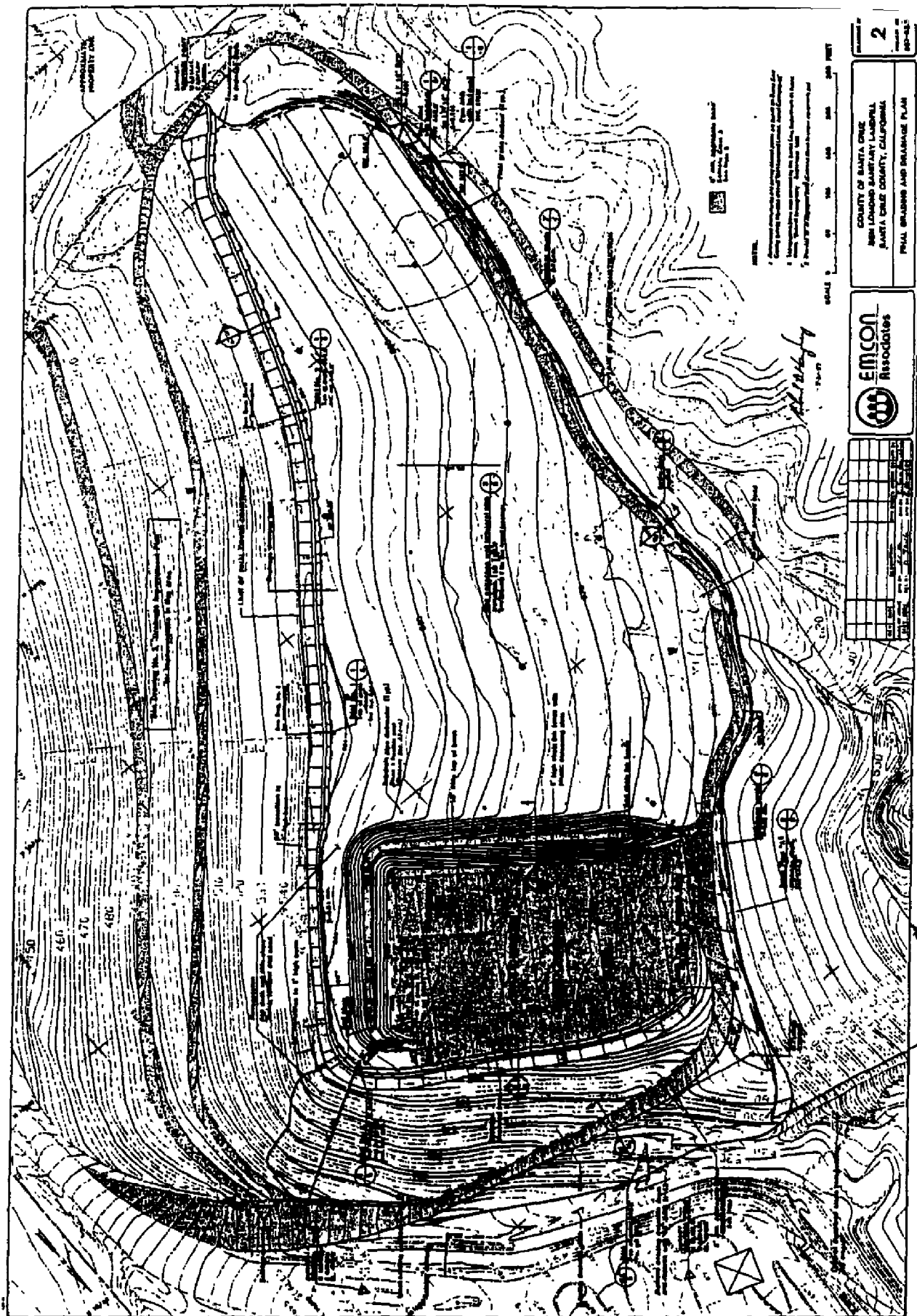
1. County will provide:
 - a. land at the Buena Vista Landfill for the food waste composting operation, Attachment C
 - b. improvements necessary for the conduct of the food waste composting operation including: drainage, pad surfacing, water, electrical power, k-rails
 - c. equipment and supplies for compost operation as required
 - d. special maintenance and repair for heavy equipment
 - e. overall project administration and reporting
 - f. all local, regional and state permits required for the compost operation
 - g. program evaluation after one year of operation
 - h. periodic testing of the finished compost product
 - i. compost Operations Plan for food waste composting
 - j. technical training and consultation to Vision for compost operation
 - k. education and training to participating food waste generators
 - l. training to Franchisee driver in keeping of collection logbook
 - m. internal storage containers and liners to participating food waste generators to the extent to be determined by the County
 - n. program market development and promotion
 - o. receipt of source separated food waste collected by Franchisee at no charge
 - p. compensation to Franchisee not to exceed \$60,000, annually, in exchange for a discounted collection rate to be charged to participating generators, based on tons hauled
 - q. compensation to Franchisee for processing yard waste and wood waste and at the rate paid for processing yard waste and wood waste
 - r. cost of water and power for compost operation
 - s. landfill disposal of contaminants removed from compost food waste feedstock at no charge
2. Franchisee shall provide:
 - a. a dedicated leak-proof collection vehicle for collection of food waste, which vehicle shall not be used for the collection of refuse or recycling
 - b. outside leak-proof containers for placement of source separated food waste of a size and type to be determined in consultation with County, to include locks where necessary
 - c. a driver to do the collection routes
 - d. collection of food waste from generators identified by the County; the maximum number and location of generators and the frequency of collection for each shall be determined by the County in consultation with Franchisee, but shall not exceed 150 tons per month
 - e. driver shall assist with program monitoring and evaluation by keeping a log of collection which shall document for each collection day:
 - (1) name of generator serviced
 - (2) approximate volume of material collected from each generator: container % full
 - (3) any contaminants in material collected from each generator
 - (4) any issues with collection involving placement of container, contents of container, interaction with generators
 - (5) time in, time out; miles traveled
 - f. daily access to the collection log by the County or its representatives
 - g. driver shall notify County and Vision prior to discharge of load at Buena Vista of any contamination found in material collected that day
 - h. driver, vehicle, containers, collection service and administration at no charge to County, other than the subsidized discount collection rate outlined in l.p., above

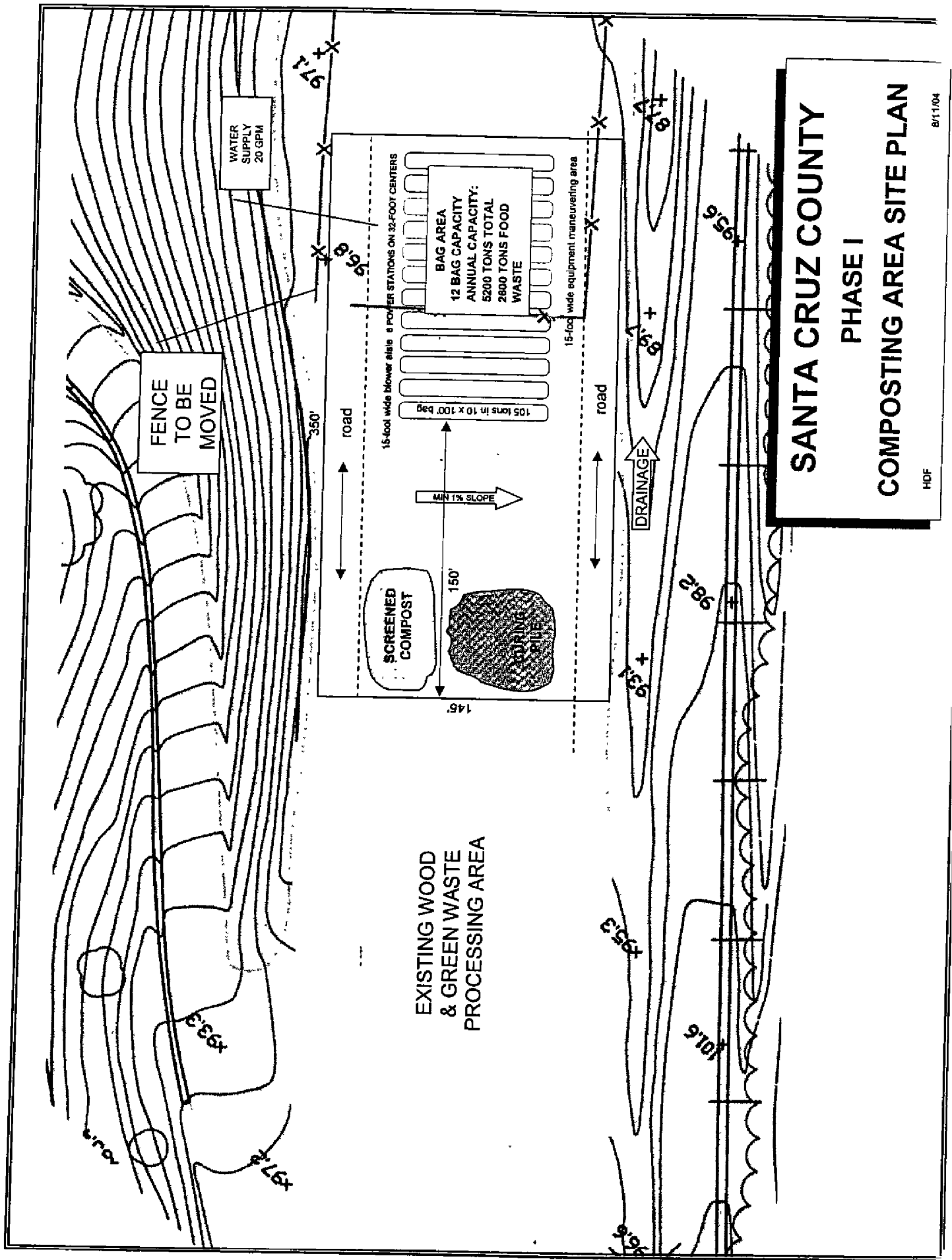
1. discounted collection rate charged to participating generators, amount to be determined in consultation with County
 - j. documentation of all costs incurred with providing this service including labor, equipment and administration, which information will be held confidential by County for its use in evaluating the overall effectiveness of the Research Project
3. Franchisee's designated contractor shall provide:
 - a. adequate labor to conduct food waste composting operation as defined in the Operations Plan
 - b. use of Vision's bucket loader and screen kept at the Buena Vista Landfill for its yard waste/wood waste processing operation
 - c. portable storage unit for safekeeping of operation hand equipment and supplies
 - d. routine maintenance on operating equipment: bagger and shredder
 - e. ground yard waste, free of contaminants, as a bulking agent for the compost process
 - f. adherence to the food waste compost Operations Plan as defined by County
 - g. adherence to all state, regional and local regulations pertaining to the food waste composting project
 - h. monitoring and record keeping necessary for County to track the performance of the operation, as specified by County in Operations Plan
 1. 30% of the finished compost product, or other amount as may be negotiated by County and Vision, for the County to use at its discretion for market development, product use demonstrations or other uses
 - j. documentation of all costs incurred with providing this service including labor, equipment and administration, which information will be held confidential by County for its use in evaluating the overall effectiveness of the Research Project
4. The term of this Memorandum of Understanding shall run concurrent with the existing, and any future extensions of this Franchise.
5. County reserves the right to terminate this agreement with 30 days written notice to participating parties.
6. County reserves the right to amend this agreement with written consent of participating parties.

13. ATTACHMENTS

These Yard Waste and Wood Waste Processing Service Standards include the following attachments and maps:

- "A" Buena Vista Yard Waste and Wood Waste Processing Site
- "B" Ben Lomond Yard Waste and Wood Waste Processing Site
- "C" Buena Vista Food Waste Composting Pilot Project Processing Site





B/11/04

HDF

APPENDIX H

PUBLIC EDUCATION AND INFORMATION REQUIREMENTS

APPENDIX H

PUBLIC EDUCATION AND INFORMATION REQUIREMENTS

Franchisee shall provide the county with an initial Public Education Plans for the transition period and for the first year of service (attached at end of this appendix), in accordance with Section 4.2(H) designed to inform all current and potential Customers of the changes in service provider (if applicable), new programs available under this agreement, implementation schedule and other related information necessary to assure a smooth transition to the services include hereunder.

Franchisee, County and County's solid waste public awareness contractor shall meet annually prior to the Franchise Year to develop the public education program for the upcoming Franchise Year, including identification of Additional Services, for that year. Information produced herein will be made available in both English and Spanish as appropriate to the target audience. Each of the work products resulting here from shall be subject to review and approval by the County.

Franchisee will continue to support the County's production and distribution of the County Curbsider (residential) and Enterprising Recycler (business) newsletters. County shall develop materials, articles, and graphics for the newsletters. The Franchisee shall fund and arrange for a graphic designer to layout the newsletters, newsletter printing, and mailing services for distribution of the newsletter to all unincorporated county residents and businesses, for up to 2 issues of each newsletter annually. The graphic designer shall be selected in consultation with the County

Franchisee shall continue to produce a minimum of two Waste line letters per year to be inserted in the billing statement.

Franchisee shall fund, produce and distribute can hangers to inform customers of Holiday Schedule and curbside Christmas Tree pickup as well as locations for Christmas Tree Drop off locations within the Franchised Area and up to two other can hangers annually if requested by the County.

Franchisee shall provide up to eight recycling presentation per franchise year at schools mutually agreed upon between Franchisee and the County. The presentations shall contain information that has been approved by County Staff.

Franchisee shall continue to provide financial support to the Waste Free Schools Program in accordance with Section 4.1 (H), provide tours of Franchisee facilities to schools and civic groups, and provide recycling and other waste management services to schools (who are Franchise Customers) for special events and activities.

Franchisee shall distribute other can hangers, supplied by the County, to the residential and commercial customers, upon request.

Franchisee shall produce separate service brochures for Cart and Bin customers, to be updated as needed, and distribute these to all new customers, and upon request by existing customers.

Franchisee shall produce complete and accurate instructional cart and bin labels, and affix updated labels to all carts and bins in use. All labels shall be approved in advance by County staff. Provide updated instructional labels on all carts and bins whenever there is a substantial change affecting items currently acceptable and/or not acceptable for recycling, yardwaste and/or refuse collection.

H-1

Franchisee shall produce and install permanent instructional "poster type" signs, with the target audience of multi-unit dwelling residents. The sign shall be placed at the central waste diversion receptacle area of all multi-unit dwelling Customer sites and shall contain universal symbols and written instructions in English and Spanish.

Franchisee shall produce and install permanent instructional "poster type" signs, with the target audience of staff of commercial customers. The sign shall be placed at the central waste diversion receptacle area of commercial Customer sites upon Customer or County request and shall contain universal symbols and written instructions in English and Spanish.

The Franchisee shall conduct customer subscription solicitations to residents and businesses not using Franchise services, a minimum of once per year. Solicitation plan and materials shall be submitted to the County for review in advance of distribution.

The Franchisee shall sponsor a full Customer survey, a minimum of every two years, or less frequently as determined by the County, of residences and business regarding participation rates with waste diversion services and programs.

Franchisee shall, at least once every two years beginning in 2007, mail a notice to all residential customers using recycling crates to encourage their use of recycling carts, in order to increase their amount of recycling. Notice content shall either be prepared or approved by County.

The content of all outreach and educational information referenced in this Franchise Agreement shall be submitted to County for advanced approval prior to preparation of final copy-ready master documents.

GreenWaste Recovery, Inc.
Transition Plan – Public Education 2007

GWR will provide comprehensive outreach to residents and businesses regarding Waste Reduction activities.

GWR will work with Grey Bears on identifying new projects to implement. GWR realizes that there are new opportunities for Grey Bears to pursue, and as a valued community member, GWR is committed to working with Grey Bears on establishing new ways for their participation in the community.

GWR is currently working with Grey Bears on establishing programs to partner with GWR and the County.

Programs may include home composting bin delivery, bulky item collection and processing, e-waste recycling and donate-able food pick up.

As programs become identified and implementation plans begin to form, GWR will provide regular updates to Santa Cruz County staff on a regular basis.

Beginning immediately, GWR has started working on outreach development such as website content, how to guides etc. to share with County staff. Provided is a timeline on outreach that will be implemented specific to the start up of services to residents and commercial/multi-family customers.

GWR Transition Outreach Timeline

June 2007

GWR will place advertisement in local newspapers to heighten awareness of upcoming changes to service and introduce company to the community.

July 2007

GWR will send letters direct mail to households introducing new services, timeline on cart deliveries, and contact information for customer service and website information.

August 2007

GWR will have completed development and printing of outreach including cart selection card, how to guides, service day change information.

September 2007

- Hire new GWR outreach coordinator
- Coordinate with County staff to visit all commercial and multi-family customers to determine appropriate recycling and solid waste container sizes.
- Begin attending and conducting community meetings to educate public on

upcoming changes to service.

October 2007-December 2007

- Commence cart delivery with outreach materials attached to carts. Materials will include a comprehensive “how to” guide.
- Provide customers with comprehensive billing schedule and payment options outreach.

January 2008

Continue working with County staff on educating public on County programs, recycling services and home composting programs.

**GreenWaste Recovery, Inc.
Public Education Plan**

OBJECTIVE

GreenWaste Recovery, Inc. will provide the County of Santa Cruz with support educating residents in the following areas:

Increase commercial customer's participation in commercial recycling
Increase public awareness and participation in curbside recycling and yard trimmings
Educate residents about the composting process using the yard trimmings material collected at curbside
Educate the public on additional ways to recycle yard-trimming materials through home composting

TARGET AUDIENCE

GreenWaste Recovery, Inc. (GWR) will educate residents and businesses within the County of Santa Cruz by partnering with the County's established communication efforts. GWR acknowledges the County's existing partnerships with consultants such as Karen Grobe and Ecology Action.

EXTERNAL AND INTERNAL ANALYSIS

GWR strives to assure our customers understand the importance of recycling, yard trimmings collection and home composting.

GWR will provide County staff with support through funding for outreach and GWR staff resources.

GWR believes if our customers understand and aware of the components of the recycling, yard trimmings and home composting our customers will be more likely to participate.

MARKETING OBJECTIVE

GWR believes through comprehensive outreach our customers will have a better understanding of recycling, yard trimmings collection and home composting. Our goal is to assure our customers understand the importance of their role with the composting process. Allowing our customers to learn more about the process and their role will assure less contamination.

STRATEGY

County staff has identified methods to engage customers to learn about recycling, composting and process of yard trimmings through home composting material collected curbside.

GWR plans to partner with the County in the following activities:

Schools

- 1) Provide GWR staff and resources for tours;
- 2) Assist Waste Free Schools program as directed by County staff;
- 3) Assist County in recruiting teachers to participate in Waste Free Schools program;
- 4) Support to Ecology Action with printed materials, staffing for events and classroom participation.

Recycling/Yard Trimmings Collection Program / Commercial / Multi Family Dwelling

- 1) Provide County staff with funds and/or resources for newsletter development and distribution;
- 2) Supplement County's efforts through communication with customers through bill inserts;
- 3) Develop and implement comprehensive billing and payment schedule information for customers;
- 4) Identify customers through site visits and assess/implement recycling programs for commercial and multi-family customers;
- 5) Audit customers participating in recycling programs. Audits will be in partnership with County's established education program;
- 6) GWR will support County staff in outreach development;
- 7) Support with waste audits for Green Business Program;
- 8) Provide County staff support with presentations;
- 9) Establish comprehensive website to link to County's website resources.

Home Composting Program (HCP)

- 1) Provide home composting and worm composting programs with outreach support and development;
- 2) Educate the public on additional ways to recycle yard trimmings through home composting and ways to recycle food scraps through vermicomposting.

GWR commits to providing County staff with support, as needed with waste reduction activities.

MARKETING TACTICS

GWR will provide outreach support to County's established outreach efforts.

How to guides will be produced by GWR staff in partnership with County for distribution to residents and businesses.

GWR will produce materials for waste reduction activities under the direction of the County's staff. During the transition for new service by GWR, GWR will develop and distribute outreach materials to residents and businesses as needed.

APPENDIX I
ROUTING AND COLLECTION SYSTEM

APPENDIX I

ROUTING AND COLLECTION SYSTEM

The following collection system describes the operation Franchisee shall provide for collection of Franchise Refuse, Yard Waste, and Recyclable Materials under the Franchise. The collection system shall be used to service all Cart Customers and Bin Customers. Significant alterations of the described collection system which require changes in number or types of vehicles or number of routes shall be justified in writing and submitted for approval by the Director. Approval of collection system changes due to an increase or decrease in the number of Customers requiring collection service during the term of the Franchise shall not be unreasonably withheld by the Director. Minor modifications to equipment specifications may be implemented without prior approval, but upon prior notification, of the Director.

CART CUSTOMERS

Franchise Refuse and Franchise Yard Waste Collection

Franchisee shall use both automated and semi-automated vehicle which shall provide both automated and semi-automated refuse and automated and semi-automated yard waste collection. The collection routes shall be designed in such a manner that refuse and yard waste are co-collected in the vehicle at each service stop. The vehicle shall be equipped with separate compartments within the body for storage of each material type. The vehicle shall be equipped with an arm that is capable of lifting and dumping Carts ranging in size from 20- to 95-gallons.

In those service areas where the "one-pass" vehicle cannot be used due to road conditions that limit access, the Franchisee shall provide collection service with a mini-packer type vehicle, which shall have a shorter turning radius and ability to maneuver in tight areas and on long winding roadways or driveways. The mini-packer vehicle shall be equipped with a side lift mechanism which enables the driver to pick up the Cart in a semi-automated manner.

The initial number of routes (5 days per week per route) for combined Refuse and Yard Waste collection of Cart Customers is:

3 front end loader routes
26 side loader routes

The initial number of mini-packer routes for Refuse and Yard Waste Cart Customers may vary due to subscription level:

1 to 4 rear end loader or side loader mini-packer hard to service routes (Monday thru Friday)

The start and stop points and geographical area included within each route shall be as specified on the Route Maps submitted by Franchisee to County.

Franchise Recyclable Materials Collection

Franchisee shall use a front end loading or side loading type vehicle for collection of recyclables. This vehicle shall have single compartments for storage of commingled recycling, and an on-board tank for used oil storage. Each vehicle shall be operated by a single driver/operator, and be capable of handling between 250 and 800 drive-bys per route day.

In those service areas where a front end loader can not access a Cart Customer, Franchisee shall use a smaller side loading recycle vehicle to provide collections.

The initial number of routes (5 days per week per route) for Recyclables Materials Collection of Cart Customers, and from Bin Customers with Cart service for recyclables is:

- 8 side loader "One Pass" routes
- 1 rear loader or side loader mini-packer routes

The start and stop points and geographical area included within each route shall be as specified on the Route Maps submitted by Franchisee to County.

Franchisee acknowledges that under this routing and collection system, unless specific exceptions are granted by the Director, weekly collection of Franchise Refuse, Yard Waste, and Recyclables from all customers, except hard to service Customers, shall be accomplished using a maximum of two vehicle stops per premises (to minimize noise, roadway degradation, air pollution, and similar vehicular impacts).

Franchisee acknowledges that this Franchise Agreement requires that service be made available to any resident within the Franchise Zone, and at the service levels and in accordance with the provisions herein. Franchisee further acknowledges that in order to accomplish this, it may be necessary in some areas, with approval of the Director, to utilize vehicles smaller than the mini packers (such as pickup trucks) due to limitations of roadway width or surfacing, particularly on private roads in mountainous areas.

BIN CUSTOMERS

Franchise Refuse Collection

Franchisee shall use a combination of both front end loader and rear end loader type vehicles for collection of refuse in Bins. The initial number of routes (5 days per week per route) for collecting refuse from Bins is:

- 2 front end loader routes
- 1 rear end loader routes

The start and stop points and geographical area included within each route shall be as specified on the Route Maps submitted by Franchisee to County.

Franchise Recyclable Materials Collection

Franchisee shall use a front end loader type vehicle for collection of source separated or mixed recyclables in Bins and Carts. The initial number of routes (5 days per week per route) for collecting recyclables from Bins is:

- 1-2 front end loader route – Bins and Carts
- 1 rear loader food waste route – Bins and Carts

Carts to be picked up concurrently with Recycling Cart routes above

ANNUAL CLEAN-UP POLICY

Pick-Up In The Unincorporated County

Franchisee shall provide 10 stickers to all Cart Customers prior to the beginning of each calendar year, which shall allow Customers to set out up to ten additional items for collection during their regular collection day, as described below:

- Unincorporated County only
- Cart collection only
- Up to 10 Cans, bags, or tied bundles
- Maximum size - 5 feet in length
- Maximum weight - 70 pounds
- Bulky Goods, in accordance with rates and policies as provided in the Franchise

What Will Not Be Picked Up

- No tree stumps
- No construction debris such as dirt, concrete, brick or asphalt
- No hazardous wastes

Franchisee shall track individual use of tags/stickers by customers and if customer loses tags/stickers, Franchisee shall replace the number of unused tags lost.

APPENDIX J
REQUIRED INSURANCE

APPENDIX J

REQUIRED INSURANCE

1. The Franchisee shall continuously maintain the following insurance coverage for the entire term of this Franchise:

- (a) Workers' Compensation Insurance as required by Applicable Law;
- (b) Comprehensive General Liability Insurance, or Commercial General Liability Insurance, including coverage for Premises and Operations, Contractual Liability, Personal Injury Liability, Products/Completed Operations Liability, Broad-Form Property Damage (if applicable) and Independent Franchisees' Liability (if applicable), in an amount of not less than Five Million Dollars (\$5,000,000.00) per occurrence, combined single limit, written on an occurrence form;
- (c) Comprehensive Automobile Liability coverage, including - as applicable - owned, non-owned and hired autos, in an amount of not less than Five Million Dollars (\$5,000,000.00) per occurrence, combined single limit, written on an occurrence form.

2. The County's Risk Manager is hereby authorized to reduce the requirements set forth above in the event he or she determines that such reduction is in the County's best interest.

3. Each insurance policy required by this Franchise shall contain the following clauses:

"This insurance shall not be canceled, limited in scope or coverage, or non-renewed until after thirty (30) days' prior written notice has been given to the Director of Public Works, County of Santa Cruz, 701 Ocean Street, Room 410, Santa Cruz, CA 95060".

"It is agreed that any insurance maintained by FRANCHISEE shall be primary to and not contribute with insurance or self-insurance maintained by the County of Santa Cruz."

4. Each insurance policy required by this Franchise, excepting policies for workers' compensation and professional liability shall contain the following clause:

"The County of Santa Cruz, its officers, agents, employees, representatives and volunteers are added as additional insured as respects operations and activities of, or on behalf of the named insured, performed under contract with the County of Santa Cruz."

5. Prior to commencing any work under this Franchise, the Franchisee shall delivery to the County insurance certificates confirming the existence of the insurance required by this Franchise, and including the applicable clauses referenced above. Also, within thirty (30) days of the execution date of this Franchise, the Franchisee shall provide to the County endorsements to the above-required policies, which add to these policies the applicable clauses referenced above. Such endorsements shall be signed by an authorized representative of the insurance company and shall include the signatory's company affiliation and title. Should it be deemed necessary by the County, it shall be the Franchisee's responsibility to see that the County receives documentation acceptable to the County which sustains that the individual signing such documents is indeed authorized to do so by the insurance company. Also, the County has the right to demand, and to receive within a reasonable time period, copies of any insurance policies required under this Franchise.

6. In addition to any other remedies the County may have if the Franchisee fails to provide or maintain any insurance policies or policy endorsements to the extent and within the time herein required, the County may, at its sole option:

- (a) Obtain such insurance and deduct and retain the amount of the premiums for such insurance for any sums due under this Franchise;
- (b) Order the Franchisee to stop work under this Franchise and withhold any payment(s) which become due to the Franchisee demonstrates compliance with the requirements hereof;
- (c) Terminate this Franchise.

7. Exercise of any of the above remedies, however, is an alternative to other remedies the Franchisee may have and is not the exclusive remedy for the Franchisee's failure to maintain insurance or secure appropriate endorsements.

8. Nothing herein contained shall be construed as limiting in any way the extent to which the Franchisee may be held responsible for payments of damages to persons or property resulting from Franchisee's or its subcontractor's performance of the work covered under this Franchise.

DATE (MM/DD/YYYY)
10/26/2006**ACORD - CERTIFICATE OF LIABILITY INSURANCE**

PRODUCER Commercial Lines Unit ABD Insurance & Financial Services 1039-A N. McDowell Blvd Petaluma, CA 94954-5507		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
INSURED Green Waste Recovery Inc. 625 Charles Street San Jose, CA 95112		INSURERS AFFORDING COVERAGE	NAIC #
		INSURER A: Hudson Insurance Company	10817
		INSURER B: Liberty Insurance Underwriters, Inc.	
		INSURER C:	
		INSURER D:	
		INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

PRODUCT	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY	HA900016600	07/01/06	07/01/07	EACH OCCURRENCE \$1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				DAMAGE TO RENTED PREMISES (EA OCCURRENCE) \$100,000
	<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				MED EXP (Any one person) \$5,000
	<input checked="" type="checkbox"/> BI/PO Ded: 2,500				PERSONAL & ADV INJURY \$1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:				GENERAL AGGREGATE \$2,000,000
	<input checked="" type="checkbox"/> POLICY <input type="checkbox"/> FOC <input type="checkbox"/> SFC <input type="checkbox"/> LOC				PRODUCTS - COMP/OP AGG \$1,000,000
A	AUTOMOBILE LIABILITY	HA900016600	07/01/06	07/01/07	COMBINED SINGLE LIMIT (EA accident) \$1,000,000
	<input checked="" type="checkbox"/> ANY AUTO				BODILY INJURY (Per person) \$
	<input type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (Per accident) \$
	<input type="checkbox"/> SCHEDULED AUTOS				PROPERTY DAMAGE (Per accident) \$
	<input checked="" type="checkbox"/> HIRED AUTOS				
	<input checked="" type="checkbox"/> NON-OWNED AUTOS				
	SARAGE LIABILITY				AUTO ONLY - EA ACCIDENT \$
	<input type="checkbox"/> ANY AUTO				OTHER THAN AUTO ONLY EA ACC \$
					AUTO ONLY AGG \$
B	EXCESS/UMBRELLA LIABILITY	LQ1B71183832025	07/01/06	07/01/07	EACH OCCURRENCE \$4,000,000
	<input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE				AGGREGATE \$4,000,000
	<input type="checkbox"/> DEDUCTIBLE				\$
	<input type="checkbox"/> RETENTION \$				\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				WC STATUTORY LIMITS OTHL PER \$
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/EMBER EXCLUDED?				E.L. EACH ACCIDENT \$
	If yes, describe under SPECIAL PROVISIONS below				E.L. DISEASE - EA EMPLOYEE \$
	OTHER				E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

RE: Commercial Solid Waste & Recyclables Collection and yard waste - Franchise Agreement.

The County of Santa Cruz, its officers, agents, employees, representatives and volunteers are additional insured under the general liability as respects operations and activities of, or on behalf of the named insured per the attached endorsement WHPCG0025 4/2005 (See Attached Descriptions)

CERTIFICATE HOLDER**CANCELLATION Ten Day Notice for Non-Payment of Premium**

County of Santa Cruz Director of Public Works 701 Ocean Street, Room 410 Santa Cruz, CA 95060	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE <i>Samuel L. Jones</i>
--	--

IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

DESCRIPTIONS (Continued from Page 1)

which contains primary wording. Also additional insured under the automobile liability per the attached endorsement WEP-CA0001 4/2005.

ENDORSEMENT NO. _____

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)				INSURED	AGENCY AND CODE
SAS 000166 00 00	DAY	YR	12:01	NOON	Greenmets Recovery, Inc. aka per United Ind. Int.	123 Allent Specialty Insurance Services, Inc
			AM			
		2006	X			

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED - OWNERS, LESSEES OR CONTRACTORS - (FORM B)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE

SCHEDULE

Name of Person or Organization:

1. As per Certificate (sign file with the company which specify that the Certificate Holder be named as an Additional Insured.

2. As per Contract(s) with the Certificate Holder above.

If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.

WHO IS AN INSURED (Section II) is amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of "your work" for that insured by or for you. The person or organization will be included as an insured only for the length of time specified in the contract.

Coverage provided by this endorsement is primary and non-contributory. Any other insurance the additional insured may have is excess.

However, coverage is not provided for "bodily injury", "property damage" or "personal and advertising injury" arising out of the sole negligence of the additional insured.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

ENDORSEMENT NO. _____

ATTACHED TO POLICY NO. _____		EFFECTIVE DATE _____		INSURANCE COMPANY _____	
CHANGING A PARTIAL _____		CHANGING TIME _____		INSURANCE CODE _____	
POLICY NUMBER _____		YR. _____		AGENCY AND CODE _____	
AS 000166 00 AL		2006		A.M.	
Z		Greenmark Recovery, Inc.		Allied Specialty Insurance Services, Inc.	

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ CAREFULLY.

ADDITIONAL INSURED ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE
GARAGE COVERAGE
TRUCKERS COVERAGE

This endorsement changes the policy effective on the inception date of the policy unless another date is indicated above.

In consideration of payment of the additional premium of \$ INCL, we agree with you that the LIABILITY INSURANCE provided by the policy for covered "auto" only is extended to cover the following named individual, firm or association as an additional insured, subject however to all limitations, conditions and provisions of this endorsement and the policy to which it is attached:

Name of Additional Insured: As per certificate(s) on file with the company which specify that the Certificate Holder be named as an Additional Insured.
 Address: RE: As per Contract(s) with Certificate Holder above
 Occupation or Business: _____

- A. Such inclusion of the Additional Insured shall not increase our limit of liability under this policy.
- B. No coverage is provided for Additional Insured under the policy or this endorsement for "Bodily Injury" or "Property Damage" arising out of the maintenance of a covered "auto" by the above named Additional Insured.
- C. No coverage is provided for Additional Insured under the policy or this endorsement unless:
1. The "auto(s)" covered by the policy is (are) used in your business.
 2. Such use is in compliance with the conditions of a written agreement in effect between you and the Additional Insured named above.
 3. We shall have complete control of all litigation which we are called upon to defend by virtue of this endorsement. We shall be under no obligation to take an appeal from a verdict or decision rendered by any court. If an appeal is taken by the Additional Insured or another insurer, we shall not be obligated to furnish any bond or appeal, or to pay the cost or expense of the appeal or to pay any portion of the interest on any final judgment, accruing as a result of the appeal.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

WHPCA00014 2005

Page 1 of 1

ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

12/25/2006

PRODUCER

AV Insurance Services
PO Box 3646
Omaha, NE 68103-0646

(877) 234-4420

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW

INSURERS AFFORDING COVERAGE

NAIC #

INSURER A California Insurance Company

INSURER B

INSURER C

INSURER D

INSURER E

INSURED

Green Waste Recovery, Inc.
625 Charles St
San Jose, CA 95112-1402

GTL 1273 346371

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS

INSURANCE TYPE	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
GENERAL LIABILITY	GENERAL LIABILITY				EACH OCCURRENCE \$	
	COMMERCIAL GENERAL LIABILITY				DAMAGE TO RENTED PREMISES (Ea occurrence) \$	
	<input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR				MED EXP (Any one person) \$	
					PERSONAL & ADV INJURY \$	
GEN'L AGGREGATE LIMIT APPLIES PER	GEN'L AGGREGATE LIMIT APPLIES PER				GENERAL AGGREGATE \$	
	<input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				PRODUCTS - COMP/OP AGG \$	
AUTOMOBILE LIABILITY	AUTOMOBILE LIABILITY				COMBINED SINGLE LIMIT (Ea accident) \$	
	ANY AUTO				BODILY INJURY (Per person) \$	
	ALL OWNED AUTOS				BODILY INJURY (Per accident) \$	
	SCHEDULED AUTOS				PROPERTY DAMAGE (Per accident) \$	
GARAGE LIABILITY	GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT \$	
	ANY AUTO				OTHER THAN EA ACC \$	
					AUTO ONLY AGG \$	
EXCESS/UMBRELLA LIABILITY	EXCESS/UMBRELLA LIABILITY				EACH OCCURRENCE \$	
	<input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE				AGGREGATE \$	
					\$	
					\$	
WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED?	73-910132-01-03	07/01/06	07/01/07	E L EACH ACCIDENT \$ 1,000,000	
	If yes, describe under SPECIAL PROVISIONS below				E L DISEASE - EA EMPLOYEE \$ 1,000,000	
					E L DISEASE POLICY LIMIT \$ 1,000,000	
OTHER						

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

XX: Commercial Solid Waste & Recyclables Collection and yard waste - Franchise Agreement of coverage.

CERTIFICATE HOLDER

County of Santa Cruz
Director of Public Works
701 Ocean Street, Room 410
Santa Cruz, CA 95060

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Carl DeBorja 0D78336

ACORD 25 (2001/08)

© ACORD CORPORATION 1988

APPENDIX K

PERFORMANCE BOND
and
CORPORATE GUARANTEE(S)

APPENDIX K

FORM OF PERFORMANCE BOND

BOND # 9926630

(Derived from AIA Performance Bond Form)

PREMIUM: \$53,580.00

(4-YEAR TERM)

Any singular reference to Company, Surety, County
or other party shall be considered plural where applicable.

COMPANY: GREENWASTE RECOVERY, INC , 625 CHARLES STREET, SAN JOSE, CA 95112

SURETY: GREAT AMERICAN INSURANCE COMPANY, 580 WALNUT STREET
CINCINNATI, OHIO 45202

COUNTY: COUNTY OF SANTA CRUZ, 701 OCEAN STREET, ROOM 500
SANTA CRUZ, CALIFORNIA 95060

OPERATION CONTRACT (Franchise Agreement)

Date: DECEMBER 12TH, 2006

Amount: \$1,500,000.00

Description: REFUSE, RECYCLING & YARD WASTE SERVICES FRANCHISE

BOND

Date: DECEMBER 12TH, 2006

Amount: \$1,500,000.00

TERM OF BOND: DECEMBER 12TH, 2006 TO DECEMBER 12TH, 2010: initial term shall be 4 years from Franchise Date, with annual renewals received by the County on or before September 12th of each successive year through the term of the agreement and in accordance with Section 6.5 of the Franchise Agreement.

 None

 X See Page 4

SURETY

Name: GREAT AMERICAN INSURANCE COMPANY

(Corporate Seal)

Signature: 

Corinne Sullivan, Attorney-In-Fact

(Any additional signatures and addresses appear on page 5)

(FOR INFORMATION ONLY - Name, Address and Telephone)

K-1

COUNTY'S REPRESENTATIVE

(Architect, Engineer or other party):

1. The Company and the Surety, jointly and severally, bind themselves, their heirs, executors, administrators, successors and assigns to the County for the performance of the Operation Contract, which is incorporated herein by reference.
2. If the Company timely and completely performs the Operation Contract, the Surety and the Company shall have no obligation under this Bond, except to participate in conferences as provided in subparagraph 3.1.
3. If there is no County Default, the Surety's obligation under this Bond shall arise after:
 - 3.1. The County has notified the Company and the Surety at its address described in Paragraph 10 below that the County is considering declaring a Company Default and requested a conference with the Company and the Surety to discuss the performance of the Operation Contract; and
 - 3.2. The County has declared a Company Default and sent a notice to the Company and the Surety formally electing to terminate the Company's right to complete the performance of the work under the Operation Contract; and
 - 3.3. The County has agreed (subject to Paragraph 5 hereof) to pay the Balance of the Contract price to the Surety in accordance with the terms of the Operation Contract or to a contractor selected to perform the remaining work under the Operation Contract in accordance with the terms of the Operation Contract with the County.
4. When the County has satisfied the conditions of Paragraph 3, the Surety shall promptly and at the Surety's expense take one of the following actions:
 - 4.1. Arrange for the Company, with the consent of the County, to perform and complete the Operation Contract; or
 - 4.2. Undertake to perform and complete the Operation Contract itself, through its agents or through qualified independent contractors; or
 - 4.3. Obtain bids or negotiated proposals from qualified contractors acceptable to the County for a contract for performance and completion of the Operation Contract, arrange for a contract to be prepared for execution by the County and the contractor selected with the County's concurrence, to be secured with performance and payment bonds executed by a qualified surety equivalent to the bonds issued on the Operation Contract, and pay to the County the amount of damages as described in Paragraph 6 in excess of the Balance of the Contract Price incurred by the County resulting from the Company's default; or
 - 4.4. Waive the right to perform and complete, arrange for completion, or obtain a new contractor and with reasonable promptness under the circumstances:

(1) After investigation, determine the amount for which it may be liable to the County and, as soon as practicable after the amount is determined, tender payment therefore to the County; or

(2) Deny liability in whole or in part and notify the County citing reasons therefore

5. If the Surety does not proceed as provided in Paragraph 4 with reasonable promptness (and in any event within the 45-day period commencing on the receipt by the Surety of the notice referred to in subparagraph 3.2 hereof), the Surety shall be deemed to be in default on this Bond and without further notice the County shall be entitled to enforce any remedy available to the County, including without limitation arranging for the work under the Operation Contract to be completed by a qualified contractor or contractors selected by the County and seeking compensatory damages from the Surety. If the Surety proceeds as provided in subparagraph 4.4, and the County refuses the payment tendered or the Surety has denied liability, in whole or in part, without further notice the County shall be entitled to enforce any remedy available to the County, including without limitation arranging for the work under the Operation Contract to be completed by a qualified contractor or contractors selected by the County and seeking compensatory damages from the Surety.

6. After the County has terminated the Company's right to complete the Operation Contract, and if the Surety elects to act under Subparagraph 4.1, 4.2, or 4.3 above, then the responsibilities of the Surety to the County shall not be greater than those of the Company under the Operation Contract, and the responsibilities of the County to the Surety shall not be greater than those of the County under the Operation Contract. To the limit of the amount of this Bond, but subject to commitment by the County of the Balance of the Contract Price to mitigation of costs and damages on the Operation Contract, the Surety is obligated without duplication for:

6.1. The responsibilities of the Company for the collection of Franchise Materials in accordance with the Operation Contract;

6.2. Additional legal, design, professional, and delay costs resulting from the Company Default, and resulting from the actions or failure to act of the Surety under Paragraph 4; and

6.3. Liquidated damages, or if no liquidated damages are specified in the Operation Contract, actual damages caused by delayed performance or nonperformance of the Company.

7. The Surety shall not be liable to the Company or others for obligations of the Company that are unrelated to the Operation Contract, and the Balance of the Contract Price shall not be reduced or set off on account of any such unrelated obligations. No right of action shall accrue on this Bond to any person or entity other than the County or its heirs, executors, administrators or successors.

8. The Surety hereby waives notice of any change, including changes of time, to the operation Contract or to related subcontracts, purchase orders and other obligations.

9. Any proceeding, legal or equitable, under this Bond may be instituted in any court of competent jurisdiction in the location in which the work or part of the work is located and shall be instituted within two years after Company Default or within two years after the Company ceased working or within two years after the Surety refuses or fails to perform its obligations under this Bond, whichever occurs first. If the provisions of this Paragraph are void or prohibited by law, the minimum period of limitation available to sureties as a defense in the jurisdiction of the suit shall be applicable.

10. Notice to the Surety, the County, or the Company shall be mailed or delivered to the address shown on the signature page.

11. When this Bond has been furnished to comply with a statutory or other legal requirement in the location where the construction was to be performed, any provision in this Bond conflicting with said statutory or legal requirement shall be deemed deleted herefrom and provisions conforming to such statutory or other legal requirement shall be deemed incorporated herein.

12. DEFINITIONS

12.1. **Balance of the Contract Price:** The total amount due and payable by the County to the Company under the Operation Contract after all proper adjustments have been made, including allowance to the Company of any amounts received or to be received by the County in settlement of insurance or other claims for damages to which the Company is entitled, reduced by all valid and proper payments made to or on behalf of the Company under the Operation Contract.

12.2. **Operation Contract:** The Franchise Services Agreement between the Company and the County, dated **December 12, 2006**.

12.3. **Company Default:** Failure of the Company, which has neither been remedied nor waived, to perform or otherwise to comply with the terms of the Operation Contract, including, without.

12.4.County Default: Failure of the County, which has neither been remedied nor waived, to pay the Company as required by the Operation Contract to perform and complete or comply with the other terms thereof, which failure must be sufficiently serious to justify a termination of the Operation Contract, including, without limitation, an Event of Default of the County, as defined in the Co-Composting Facility Construction and Operation Agreement.

MODIFICATIONS TO THIS BOND ARE AS FOLLOWS:

This Bond has been entered into to bind the Surety and the Company, as principal, unto Santa Cruz County, it successors and assigns, in the penal sum of one million five hundred thousand dollars (\$1,500,000), lawful money of the United States of America, for the payment of which said sum of money well and truly to be made, the Surety and the Company bind themselves, their successors and assigns in such sum "jointly and severally" and well as "severally only" for the purpose of allowing a joint action or actions against any or all of them and for all other purposes, each binds itself, its successors and assigns, jointly and severally to the County, its successors and assigns for the payment of such sums as to which the Company or the Surety may become obligated to pay under this Performance Bond.

(Space is provided below for additional signatures or added parties, other than those appearing on the cover page.)

COMPANY AS PRINCIPAL

Name:GREENWASTE RECOVERY, INC.

(Corporate Seal)

Signature: 

Name and Title:

Richard A. Cristina, President

SURETY

**Name: GREAT AMERICAN
INSURANCE COMPANY**

(Corporate Seal)

Signature: 

**Name and Title: CORINNE
SULLIVAN, ATTORNEY-IN-FACT**

STATE OF CALIFORNIA

COUNTY OF SONOMA

On 12-15-2006, before me, STEFANIE L. JOHANSEN, NOTARY PUBLIC

(here insert name and title of the officer)

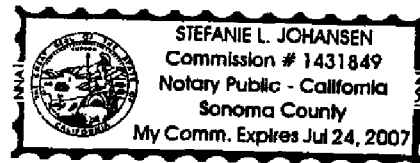
personally appeared CORINNE SULLIVAN

personally known to me ~~(or proved to me on the basis of satisfactory evidence)~~ to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature

Stefanie L. Johansen (SEAL)



This area for Official Notarial Seal

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

☐ INDIVIDUAL

☐ CORPORATE OFFICER

TITLE(S)

☐ PARTNER(S)

☐ LIMITED

☐ GENERAL

☒ ATTORNEY-IN-FACT

☐ TRUSTEE(S)

☐ GUARDIAN/CONSERVATOR

☐ OTHER

SIGNER IS REPRESENTING:

NAME OF PERSON(S) OR ENTITY(IES)

DESCRIPTION OF ATTACHED DOCUMENT

TITLE OF TYPE OF DOCUMENT

NUMBER OF PAGES

DATE OF DOCUMENT

SIGNER(S) OTHER THAN NAMED ABOVE

GREAT AMERICAN INSURANCE COMPANY®

Administrative Office: 580 WALNUT STREET • CINCINNATI, OHIO 45202 • 513-369-5000 • FAX 513-723-2740

The number of persons authorized by
this power of attorney is not more than Three

No. 0 18311

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That the GREAT AMERICAN INSURANCE COMPANY, a corporation organized and existing under and by virtue of the laws of the State of Ohio, does hereby nominate, constitute and appoint the person or persons named below its true and lawful attorney-in-fact, for it and in its name, place and stead to execute in behalf of the said Company, as surety, any and all bonds, undertakings and contracts of suretyship, or other written obligations in the nature thereof, provided that the liability of the said Company on any such bond, undertaking or contract of suretyship executed under this authority shall not exceed the limit stated below

Name	Address	Limit of Power
Bruce G. Okrepkie	All of	All
Catherine A. Pinney	Petaluma, CA	\$10,000,000
Corinne Sullivan		

This Power of Attorney revokes all previous powers issued in behalf of the attorney(s)-in-fact named above

IN WITNESS WHEREOF the GREAT AMERICAN INSURANCE COMPANY has caused these presents to be signed and attested by its appropriate officers and its corporate seal hereunto affixed this 31st day of May, 2006

Attest
GREAT AMERICAN INSURANCE COMPANY

STATE OF OHIO, COUNTY OF HAMILTON - ss

DAVID C. KITCHIN (513-412-4802)

On this 31st day of May, 2006, before me personally appeared DAVID C. KITCHIN, to me known, being duly sworn, deposes and says that he resides in Cincinnati, Ohio, that he is the Divisional Senior Vice President of the Bond Division of Great American Insurance Company, the Company described in and which executed the above instrument, that he knows the seal of the said Company, that the seal affixed to the said instrument is such corporate seal, that it was so affixed by authority of his office under the By-Laws of said Company, and that he signed his name thereto by like authority

This Power of Attorney is granted by authority of the following resolutions adopted by the Board of Directors of Great American Insurance Company by unanimous written consent dated March 1, 1993.

RESOLVED That the Division President, the several Division Vice Presidents and Assistant Vice Presidents, or any one of them, be and hereby is authorized, from time to time, to appoint one or more Attorneys-in-Fact to execute on behalf of the Company, as surety, any and all bonds, undertakings and contracts of suretyship, or other written obligations in the nature thereof; to prescribe their respective duties and the respective limits of their authority, and to revoke any such appointment at any time.

RESOLVED FURTHER. That the Company seal and the signature of any of the aforesaid officers and any Secretary or Assistant Secretary of the Company may be affixed by facsimile to any power of attorney or certificate of either given for the execution of any bond, undertaking, contract or suretyship, or other written obligation in the nature thereof, such signature and seal when so used being hereby adopted by the Company as the original signature of such officer and the original seal of the Company, to be valid and binding upon the Company with the same force and effect as though manually affixed.

CERTIFICATION

I, RONALD C. HAYES, Assistant Secretary of Great American Insurance Company, do hereby certify that the foregoing Power of Attorney and the Resolutions of the Board of Directors of March 1, 1993 have not been revoked and are now in full force and effect.

Signed and sealed this 15TH day of DECEMBER, 2006.

APPENDIX K

FORM OF PERFORMANCE BOND

(Derived from AIA Performance Bond Form)
Any singular reference to Company, Surety, County
or other party shall be considered plural where applicable.

COMPANY (Name and Address): SURETY (Name and Principal Place of Business)

COUNTY (Name and Address): Santa Cruz County, California

OPERATION CONTRACT (Franchise Agreement)

Date.

Amount:

Description (Name and Location).

BOND

Date:

Amount: \$1,500,000

Expiration Date: December 12, 2010

: initial term shall be 4 years from Franchise Date, with annual renewals received by the County on or before September 12th of each successive year through the term of the agreement and in accordance with Section 6.5 of the Franchise Agreement.

 None X See Page 4

SURETY

Name: _____

(Corporate Seal)

Signature: _____

Name and Title:

(Any additional signatures and addresses appear on page 5)

(FOR INFORMATION ONLY - Name, Address and Telephone)

COUNTY'S REPRESENTATIVE

(Architect, Engineer or other party):

1. The Company and the Surety, jointly and severally, bind themselves, their heirs, executors, administrators, successors and assigns to the County for the performance of the Operation Contract, which is incorporated herein by reference.
2. If the Company timely and completely performs the Operation Contract, the Surety and the Company shall have no obligation under this Bond, except to participate in conferences as provided in subparagraph 3.1.
3. If there is no County Default, the Surety's obligation under this Bond shall arise after:
 - 3.1. The County has notified the Company and the Surety at its address described in Paragraph 10 below that the County is considering declaring a Company Default and requested a conference with the Company and the Surety to discuss the performance of the Operation Contract; and
 - 3.2. The County has declared a Company Default and sent a notice to the Company and the Surety formally electing to terminate the Company's right to complete the performance of the work under the Operation Contract; and
 - 3.3. The County has agreed (subject to Paragraph 5 hereof) to pay the Balance of the Contract price to the Surety in accordance with the terms of the Operation Contract or to a contractor selected to perform the remaining work under the Operation Contract in accordance with the terms of the Operation Contract with the County.
4. When the County has satisfied the conditions of Paragraph 3, the Surety shall promptly and at the Surety's expense take one of the following actions:
 - 4.1. Arrange for the Company, with the consent of the County, to perform and complete the Operation Contract; or
 - 4.2. Undertake to perform and complete the Operation Contract itself, through its agents or through qualified independent contractors; or
 - 4.3. Obtain bids or negotiated proposals from qualified contractors acceptable to the County for a contract for performance and completion of the Operation Contract, arrange for a contract to be prepared for execution by the County and the contractor selected with the County's concurrence, to be secured with performance and payment bonds executed by a qualified surety equivalent to the bonds issued on the Operation Contract, and pay to the County the amount of damages as described in Paragraph 6 in excess of the Balance of the Contract Price incurred by the County resulting from the Company's default; or
 - 4.4. Waive the right to perform and complete, arrange for completion, or obtain a new contractor and

with reasonable promptness under the circumstances:

(1) After investigation, determine the amount for which it may be liable to the County and, as soon as practicable after the amount is determined, tender payment therefore to the County; or

(2) Deny liability in whole or in part and notify the County citing reasons therefore

5. If the Surety does not proceed as provided in Paragraph 4 with reasonable promptness (and in any event within the 45-day period commencing on the receipt by the Surety of the notice referred to in subparagraph 3.2 hereof), the Surety shall be deemed to be in default on this Bond and without further notice the County shall be entitled to enforce any remedy available to the County, including without limitation arranging for the work under the Operation Contract to be completed by a qualified contractor or contractors selected by the County and seeking compensatory damages from the Surety. If the Surety proceeds as provided in subparagraph 4.4, and the County refuses the payment tendered or the Surety has denied liability, in whole or in part, without further notice the County shall be entitled to enforce any remedy available to the County, including without limitation arranging for the work under the Operation Contract to be completed by a qualified contractor or contractors selected by the County and seeking compensatory damages from the Surety.

6. After the County has terminated the Company's right to complete the Operation Contract, and if the Surety elects to act under Subparagraph 4.1, 4.2, or 4.3 above, then the responsibilities of the Surety to the County shall not be greater than those of the Company under the Operation Contract, and the responsibilities of the County to the Surety shall not be greater than those of the County under the Operation Contract. To the limit of the amount of this Bond, but subject to commitment by the County of the Balance of the Contract Price to mitigation of costs and damages on the Operation Contract, the Surety is obligated without duplication for:

6.1. The responsibilities of the Company for the collection of Franchise Materials in accordance with the Operation Contract;

6.2. Additional legal, design, professional, and delay costs resulting from the Company Default, and resulting from the actions or failure to act of the Surety under Paragraph 4; and

6.3. Liquidated damages, or if no liquidated damages are specified in the Operation Contract, actual damages caused by delayed performance or nonperformance of the Company.

7. The Surety shall not be liable to the Company or others for obligations of the Company that are unrelated to the Operation Contract, and the Balance of the Contract Price shall not be reduced or set off on account of any such unrelated obligations. No right of action shall accrue on this Bond to any person or entity other than the County or its heirs, executors, administrators or successors.

8. The Surety hereby waives notice of any change, including changes of time, to the operation Contract or to related subcontracts, purchase orders and other obligations.

9. Any proceeding, legal or equitable, under this Bond may be instituted in any court of competent jurisdiction in the location in which the work or part of the work is located and shall be instituted within two years after Company Default or within two years after the Company ceased working or within two years after the Surety refuses or fails to perform its obligations under this Bond, whichever occurs first. If the provisions of this Paragraph are void or prohibited by law, the minimum period of limitation available to sureties as a defense in the jurisdiction of the suit shall be applicable.

10. Notice to the Surety, the County, or the Company shall be mailed or delivered to the address shown on the signature page.

11. When this Bond has been furnished to comply with a statutory or other legal requirement in the location where the construction was to be performed, any provision in this Bond conflicting with said statutory or legal requirement shall be deemed deleted herefrom and provisions conforming to such statutory or other legal requirement shall be deemed incorporated herein.

12. DEFINITIONS

12.1. Balance of the Contract Price: The total amount due and payable by the County to the Company under the Operation Contract after all proper adjustments have been made, including allowance to the Company of any amounts received or to be received by the County in settlement of insurance or other claims for damages to which the Company is entitled, reduced by all valid and proper payments made to or on behalf of the Company under the Operation Contract.

12.2. Operation Contract: The Franchise Services Agreement between the Company and the County, dated **December 12, 2006**.

12.3. Company Default: Failure of the Company, which has neither been remedied nor waived, to perform or otherwise to comply with the terms of the Operation Contract, including, without.

12.4. County Default: Failure of the County, which has neither been remedied nor waived, to pay the Company as required by the Operation Contract to perform and complete or comply with the other terms thereof, which failure must be sufficiently serious to justify a termination of the Operation Contract, including, without limitation, an Event of Default of the County, as defined in the Co-Composting Facility Construction and Operation Agreement.

MODIFICATIONS TO THIS BOND ARE AS FOLLOWS:

This Bond has been entered into to bind the Surety and the Company, as principal, unto Santa Cruz County, its successors and assigns, in the penal sum of one million five hundred thousand dollars (\$1,500,000), lawful money of the United States of America, for the payment of which said sum of money well and truly to be made, the Surety and the Company bind themselves, their successors and assigns in such sum "jointly and severally" and well as "severally only" for the purpose of allowing a

K-4

joint action or actions against any or all of them and for all other purposes, each binds itself, its successors and assigns, jointly and severally to the County, its successors and assigns for the payment of such sums as to which the Company or the Surety may become obligated to pay under this Performance Bond.

(Space is provided below for additional signatures or added parties, other than those appearing on the cover page.)

COMPANY AS PRINCIPAL

Name: _____

(Corporate Seal)

Signature: _____

Name and Title:

SURETY

Name: _____

(Corporate Seal)

Signature: _____

Name and Title:



abd services
INSURANCE GROUP
FIDELITY

1039-A N. McDowell Blvd.
Petaluma, CA 94954
ph: (707) 769-2900 fax: (707) 773-1868
www.cybersure.com

License #0D58513

Fax Cover Sheet

Date:	October 26, 2006	Time:	3:39 PM
To:	Tracy Adams	Phone:	
Company:	Green Waste Recovery, Inc.	Fax:	408-287-4372
From:	Cathy Ronchelli-Pinney Marketing Account Manager	Phone:	707 773-1873
email:	CPP@abdi.com	Fax:	707-773-1868
RE:	Green Waste Recovery Inc. Confirmation of Bonding for County of Santa Cruz contact		

Number of pages including cover sheet: 3

If you do not receive all pages of this transmission, please call as soon as possible.

- ☐ Urgent! Please respond immediately.
☐ Originals to follow in mail.

- ☐ No response needed.
☐ Call upon receipt.

Message:

Tracy,

This original letter is being overnighted to your attention as well.

Would you either fax, email or mail a full copy of the Franchise Agreement that is being signed for the surety company's file. They'll want to have this.

Bruce and I spoke with Coamerica bank and they have the approval to issue the letter of credit. Once we know when the County of Santa Cruz needs the original bond, we can let the bank know to issue the letter of credit which will take about 2 days for processing.

If you have any questions, please call me.

Best regards,

Confidentiality Note

The documents accompanying this cover sheet contain information from us which is confidential or privileged. The information is intended to be for the use of the individual or entity named on this transmission sheet. If you are not the intended recipient, be aware that any disclosure, copying, distribution, or use of the contents of this faxed information is prohibited. If you have received this fax in error, please notify us by telephone immediately so we can arrange for the return of the original document to us.



abd insurance
services financial

1039-A N McDowell Blvd
Petaluma, CA 94954
ph. 707 769 2900
fx. 707 769 2929
www.CyberSure.com

October 26, 2006

Mr. Patrick Matthews
Public Works Department
Recycling and Solid Waste Services Division
701 Ocean Street, Room 410
Santa Cruz, California

RE: Refuse, Recycling and Yard Waste Services Franchise
County of Santa Cruz

Dear Mr. Matthews,

This is to confirm that Great American Insurance Company will issue the final Performance Bond in the amount of \$1,500,000 to the County of Santa Cruz. If you have any questions please call me at 707-773-1838.

Sincerely,

Bruce G. Okrepkie
Power of Attorney
Great American Insurance Company

GREAT AMERICAN INSURANCE COMPANY®

Administrative Office: 580 WALNUT STREET • CINCINNATI, OHIO 45202 • 513-369-5000 • FAX 513-723-2740

The number of persons authorized by
this power of attorney is not more than Three

No. 0 18311

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That the GREAT AMERICAN INSURANCE COMPANY, a corporation organized and existing under and by virtue of the laws of the State of Ohio, does hereby nominate, constitute and appoint the person or persons named below its true and lawful attorney-in-fact, for it and in its name, place and stead to execute in behalf of the said Company, as surety, any and all bonds, undertakings and contracts of suretyship, or other written obligations in the nature thereof; provided that the liability of the said Company on any such bond, undertaking or contract of suretyship executed under this authority shall not exceed the limit stated below

Name	Address	Limit of Power
Bruce G Okrepkie	All of	All
Catherine A Pinney	Petaluma, CA	\$10,000,000
Connne Sullivan		

This Power of Attorney revokes all previous powers issued in behalf of the attorney(s)-in-fact named above

IN WITNESS WHEREOF the GREAT AMERICAN INSURANCE COMPANY has caused these presents to be signed and attested by its appropriate officers and its corporate seal hereunto affixed this 31st day of May, 2006

Attest

GREAT AMERICAN INSURANCE COMPANY

STATE OF OHIO, COUNTY OF HAMILTON - ss

DAVID C KITCHIN (513-412-4602)

On this 31st day of May, 2006, before me personally appeared DAVID C KITCHIN, to me known, being duly sworn, deposes and says that he resides in Cincinnati, Ohio, that he is the Divisional Senior Vice President of the Bond Division of Great American Insurance Company, the Company described in and which executed the above instrument; that he knows the seal of the said Company, that the seal affixed to the said instrument is such corporate seal; that it was so affixed by authority of his office under the By-Laws of said Company, and that he signed his name thereto by like authority

This Power of Attorney is granted by authority of the following resolutions adopted by the Board of Directors of Great American Insurance Company by unanimous written consent dated March 1, 1993

RESOLVED That the Division President, the several Division Vice Presidents and Assistant Vice Presidents, or any one of them, be and hereby is authorized, from time to time, to appoint one or more Attorneys-in-Fact to execute on behalf of the Company, as surety, any and all bonds, undertakings and contracts of suretyship, or other written obligations in the nature thereof, to prescribe their respective duties and the respective limits of their authority, and to revoke any such appointment at any time

RESOLVED FURTHER: That the Company seal and the signature of any of the aforesaid officers and any Secretary or Assistant Secretary of the Company may be affixed by facsimile to any power of attorney or certificate of either given for the execution of any bond, undertaking, contract or suretyship, or other written obligation in the nature thereof, such signature and seal when so used being hereby adopted by the Company as the original signature of such officer and the original seal of the Company, to be valid and binding upon the Company with the same force and effect as though manually affixed.

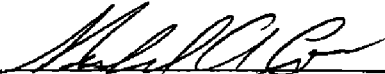
CERTIFICATION

I, RONALD C. HAYES, Assistant Secretary of Great American Insurance Company, do hereby certify that the foregoing Power of Attorney and the Resolutions of the Board of Directors of March 1, 1993 have not been revoked and are now in full force and effect.

Signed and sealed this 26TH day of OCTOBER, 2006

Corporate Guarantee

GreenWaste Recovery, Inc., a California Corporation, hereby guarantees all the obligations of GreenWaste Recovery, Inc., the franchisee under that certain franchise agreement for "Refuse, Recycling and Yard Waste Services" granted by the County of Santa Cruz, California, dated November 20, 2006.

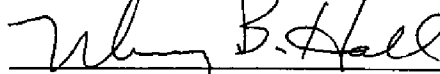
Signed: 

Richard A. Cristina

President

GreenWaste Recovery, Inc.

Dated: 11/29/06



Murray B. Hall

Secretary

GreenWaste Recovery, Inc.

Dated: 11/20/06

APPENDIX L

ESCALATION INDEX

APPENDIX L

ESCALATION INDEX

Description:

The unit prices in the Customer Rate Schedules (Appendix D) are broken down into three components: the Consumer Price Index (CPI) Service Fee Component, Disposal Fee Component and Franchise Fee Component. These three components added together comprise the total Customer Rate billable to Customers for services listed in this Franchise Agreement and under Appendix D.

The CPI Service Fee Component shall be adjusted annually, effective July 1st of each year and beginning on July 1, 2008 in accordance with the formula below. Each time the CPI Customer Service Fee component is modified, the revised fees become the basis for recalculating the 10% Franchise Fee Component and subsequent adjustments. Disposal adjustments shall be a direct pass-through to the ratepayer in accordance with the formula below and shall be adjusted at the time of any disposal rate change at the Designated Disposal Site(s).

Beginning July 1, 2008, (prior to which there will be no CPI adjustments to the Customer Rate), the CPI adjustments will be calculated annually for each year of the Franchise. The Franchisee and the County shall confer in April of each year to address the CPI adjustment. The first adjustment, effective July 1, 2008, shall utilize the August 2007 through February 2008 CPI Index. For all subsequent years, the Franchisee shall calculate the adjustment based upon the previous twelve months using the February Indices with rate adjustments taking effect on the following July 1st of each year.

Customer Rate calculation will be subject to review and approval by the County. The CPI index will be the Consumer Price Index, All Urban Consumers, for the U.S. City Average, All Items, as published by the U. S. Department of Labor, Bureau of Labor Statistics.

If the calculated annual increase in the CPI Service Fee Component exceeds seven percent (7%), based on the criteria above, the Franchisee shall provide financial information demonstrating that their variable unit cost increases have in fact exceeded 7% and the increase must be approved by the Board of Supervisors before any such increase over seven percent may be implemented. In the event the Franchisee is unable to so demonstrate to the Board of Supervisors, or their designee, the Board of Supervisors reserves the right to withhold an appropriate portion of the CPI adjustment.

Formula:

Customer Rate = Current CPI Service Fee Component + Disposal Fee Component + Franchise Fee Component

Example Assumptions:

Prior February CPI Index = 150

Current February CPI Index = 154

[Exception: the first CPI adjustment shall occur after the first six (6) months of operation, and the CPI adjustment shall be calculated using CPI Indices for the months of August 2007 through February 2008 and shall become effective on July 1, 2008, thereafter CPI adjustments shall be annual effective on July 1 of each year and use February CPI Indices as defined in the above example]

35-Gallon Cart Service (Current):

Current CPI Service Fee Component = \$11.43

Current Disposal Fee Component = \$ 3.83

Current Franchise Fee Component = \$ 1.70

Current Total Monthly Customer Rate = \$16.95

Disposal Fees:

Current Disposal Fee at Designated Disposal Site = \$51.50

Proposed Disposal Fee at Designated Disposal Site = \$54.00

(1) CPI Service Fee Component Adjustment Methodology

New CPI Service Fee Component = Current CPI Service Fee Component x (Current CPI ÷ Prior CPI)

Note: The Prior and Current CPI is the January Index.

Current CPI Adjustment Revised

\$11.43 x (154 ÷ 150) = **\$11.73 (New CPI Service Fee Component)**

(2) Disposal Fee Component Adjustment Methodology

New Disposal Fee Component = current Disposal Fee Component x (current fee at Designated Disposal Site ÷ new fee at Designated Disposal Site)

Current Adjustment Revised

\$3.83 x (\$54.00 ÷ \$51.50) = **\$3.93 (New Disposal Fee Component)**

(3) Franchise Fee Component Adjustment Methodology

New Franchise Fee Component = (New CPI Customer Service Fee Component + New Disposal Fee Component) x 10%

Current Franchise Fee Component = \$1.70

Adjustment: $(\$11.73 + \$3.93) \times 0.1111 = \mathbf{\$1.74}$ **(New Franchise Fee Component)**

Revised Customer Rate

35-gallon Cart Service:

New CPI Service Fee Component = \$11.73

New Disposal Fee Component = \$ 3.93

New Franchise Fee Component = \$ 1.74

New Total Monthly Customer Rate = \$17.40

APPENDIX M

**MEMORANDUM OF UNDERSTANDING
REGARDING COUNTY SPONSORED RECYCLE CENTERS**

APPENDIX M

Memorandum of Understanding Regarding County Sponsored Recycling Centers Operated by California Grey Bears, Inc., and Valley Women's Club of San Lorenzo Valley

Franchisee agrees, for the duration of the Franchise, not to solicit commercial recycling customers from the Grey Bears or its affiliate, Santa Cruz Recycling Alliance Program (SCRAP). Franchisee and County shall continue to promote Grey Bears and SCRAP as the preferred cardboard and film plastic recycler. However, the final selection of a recycling service provider shall be the responsibility of the customer. The Franchisee agrees to publicize the Grey Bears/SCRAP recycling program in one billing insert each calendar year of the Agreement and the County agrees to annually publicize the Grey Bears/SCRAP recycling programs in newsletters circulated to County residents and businesses, within the franchise area. Wording of such publicity shall be subject to approval by County staff.

Franchisee shall provide drop box hauling services as requested by the Grey Bears for metal boxes filled at the Buena Vista Landfill Recycling Center. Franchisee shall pick up full boxes as requested by the Grey Bears, within 24 hours of verbal or written notice excluding Sundays, and haul them to the designated scrap metal storage area on the landfill property, empty the boxes and return the empty boxes to the Grey Bears Recycling Center. The Franchisee shall develop a schedule for emptying boxes in consultation with the Grey Bears and the County and shall adhere to this schedule throughout the term of this Franchise unless mutually amended.

During the period of the Franchise, Franchisee agrees to provide up to eight (8) drop boxes for materials collected at the VWC's County sponsored Drop-off operations in Felton and Boulder Creek that are to be hauled by Franchisee. Except under extraordinary circumstances, such bins shall be provided according to specifications of size and configuration as requested by VWC. Franchisee shall maintain roll-off bin(s) owned by VWC and shall make reasonable modifications to such bin(s) as requested by VWC.

It is understood that hauling to the Franchisee's processing facility from Buena Vista Landfill, Ben Lomond Transfer Station, or Drop-off centers described above is free of charge, but hauling to other stipulated markets or processing facilities by Franchisee for the Grey Bears or the Valley Women's Club shall be charged, for the duration of the Franchise, at the rate not-to-exceed \$100.00 per trip within Santa Cruz County and 30 miles into Monterey County and \$200.00 per trip to Santa Clara County. Deliveries beyond these points will be at rates mutually agreed upon.

If Grey Bears or Valley Women's Club choose to utilize the Franchisee's processing facilities for sorting and separating loads of mixed recyclables into marketable commodities, there will be no fee assessed for the processing service for the duration of the Franchise and the Franchisee shall retain all revenues from the sales from the processing and marketing of this material.

At the request of the Grey Bears or the Valley Women's Club, Franchisee shall broker pre-sorted recycled material for the Grey Bears or the Valley Women's Club to receive higher pricing, when possible. To this end, Franchisee shall accept materials from the Grey Bears and the Valley Women's Club, consistent with Franchisee's marketing specifications, to be included with recycled material marketed by Franchisee. The fee for the processing (bailing and shipping) pre-sorted recyclables, not requiring additional sorting or separation, shall be no more than \$50.00 per input ton for any pre-sorted materials for the duration of the Franchise.

All of the revenue from the sale of such pre-sorted material shall return to the respective organization. Notwithstanding the foregoing, Franchisee makes no representation or warranty that the brokered price it receives is

the highest or best available and owes no duty to the Grey Bears or the Valley Women's Club to secure the best available pricing.

At the request of the Grey Bears or the Valley Women's Club, Franchisee shall haul, at no charge, partial loads of baled, OCC, plastic and other materials, meeting Franchisee's market specifications, from Buena Vista Landfill and Ben Lomond Transfer Station recycling facilities or Drop-off Centers to its processing facility and combined with Franchisee material to be shipped to end market at no cost. The Grey Bears and Valley Women's Club shall receive all of the revenue from the sale of such included material.

Franchisee shall provide trash pick-up service; at no charge to the Valley Women's Club recycle centers in Felton and Boulder Creek, as specified in Appendix E.

Franchisee shall provide reports and payments to the Valley Women's Club and Grey Bears of all materials hauled, processed, and/or sold on their behalf, within 30 days of the end of each month. Reports shall include weights, market destination, hauling dates, and sales receipts (if applicable).

The Director shall arbitrate any dispute between the parties to this Memorandum of Understanding. Such arbitration shall be binding on both parties and failure to adhere to the terms of the arbitration decision on the part of the Franchisee shall constitute a failure to meet the requirements of the Franchise, subject to monetary fines in accordance with Section 6.2 (D) of the Franchise Agreement.

COUNTY OF SANTA CRUZ
LIVING WAGE COMPLIANCE STATEMENT – FY 06-07

Company Name: GreenWaste Recovery Inc.

Address: 1025 Charles St. San Jose CA 95112
Street City State Zip

Proposed Service: Refuse, Recycling, YardWaste Services

1. Number of employees. 30(±)

If five or less, please sign below and return.

2. Are your employees covered by a collective bargaining agreement? Yes: X No:

If yes, please indicate the name(s) of the union and/or bargaining unit and then sign and return:

anticipated to be w/ local 3 (operating engineers)

3. Are your employees receiving a pay rate that meets or exceeds the County of Santa Cruz Living Wage requirements (\$12.43/hr with benefits or \$13.56/hr without benefits)?

Yes: X No:

4. Are medical benefits provided to your employees?

Yes: X No:

If yes, enter the name and address of the plan or program below

HealthNet plan specifics are to be determined

Name of program, plan or fund

Address

5. Are your full-time employees receiving a minimum of twelve days compensated leave annually (sick and vacation leave combined)? Yes: X No:

6. Will any subcontractors perform work on this contract? Yes: X No:

If yes, please complete and submit this form for each subcontractor working on this County Contract.

7. Please list any other contracts for services you currently have with the County.

<u>TBA</u>	<u>n/a</u>
Contract/PO#	\$ Amount
Contract/PO#	\$ Amount

8. Within the last five years, have you had any violations with the National Employees Relations Board, the Occupational Safety and Health Agency, the California Labor Commission, the Equal Employment Opportunity Commission, and/or the Department of Fair Employment and Housing.

Yes: No: X

If yes, attach a statement describing the findings of violations and how they were addressed. You may be required to provide information regarding employee turnover, wages paid, benefits and employee grievances or complaints.

Do you agree to provide this information within 10 days of request? Yes: X No:

9. You may be required to provide certified payroll records 30 days after the contract commencement to include the following information for each of your employees: employee name, contact phone number, job classification, date of hire, employer benefit contribution, and hourly wage

Do you agree to provide this information within 10 days of request? Yes: X No:

I certify, under penalty of perjury, that the above information is true and correct.

Frank Weigel General Manager 4089384902 4082873108
Name (please print) Title Phone Number Fax Number

[Signature] NOV, 20th 2006
Signature Date

ACORD - CERTIFICATE OF LIABILITY INSURANCEDATE (MM/DD/YYYY)
10/28/2006

PRODUCER

Commercial Lines Unit
ABD Insurance & Financial Services
1039-A N. McDowell Blvd
Petaluma, CA 94954-5507THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION
ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE
HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR
ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED

Green Waste Recovery Inc.
625 Charles Street
San Jose, CA 95112

INSURERS AFFORDING COVERAGE

NAIC

INSURER A: Hudson Insurance Company

19917

INSURER B: Liberty Insurance Underwriters, Inc.

INSURER C:

INSURER D:

INSURER E:

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING
ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR
MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH
POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

PROD ADD'L LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> BI/PL Ded: 2,500 GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	HA500016800	07/01/06	07/01/07	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (EA OCCURRENCE) \$100,000 MED EXP (Any one person) \$5,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COMPROP AGG \$1,000,000
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	HA500016800	07/01/06	07/01/07	COMBINED SINGLE LIMIT (EA accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EA ACC \$ AGG \$
B	EXCESS/UMBRELLA LIABILITY <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE RETENTION \$	LQ1B71183832025	07/01/06	07/01/07	EACH OCCURRENCE \$4,000,000 AGGREGATE \$4,000,000 \$ \$ \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/DISCUSSIVE OFFICER/OWNER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below OTHER				WC STATUTORY LIMITS <input type="checkbox"/> OTHER <input type="checkbox"/> E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

RE: Commercial Solid Waste & Recyclables Collection and yard waste - Franchise Agreement.

The County of Santa Cruz, its officers, agents, employees, representatives and volunteers are additional insured under the general liability as respects operations and activities of, or on behalf of the named insured per the attached endorsement WHPCG0025 4/2005 (See Attached Descriptions)

CERTIFICATE HOLDER

County of Santa Cruz
Director of Public Works
701 Ocean Street, Room 410
Santa Cruz, CA 95060

CANCELLATION Ten Day Notice for Non-Payment of Premium

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

James L. Jones

IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

DESCRIPTIONS (Continued from Page 1)

which contains primary wording. Also additional insured under the automobile liability per the attached endorsement WHPCA0001 4/2005.

ENDORSEMENT NO. _____

ATTACHED TO AND BEGINNING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)				INSURED	AGENCY AND CODE
	MO.	DAY	YR.			
WAS 000166 00 GL	07	01	2006	X	Greenwaste Recovery, Inc. As per Named Insd. Ext.	Alliant Specialty Insurance Services, Inc 123

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED - OWNERS, LESSEES OR CONTRACTORS - (FORM B)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE**SCHEDULE****Named of Person or Organization:**

As per Certificate(s) on file with the company which specify that the Certificate Holder be named as an Additional Insured.

RE: As per Contract(s) with the Certificate Holder above.

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

WHO IS AN INSURED (Section II) is amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of "your work" for that insured by or for you. The person or organization will be included as an insured only for the length of time specified in the contract.

Coverage provided by this endorsement is primary and non-contributory. Any other insurance the additional insured may have is excess.

However, coverage is not provided for "bodily injury", "property damage" or "personal and advertising injury" arising out of the sole negligence of the additional insured.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

ENDORSEMENT NO. _____

ATTACHED TO AND OWNING A POLICY		EFFECTIVE DATE (Standard Time)		INSURED		AGENCY AND CODE	
POLICY NUMBER		MO	YR	1201	1000		
SAS 000166 00 AL		07	01	2006	AM		
				X		Seacoast Recovery, Inc. As per Named Insd. Stat.	
						Allent Specialty Insurance Services, Inc.	

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE
GARAGE COVERAGE
TRUCKERS COVERAGE

This endorsement changes the policy effective on the inception date of the policy unless another date is indicated above.

In consideration of payment of the additional premium of \$ INCL we agree with you that the LIABILITY INSURANCE provided by the policy for covered "autos" only is extended to cover the following named individual, firm or corporation as an additional insured, subject however to all limitations, conditions and provisions of this endorsement and the policy to which it is attached:

Name of Additional Insured: As per certificate(s) on file with the company which specify that the Certificate Holder be named as an Additional Insured.
 Address: RE: As per Contract(s) with Certificate Holder above
 Occupation or Business:

- A. Such inclusion of the Additional Insured shall not increase our limit of liability under this policy.
- B. No coverage is provided the Additional Insured under the policy or this endorsement for "Bodily Injury" or "Property Damage" arising out of the maintenance of a covered "auto" by the above named Additional Insured.
- C. No coverage is provided the Additional Insured under the policy or this endorsement unless:
 1. The "auto(s)" covered by the policy is (are) used in your business.
 2. Such use is in compliance with the conditions of a written agreement in effect between you and the Additional Insured named above.
 3. We shall have complete control of all litigation which we are called upon to defend by virtue of this endorsement. We shall be under no obligation to take an appeal from a verdict or decision rendered by any court. If an appeal is taken by the Additional Insured or another insurer, we shall not be obligated to furnish any bond or appeal, or to pay the cost or expense of the appeal or to pay any portion of the interest on any final judgment, accruing as a result of the appeal.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED