

**EXCLUSIVE FRANCHISE AGREEMENT  
BETWEEN THE CITY OF SAN JACINTO  
AND  
CR&R INCORPORATED**

**FOR COLLECTION AND HANDLING OF SOLID WASTE**

THIS AGREEMENT FOR THE COLLECTION OF SOLID WASTE ("Agreement") is made and entered into this 17th day of March 2005 (the "Effective Date"), by and between the CITY OF SAN JACINTO, a municipal corporation of the State of California, ("CITY"), and CR&R INCORPORATED, a California corporation organized under the laws of the State of California ("CONTRACTOR"). CITY and CONTRACTOR are collectively referred to as the "Parties".

**RECITALS:**

WHEREAS, the Legislature of the State of California, by enactment of the California Integrated Waste Management Act of 1989 (California Public Resources Code Section 40000 *et. seq.*) ("AB 939"), has declared that it is in the public interest to authorize and require local agencies to make adequate provisions for solid waste handling within their jurisdictions to meet the goals and requirements of AB 939;

WHEREAS, pursuant to California Public Resources Code Section 40059(a)(2), CITY has determined that in order to protect the public health and safety of the residents and business within the City of San Jacinto, it is appropriate to provide for solid waste collection and disposal by a private waste hauler as an alternative to providing such services through public resources; and to that end has determined that an exclusive franchise be awarded to a qualified company for the handling of solid waste and recyclable materials and other services to meet the goals and requirements of AB 939; which franchise can be appropriately integrated into and function as part of the solid waste system provided by CITY;

WHEREAS, Public Resources Code Section 40059 permits CITY 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;

WHEREAS, CONTRACTOR has represented and warranted to CITY that it has the experience, responsibility, and qualifications to provide Solid Waste handling services and Recyclable Materials handling services, as defined in Public Resources Code Section 49505 and as described herein;

WHEREAS, CITY entered into an agreement for the provision of solid waste services with CONTRACTOR's predecessor in interest on July 21, 1992, which agreement was amended June 18, 1998, and CONTRACTOR has been providing solid waste services to CITY pursuant to the amended agreement;

WHEREAS, the City Council of CITY has determined that CONTRACTOR, by demonstrated experience, reputation and capacity is qualified to continue to exclusively provide for the collection of solid waste (except to the extent sale or donation of Recyclable Materials is permitted pursuant to this Agreement) within the corporate limits of CITY and to transport such solid waste to places of processing and disposal, which may be designated in accordance with this Agreement, and CITY and CONTRACTOR desire that CONTRACTOR be engaged to perform such services on the terms and conditions set forth in this Agreement;

WHEREAS, the City Council of CITY has determined that the public health, safety and well being of its residents require that Solid Waste collection, processing and disposal, including but not limited to the frequency of collection, the means of collection and the transportation, scope of services, charges and fees, location and extent of such services be governed by and provided under an exclusive solid waste franchise agreement;

WHEREAS, the City and the Company ("Parties") hereto desire to enter into this Agreement for the purpose of rescinding and superceding all prior agreements and understandings between the Parties to accurately reflect the rights and obligations of the CITY and CONTRACTOR solely as set forth in this Agreement; and

WHEREAS, the City Council of CITY further declares its intention of maintaining reasonable rates for collection, processing and disposal of Solid Waste within CITY;

NOW, THEREFORE, in consideration of the respective and mutual covenants and promises contained and made in this Agreement, and subject to all the terms and conditions of this Agreement, the Parties agree as follows:

## 1. DEFINITIONS

Affiliated Companies mean all businesses which are directly or indirectly related to CONTRACTOR by virtue of direct or indirect ownership interests or common management or a business which is also owned, controlled or managed by any business or individual which has a direct or indirect ownership interest in CONTRACTOR.

Applicable Law means all law, statutes, rules, regulations, guidelines, permits, actions, determinations, orders, or requirements of the United States, State of California, County of Riverside, CITY, regional or local government authorities, agencies, boards, commissions, courts

or other bodies having applicable jurisdiction, including AB 939, that from time to time apply to or govern the services provided pursuant to this Agreement or the performance of the Parties' respective obligations hereunder, including any of the foregoing which concern health, safety, fire, environmental protection, labor relations, mitigation monitoring plans, building codes, zoning, non-discrimination, and the Riverside County Integrated Waste Management Plan. All references herein to Applicable Law include subsequent amendments thereto, unless otherwise specifically limited.

Bins mean Front Loading Bins and Roll-Off Bins provided by CONTRACTOR for Commercial Premises and Multi-Unit Residential Premises.

Bulk Construction Waste means any waste matter which is a by-product of a construction, demolition, clean-up or remodeling process, wherever occurring within the CITY, and is considered Solid Waste for purposes of this Agreement.

Bulk Household Waste means all discarded household waste matter which is too large to be placed in a covered Container including, but not limited to, vehicle tires and/or wheels, furniture, appliances, discarded carpets, discarded mattresses, discarded electronic equipment, residential wastes (including wood waste, tree branches, scrap wood) and similar large items produced from Residential Premises, and is considered Solid Waste for purposes of this Agreement.

City Bins mean those Bins provided by CONTRACTOR for non-commercial use by CITY at CITY facilities, all as shown on Exhibit "C".

City Manager means the City Manager of CITY. The City Manager or his designee is the authorized agent of CITY in enforcing the terms of this Agreement.

Commercial Premises means all properties or points of Solid Waste collection on which there are the following uses: industrial, manufacturing, industrial warehouse, restaurants, wholesale or retail stores, service establishments, professional offices, construction sites, and hotels or motels.

Composting Facility means a facility or facilities for the controlled biological decomposition of organic wastes that have been source separated from the CITY's municipal Solid Waste stream, or which have been separated at a centralized facility.

Container means a receptacle designed specifically for the storage and collection of Refuse, which does not exceed 90 gallons in capacity and which has a tight fitting lid. Container includes receptacles provided by CONTRACTOR to Customers for the storage and collection of Solid Waste, Green Waste, and/or Recyclable Material. Any Container which does not conform with the provisions of this Section, or which is severely damaged or has jagged or sharp edges,

may be removed from future use by CITY or CONTRACTOR. Such removal shall be made by attaching a tab to the Container for purposes of notice to the Customer.

Contract Year means any fiscal year of the CITY commencing on July 1 and ending June 30 during the initial and any extended term of this Agreement.

Customer means each person or business directly receiving services from CONTRACTOR at Residential Premises or Commercial Premises.

Disposal Facility means a facility or facilities for disposing of Refuse and/or residue from a Processing Facility or Composting Facility.

Front-Loading Bins mean Bins which are picked up by CONTRACTOR by means of front-loading apparatus, and which are generally smaller in size than Roll-Off Bins.

Green Waste means organic waste generated from any landscape, including grass clippings, leaves, prunings, tree trimmings, pine needles, weeds, branches and brush collected pursuant to this Agreement and not exceeding three (3") inches in diameter

Hazardous Waste means any material, which by reason of its quality, concentration, composition or physical, chemical or infectious characteristics may cause or significantly contribute to an increase in mortality or an increase in serious 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 waste, hazardous chemical substance or mixture, or asbestos under Applicable Law, including:

a. "Hazardous Waste" pursuant to Section 40141 of the California Public Resources Code; regulated under Chapter 7.6 (commencing with Section 25800) of Division 20 of the California Health and Safety Code; all substances defined as hazardous waste, acutely hazardous waste, or extremely hazardous waste by Section 25110.02, 25115, and 25117 of the California Health and Safety Code (the California Hazardous Waste Control Act), California Health and Safety Code Section 25100 et seq., and future amendments to or recodification of such statutes or regulations promulgated thereunder, including 23 California Code of Regulations Sections 2521 and 2522;

b. Materials regulated under the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq., as amended (including, but not limited to, amendments thereto made by the Solid Waste Disposal Act Amendments of 1980), and related federal, State and local laws and regulations;

c. Materials regulated under the Toxic Substance Control Act, 15 U.S.C. Section 2601 et seq., as amended, and related federal State of California, and local laws and regulations,

including the California Toxic Substances Account Act, California Health and Safety Code Section 25300 et seq.;

d. Materials regulated under the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9601, et seq., as amended, and regulations promulgated thereunder; and

e. Materials regulated under any future additional or substitute federal, State or local laws and regulations pertaining to the identification, transportation, treatment, storage or disposal of toxic substances or hazardous waste.

If two or more governmental agencies having concurrent or overlapping jurisdiction over hazardous waste adopt conflicting definitions of "hazardous waste", for purposes of collection, transportation, processing and/or disposal, the broader, more expansive definition shall be employed for purposes of this Agreement.

Holiday means a day officially designated as either a State holiday or Federal holiday, or both.

Litter Containers mean Containers owned and maintained by CITY and located at bus benches, bus stops, in parking lots, on CITY sidewalks and other public rights-of-way or on CITY facilities adjacent thereto, all within CITY limits.

Multi-Unit Residential Premises means any building and/or structure, or portion thereof, in CITY which is used for residential housing purposes, irrespective of whether residents are transient, temporary or permanent, and having five (5) or more self-contained living units.

Municipal Code means the City of San Jacinto Municipal Code, as amended from time to time.

Processing Facility means a facility or facilities for sorting and/or processing commingled or source separated Recyclable Materials and/or Refuse.

Reasonable Business Efforts mean those efforts a reasonably prudent businessperson would expend under the same or similar circumstances in the exercise of such person's business judgment, intending in good faith to take steps calculated to satisfy the obligation which such person has undertaken to satisfy; provided that such Person would not incur a financial loss (other than time expended or unless otherwise compensated for such efforts herein) by reason of having expended or expending such efforts.

Recyclable Materials mean materials which have been discarded, thrown away or abandoned by the generator or owner thereof and are commonly collected in recycling programs in Southern California, including, but not limited to:

newsprint  
corrugated material  
high-grade paper and mixed paper  
glass  
aluminum cans  
tin cans  
steel and other types of scrap metals  
PET polyethylene terephthalate containers ("PET") marked "1" as of the date hereof  
high density polyethylene containers ("HDPE") marked "2" as of the date hereof  
low density polyethylene containers ("LDPE") marked "4" as of the date hereof  
California redemption containers  
ferrous metals  
non-ferrous metals  
white paper  
mixed paper  
telephone books

This list may be expanded to include any other material for which a recycling market or process is developed and which material is designated by CITY to constitute Recyclable Material during the term of this Agreement. Notwithstanding any other term or provision of this Agreement to the contrary, materials shall be deemed to constitute solid waste within the meaning of California Public Resources Code Section 40191, and regulated accordingly, whether or not said materials are identified on the foregoing list or may be potentially recyclable, in all cases where the material is mixed or commingled with other types of solid waste, or where a fee, charge, or other form of consideration, regardless of amount, is directly or indirectly solicited or received from the generator in exchange for collection, removal, transportation, storage, processing, handling or disposal services ("fee for service" recycling), whether or not arranged by or through a subcontractor, broker, agent, or affiliate of the provider of such service. As used herein, "generator" includes, without limitation, a property owner, occupant, or his/her contractor.

Refuse shall mean Solid Waste, other than Recyclable Material.

Residential Premises means and includes all Single-Unit Residential and Multi-Unit Residential sites located within CITY.

Roll-Off Bins mean Bins picked up by CONTRACTOR by means of rear loading winches onto rails. Roll-Off Bins are generally much larger in size than Front-Loading Bins.

Single-Unit Residential Premises means any building, and/or structure, or portion thereof, in CITY which is used for residential housing purposes, irrespective of whether residents are transient, temporary or permanent, and having four (4) or fewer self-contained living units.

Solid Waste shall mean all putrescible and nonputrescible solid and semi-solid wastes, including:

Recyclable Materials  
Green Waste  
Bulk Construction Waste  
garbage  
trash  
debris  
paper  
rubbish  
industrial wastes  
commercial wastes  
abandoned vehicles and parts thereof, including tires and wheel rims  
discarded home and industrial appliances  
dewatered, treated or chemically fixed sewage sludge which is not hazardous waste  
manure  
vegetable or animal solid and semi-solid wastes  
ash, except as provided below and  
other discarded solid and semi-solid wastes not otherwise defined in this Agreement.

Special Waste means any waste matter which is a Hazardous Waste, or which requires special handling or processing, including those items set forth on Exhibit "A" attached to this Agreement and incorporated by this reference.

Swill means all wet garbage or kitchen grease.

## 2. GRANT OF EXCLUSIVE CONTRACT

CITY grants to CONTRACTOR during the term of this Agreement the exclusive right and privilege (except to the extent that sale or donation of Recyclable Materials is permitted under this Agreement) to collect and transport to a Disposal Facility (or in the case of Recyclable Materials, to a Processing Facility), Refuse and Recyclable Material, exclusive of Hazardous and Special Waste, produced, generated, kept and/or accumulated within CITY limits as those limits may exist at any time during the term of this Agreement.

All Bulk Construction Waste from all sources shall be deemed generated from Commercial Premises and shall be collected by CONTRACTOR through Bin service under this Agreement.

### 3. CONSIDERATION

#### a. Franchise Fee

In consideration of this Agreement and the permit and franchise given CONTRACTOR under this Agreement, CONTRACTOR shall pay to CITY as an administration and franchise fee 16 percent (16%) of all sums collected by City on behalf of CONTRACTOR or Affiliated Companies, and 16 percent (16%) of CONTRACTOR'S or Affiliated Companies' gross revenues from all operations in the City of CONTRACTOR or Affiliated Companies pursuant to this Agreement for each annual period, exclusive of payments received by CONTRACTOR or Affiliated Companies from the sale of Recyclable Material, but including any moneys or received from governmental agencies, including CITY ("Franchise Fee"). CITY may adjust the Franchise Fee from time to time, provided that if CITY increases the Franchise Fee, CONTRACTOR may increase its rates by the amount necessary to pass through the increase in the Franchise Fee.

#### b. Billing Charge

In addition to the Franchise Fee, CONTRACTOR shall pay the direct and indirect costs incurred by CITY in maintaining billing operations for CONTRACTOR'S Customers within the CITY, as described in Section 8 herein (the "Billing Charge"). The initial Billing Charge shall be One Dollar (\$1.00) per Residential Customer per month. CITY may adjust the Billing Charge as necessary to reflect changes in CITY'S costs by providing written notice to CONTRACTOR of the revised Billing Charge amount. The Franchise Fee shall be calculated against gross revenues before deduction of the Billing Charge. Commencing on the first anniversary of the Effective Date, CONTRACTOR may pass through to Customers twenty-five percent (25%) of the Billing Charge. Commencing on the second anniversary of the Effective Date, CONTRACTOR may pass through to Customers an aggregate of fifty percent (50%) of the Billing Charge. Commencing on the third anniversary of the Effective Date, CONTRACTOR may pass through to Customers an aggregate of seventy-five percent (75%) of the Billing Charge. Commencing on the fourth anniversary of the Effective Date, CONTRACTOR may pass through to Customers one hundred percent (100%) of the Billing Charge.

#### c. Share of Proceeds of Sale of Recyclable Materials

In addition to the Franchise Fee and Billing Charge, CONTRACTOR shall remit to CITY fifty percent (50%) of the gross receipts from the sale of Recyclable Materials collected within San Jacinto. Such payments shall be made monthly and shall be accompanied by the monthly reports identified in Section 17 herein. CONTRACTOR acknowledges an outstanding debt to CITY in the amount of Forty-Seven Thousand Five Hundred Dollars (\$47,500) for CITY'S share of the proceeds from the sale of recyclable materials in the former franchise agreement, and shall tender this amount in full to CITY within thirty (30) days of the Effective Date.

d. Payments in Lieu of Other Taxes

All sums payable by CONTRACTOR to CITY under this Agreement shall be in lawful money of the United States and shall be in lieu of any license tax which might otherwise be imposed by CITY for the privilege of CONTRACTOR conducting its business under this Agreement in CITY, other than any business license tax imposed by CITY pursuant to the Municipal Code.

**4. CONTRACTOR RESPONSIBILITY**

CONTRACTOR agrees to perform all of its obligations under this Agreement for the term of this Agreement. CONTRACTOR shall furnish all of the labor and equipment necessary for the collection, processing and disposal of all Solid Waste subject to the terms, conditions and provisions of this Agreement. CONTRACTOR represents that it has the professional and technical personnel required to perform the services in conformance with such terms, conditions and provisions of this Agreement. CONTRACTOR shall perform all services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California.

**5. TERM OF AGREEMENT**

The initial term of this Agreement shall commence upon execution of this Agreement by the Parties as indicated by the date first appearing above and shall expire as of 11:59 p.m. on the date seven (7) years following such execution. Nothing in this section shall be construed as limiting CITY's right to terminate this Agreement for cause pursuant to Section 14(b).

**6. SCOPE OF SERVICES**

a. General

CONTRACTOR shall provide Refuse and Recyclable Material collection, transportation, processing and disposal services within CITY in accordance with the terms of this Agreement. CONTRACTOR shall not be required to provide such collection, transportation, processing and disposal services for Special or Hazardous Waste under this Agreement. CONTRACTOR may provide such services for Special or Hazardous Waste if contracted to do so by Customers under separate written contracts negotiated between CONTRACTOR and the Customer generating such Special or Hazardous Waste, provided that CONTRACTOR obtains all necessary permits and performs in accordance with Applicable Law.

Unless otherwise approved by CONTRACTOR, only Containers, Bins, Front-Loading Bins, Roll-Off Bins, and Litter Containers are authorized to be used by Customers for the deposit of Solid Waste. In addition to the obligations described in Section 6.h. hereof, CONTRACTOR

shall replace existing Bins, Front-Loading Bins, Roll-Off Bins and Litter Containers with clean and freshly painted replacements as often as deemed necessary by CITY and requested by CITY, but in no event more often than twice per Contract Year at no cost to CITY or any Customer. All cleaning of such Bins and Containers shall be completed in full compliance with all Applicable Laws, including any requirements of the National Pollution Discharge Elimination System.

CONTRACTOR's employees and agents while engaged in the collection or gathering of Solid Waste within the CITY shall be attired in suitable and acceptable uniforms approved by CITY. All CONTRACTOR's employees shall make collections as reasonably quiet as possible and shall avoid any unnecessary shouting, whistling or other unnecessary disturbance in the course of providing the services under this Agreement. CONTRACTOR and its employees shall not trespass or loiter on Customers' property and shall use due care in entering and exiting such property, using paved walks or surfaces where practicable. CONTRACTOR shall exercise due care when handling Containers and shall not cause the Containers to be thrown or dropped during collection services. CONTRACTOR's employees shall replace Containers upright once emptied and shall clean up any Solid Waste spilled during the collection process, including Solid Waste spilled prior to the arrival of CONTRACTOR's employees.

CONTRACTOR shall be responsible for any damage to any property if proven to be the result of the CONTRACTOR's vehicles exceeding the legal maximum weight limits of the State of California or the CONTRACTOR's negligent operation of the vehicles. CONTRACTOR shall be responsible for damage to public and private utilities, and shall repair or replace such damaged utilities, if proven, to the satisfaction of the CITY, to be caused by the inattention, carelessness or negligence of CONTRACTOR.

CITY reserves the right to construct any improvement or to permit construction in any street or alley which may have the incidental effect of preventing CONTRACTOR from driving an established collection route, in which event CONTRACTOR will adjust its route without cost adjustment therefor. Any route changes proposed by CONTRACTOR shall be submitted, in writing, for CITY approval at least sixty (60) days prior to the proposed date of implementation. CONTRACTOR shall implement such route changes so that no Customer is left without collection services for more than six days. CITY reserves the right to conduct audits of CONTRACTOR's collection routes. Upon request, CONTRACTOR shall provide CITY with route maps detailing all collection routes.

b. Residential Service

i. Single-Unit Residential

CONTRACTOR shall, as frequently as negotiated with Customer but in no event less than once per week, collect Solid Waste which has been placed, kept or accumulated in Containers provided by CONTRACTOR. The Containers provided by CONTRACTOR shall be

90 gallons in size unless a smaller size is requested by a Customer. Customers requesting a smaller size Container shall not receive a discount or reduction in rates for service. CONTRACTOR shall make available additional Containers to any Customer who requests additional Containers, at the rates set forth in Exhibit "B".

Such receptacles shall be placed at or near the curbside prior to CONTRACTOR'S normal weekly collection time. Notwithstanding the requirement that receptacles be placed at curbside, CONTRACTOR shall provide backyard service to Customers with physical conditions which limit the Customer's ability to place receptacles at curbside who request such service in writing. CONTRACTOR may request reasonable verification of the physical condition of Customers requesting backyard service. CONTRACTOR shall not be required to collect Containers which do not conform to the provisions of this Agreement

Upon verbal or written Customer request made prior to 2:30 P.M. on the day prior to CONTRACTOR'S normal weekly collection time, CONTRACTOR shall collect from each Customer an unlimited number of Bulk Household Waste items. Each residential Customer shall be entitled to receive such bulk pickup twice per year at no charge to the Customer or the CITY. Between December 25<sup>th</sup> and January 15<sup>th</sup>, CONTRACTOR shall collect Christmas trees that are placed curbside. Trees placed curbside after January 15<sup>th</sup> shall be cut into lengths suitable for disposal with other Green Waste.

This service provided by CONTRACTOR under the preceding two paragraphs shall be provided only to those Customers who receive Solid Waste curbside collection service.

CITY shall bill Single-Unit Residential Customers for Solid Waste curbside collection service, and, if applicable, additional Containers, at the rates set forth in Exhibit "B". CONTRACTOR shall not receive compensation, including sign-up or similar charges, from Single-Unit Residential Customers in addition to the rates set forth in Exhibit "B", except for Special Services.

ii. Multi-Unit Residential

CONTRACTOR shall, as frequently as negotiated with Customer but in no event less than once per week, collect the Refuse and Recyclable Material which have been compacted or otherwise placed, kept or accumulated in Bins or Containers at Multi-Unit Residential Premises. Multi-Unit Residential Customers or owners may arrange with CONTRACTOR for Container service in lieu of Bin service. If CONTRACTOR disagrees with a Customer regarding the Customer's preference for Container service, CONTRACTOR shall promptly notify the City Manager in writing of such disagreement. If the City Manager or his designee determines that Container service would be appropriate, the City Manager or his designee may authorize Container service in lieu of Bin service, subject to the dispute resolution procedures set forth in Section 10.b.

Multi-Unit Residential Customers or owners shall be billed by CITY at the rates authorized in Exhibit "B". Such Customers shall pay the applicable charges directly to CITY. If a Multi-Unit Residential Customer receives Container service instead of Bin service, CITY shall bill to receive from such Customer the applicable fee set forth in Exhibit "B" for Commercial Containers.

iii. Hours of Collection

Collection service at Residential Premises shall not start before 6:00 a.m. or continue after 7:00 p.m., subject to change by resolution of the City Council. Collection services to Residential Premises shall not take place on Sundays.

iv. Green Waste Bins in Mobile Home Parks

CONTRACTOR shall provide, without direct charge to any mobile home park or park resident, Green Waste Bins and collection services sufficient to handle the Green Waste produced within each mobile home park within San Jacinto. If the owner or operator of a park objects to the placement of a Green Waste Bin, CONTRACTOR shall notify CITY, and shall not be required to place a Green Waste Bin in the park until the permission of the park owner or operator has been secured.

c. Commercial Service

CONTRACTOR shall, as frequently as negotiated with Customer but in no event less than once per week, collect the Refuse and Recyclable Material which have been compacted or otherwise placed, kept or accumulated in Bins or Containers at Commercial Premises. Commercial Customers or owners shall be billed at the rates authorized in Exhibit "B". If a Commercial Customer receives Container service instead of Bin service, CONTRACTOR shall bill to receive from such Customer the applicable fee set forth in Exhibit "B" for Commercial Containers. Except for Special Services, CONTRACTOR shall charge Commercial Customers only those charges provided for in Exhibit "B".

Shared Bin service may be utilized at adjacent properties or at adjacent Commercial Premises that do not individually generate sufficient Refuse or Recyclable Material volume to justify separate Bin collection service. Shared Bin service would require that one Customer would be responsible for payment to CONTRACTOR pursuant to an agreement between Customer and CONTRACTOR.

i. Hours of Collection

Collection service at Commercial Premises may not start earlier than 6:00 a.m. or continue after 7:00 p.m., except as is specifically approved in writing by the City Manager or his designee.

ii Recycling Program

In the event the CITY later requires mandatory recycling for commercial premises, CONTRACTOR shall provide suitable Containers for collection of Recyclable Materials from each commercial Customer and collect and dispose of the Recyclable Materials collected from such Customers.

d. Litter Containers

CONTRACTOR shall, at no charge to CITY, dispose of the Solid Waste collected by CITY from Litter Containers and placed into Bins provided to CITY by CONTRACTOR. In the event that the amount of Solid Waste collected pursuant to this subparagraph increases over time, CITY and CONTRACTOR agree to meet and consider the imposition of a fee, a limit on the amount of Solid Waste disposed without charge, or other reasonable steps to ensure that the expense to CONTRACTOR in performing CONTRACTOR's obligations under this subparagraph has not substantially increased over what it was at the inception of this Agreement.

e. Diversion

i. No Commingling CONTRACTOR shall not commingle, in the vehicles or otherwise, any Refuse with any Recyclable Materials or Green Waste, or any Refuse, Recyclable Materials or Green Waste with each other when collected by CONTRACTOR, unless otherwise specifically authorized in writing by CITY. CONTRACTOR shall not be deemed to have violated this section where such materials were commingled prior to collection by CONTRACTOR.

ii. Processing

(1) Facility Selection CONTRACTOR shall transport and deliver all Recyclable Materials collected within the CITY to a Processing Facility and all Green Waste Collected within the CITY to a Green Waste and/or a Composting Facility. If public health, safety and/or fiscal interest requires, or compliance with Applicable Law necessitates, the CITY may designate an alternate Facility at any time during the term of this Agreement. Prior to designating an alternative Facility, CITY shall give CONTRACTOR at least 30 days advance written notification of its intention to do so, except in cases of emergency resulting in an imminent threat to public health and safety. As to any alternate Facility designation by the CITY which results in increased expense to CONTRACTOR, CONTRACTOR shall be entitled to recover through a corresponding rate adjustment the full amount of the additional expense. In that event, the rate adjustment shall be implemented no later than thirty (30) days from the effective date of the designation, and shall be applied retroactive to the date the CONTRACTOR commenced use of the alternative Facility. Notwithstanding the foregoing, CONTRACTOR shall not be entitled to a rate increase following the CITY's exercise of any alternative Facility

designation rights hereunder where CITY's decision to designate an alternative Facility results solely from the closure of a Facility owned and operated by CONTRACTOR.

(2) Weighing and Record Requirements CONTRACTOR shall ensure that, at a minimum, all materials shall be weighed upon delivery to a Processing Facility or Composting Facility, and all weight and related delivery information recorded. CONTRACTOR shall make arrangements with the Processing or Composting Facility to allow the CITY to review during such facility's normal operating hours any recordings or video of tipping. CONTRACTOR shall ensure that all scales shall be weigh master certified and regularly maintained to ensure reliability and continued functioning.

(3) Recyclable Materials Specifications CITY is not responsible for the quality of Recyclable Materials delivered to or rejected by the Processing Facility. CITY makes no warranty, either express or implied, with respect to the Recyclable Materials, including but not limited to warranties of merchantability and fitness for a particular purpose.

(4) Disposal of Residue CONTRACTOR shall dispose of any and all residue remaining from the processing of Recyclable Materials and any non-processable materials in accordance with Applicable Law.

iii. Compliance with C&D Diversion Ordinance CONTRACTOR shall comply with the requirements of the City's construction and demolition waste diversion ordinance, set forth in Chapter 8.34 of the San Jacinto Municipal Code, and shall assist customers with compliance by diverting construction and demolition materials to the maximum extent feasible and by providing receipts for all materials collected.

iv. Marketing CONTRACTOR shall market all Recyclable Materials collected within the CITY to provide for the highest level of income and maximum waste diversion. Green Waste shall be processed to ensure diversion credit to the maximum extent feasible. CONTRACTOR shall update its marketing and diversion programs to stay current with market conditions.

v. Indemnification To the extent permitted by Public Resources Code Section 40059.1, and to the extent noncompliance is caused by CONTRACTOR's breach of or noncompliance with a provision of this Agreement, CONTRACTOR agrees to protect and defend CITY, with counsel selected by CITY, and to indemnify and hold harmless CITY from and against all fines or penalties imposed by the California Integrated Waste Management Board if the diversion goals specified in the California Public Resources Code are not met by the CITY with respect to the Solid Waste collected by CONTRACTOR under this Agreement. Upon receipt from the California Integrated Waste Management Board of a stipulated order of noncompliance with the diversion goals, which is at least partially caused by CONTRACTOR's breach of or noncompliance with a provision of this Agreement, the CITY may require

CONTRACTOR to provide a performance bond in the amount of Two Hundred Fifty Thousand Dollars (\$250,000) until such time as compliance is attained.

If the CITY finds that additional programs are necessary to meet any required diversion goals, the CITY may require proposals for additional diversion programs to meet the diversion requirements. If necessary, CITY and CONTRACTOR shall enter into good faith negotiations, but if agreement regarding programs and/or rate adjustments cannot be reached, the matter shall be referred for non-binding mediation as set forth herein. If CITY and CONTRACTOR cannot reach agreement regarding programs and/or rate adjustments in order to meet required diversion goals, the CITY and CONTRACTOR shall refer the matter for binding arbitration to be resolved by an independent arbitrator mutually selected by the CITY and CONTRACTOR, the costs of which shall be borne equally by the CITY and CONTRACTOR. Both parties shall, in good faith and in writing, promptly provide the independent mediator or arbitrator with any all information and documentation required or requested by the independent arbitrator in order to make its determination. The independent arbitrator shall make its determination based on the submissions of the parties, the provisions of this Agreement, its experience with similar services and disputes, and other factual determinations it may make regarding the matter in dispute. Such determination shall be made within thirty (30) days following such referral and shall be binding upon the Parties as though made a lawful amendment to this Agreement.

vi. Anti-Scavenging Laws CONTRACTOR shall cooperate with CITY in enforcing anti-scavenging laws.

f. Bin Service

CONTRACTOR shall lease to all Multi-Unit Residential and Commercial Premises within CITY which generate Solid Waste a Bin or Bins for use in the collection of Refuse and Recyclable Material. The size of the Bins and the frequency of their collection (which shall not be less than once a week) shall be determined by contract between the Customer and CONTRACTOR which shall also be subject to review and adjustment by CITY. The exterior of the Bins supplied by CONTRACTOR shall, at all times, be maintained by CONTRACTOR in a well-kept appearance. Roll-Off Bins shall be marked with reflectorized material where such Bins are or may reasonably be expected to be located in the public right-of-way. CONTRACTOR shall offer Customers renting Bins a Bin cleaning service to be performed at the request of the Customer or CITY for a fee specified in such contract for the purpose of cleaning and deodorizing the interior of the Bins.

CITY shall bill Customers the amounts set forth in Exhibit "B" for Bin service for Bins located on or at the premises per month based on the number of Bins and the frequency of service, except as increased by any fees for Special Services set forth in Section 7.c.

g. Collection on Holidays

If the day of collection on any given route falls on a Holiday or a day on which the Disposal Facility utilized by CONTRACTOR is closed, CONTRACTOR may provide collection service for such route on the next workday following such holiday or Disposal Facility closure day or shall provide such collection service on such Holiday or Disposal Facility closure day, except that CONTRACTOR shall never provide collection service (unless in case of emergency where such pickup is authorized by CITY) on New Year's Day, Thanksgiving Day or Christmas Day, with the exception of Commercial Premises service, which may have collection on those dates on an as-needed basis.

h. Provision and Replacement of Containers and Bins

CONTRACTOR shall promptly provide without cost to each new Residential Customer using Container service three (3) Containers, including at least one (1) for collection and storage of Recyclable Material and at least one (1) for collection and storage of Green Waste, provided that a commercial Customer shall be provided with a Green Waste Container only upon request. Upon request of any Customer for a replacement Container, CONTRACTOR shall provide such Container without cost to the Customer or to CITY. CONTRACTOR shall provide all Bins to Customers including, without limitation, CITY, who obtain Bin service.

**7. OTHER SERVICES OF CONTRACTOR**

a. Clean-up Week

Not less than twice a year, CONTRACTOR shall be required to provide a community-wide cleanup within thirty (30) days of receipt of written notice from the City Manager or his designee. This program shall take place for one (1) collection week during the Spring and one (1) collection week during the Fall when Single-Unit Residential Customers may place Bulk Household Waste curbside for free disposal by CONTRACTOR. Each Residential Customer shall be entitled to place a maximum of seven (7) items of Bulk Household Waste for curbside pickup during each cleanup event.

b. City Facilities

CONTRACTOR shall, upon written request by CITY, provide Front-Loading Bins and related collection, transportation and disposal services at the CITY Facilities described on Exhibit "C" as frequently as requested by CITY. CONTRACTOR shall, upon written request of CITY, provide one Roll-Off Bin at any CITY Facility designated by CITY and shall provide related collection, transportation and disposal services for the Roll-Off Bin as frequently as requested by CITY. The number and location of the Front-Loading Bins and the location of the Roll-Off Bin shall be changed by CONTRACTOR upon receipt of written notice from the City

Manager or his designee regarding such changes. CITY may amend Exhibit "C" by adding or deleting facilities upon written notice to CONTRACTOR. CITY shall not be required to make payments to CONTRACTOR for such provision and service.

c. Special Services

CONTRACTOR shall offer to its Customers the following special services for additional service fees under a separate contract to be negotiated between the Customer and CONTRACTOR:

- i. Manual "pull out" service for Front-Loading Bins, including opening and closing of enclosure doors; and
- ii. Collection of Refuse from more than one (1) Container per week for a residential customer (in addition to one (1) Container each for Recyclable Materials and Green Waste).

In addition to the exclusions set forth in Section 2 to the exclusive rights and privileges granted to CONTRACTOR in this Agreement, nothing in this Section 7.c. shall prohibit a Customer from calling upon a third party to render a specific Special Service in the event that CONTRACTOR, following that Customer's request for CONTRACTOR to perform a specific Special Service, is either unwilling or unable to perform that Special Service.

CONTRACTOR shall receive fees for performance of Special Services as agreed upon in separate contracts between CONTRACTOR and each Customer requesting such Special Service, e.g., "hand rollouts," special entries and/or exits and "long backouts." CITY shall bill for Special Services rendered to a particular Customer upon notification from CONTRACTOR that the Customer has requested Special Services.

d. Street Sweeper Waste

CONTRACTOR shall, at no charge to CITY, dispose of waste and debris picked up by street sweeper vehicles operated by CITY or by an operator or operators contracted by CITY to provide street sweeping service. CITY shall cause such materials to be gathered at a central location for pickup by CONTRACTOR.

e. Co-Operation

CONTRACTOR shall cooperate with CITY on any and all customary and reasonable waste composition studies, at no additional cost to CITY.

f. Illegal Dumping

CONTRACTOR shall collect and deliver to a Disposal Facility all spilled or illegally dumped Solid Waste. If CITY requests collection of such Solid Waste prior to 10:00 a.m., CONTRACTOR shall make the collection the same day. If CITY requests collection after 10:00 a.m. on a given day, CONTRACTOR shall make the collection the next day. In the event that CITY requests CONTRACTOR to collect illegally dumped Solid Waste that appears to be on private property, CONTRACTOR shall not be required to collect the Solid Waste in question until permission has been secured from the property owner. In such event, CITY and CONTRACTOR shall cooperate to obtain permission from the property owner.

g. Hazardous Waste

CONTRACTOR shall use Reasonable Business Efforts to screen, identify and prevent against the disposal of Hazardous Wastes at any Processing Facility, Composting Facility or Disposal Facility used by CONTRACTOR under this Agreement. If CONTRACTOR inadvertently delivers materials to any Processing Facility, Composting Facility or Disposal Facility which comprise Hazardous Waste and CONTRACTOR cannot or fails to remove it, CONTRACTOR shall arrange for its proper disposal in accordance with Applicable Law. CONTRACTOR shall use Reasonable Business Efforts to recover the costs of such disposal from the Customer which generated such Hazardous Waste, if known, and charge such cost to such Customer. If CONTRACTOR delivers Hazardous Waste to any Processing Facility, Composting Facility or Disposal Facility, CONTRACTOR shall promptly notify the City, the local fire department, and the Riverside County Health Department, providing the name, address, and telephone number of the collector and the facility or premises from which the Hazardous Waste was collected, the type and quantity of the Hazardous Waste, and the location and method of final disposition of Hazardous Waste.

h. Indemnification

CONTRACTOR shall indemnify, defend with counsel approved by CITY, protect and hold harmless the CITY from and against all claims, actions, damages or liabilities paid, incurred or suffered by, or asserted against, the CITY arising from or attributable to any repair, cleanup or detoxification, or preparation and implementation of any removal, remedial, response, closure or other plan (regardless of whether undertaken due to governmental action) concerning any Hazardous Waste at any place where CONTRACTOR delivers, stores, processes, recycles, composts or disposes of materials or wastes to the extent that such liabilities are caused by CONTRACTOR's negligence or willful misconduct. Nothing in this subsection shall be construed to require CONTRACTOR to indemnify the CITY for liabilities caused by the sole negligence of the CITY.

i. Notification of New Services

CONTRACTOR shall use Reasonable Business Efforts to ensure that Customers are informed in a timely manner about new service programs or the introduction of new elements in services required by the CONTRACTOR and approved by the City. CONTRACTOR shall inform Customers of such changes through a public awareness plan, which shall include direct mailings and/or local advertising, prior to the implementation of such changes.

j. Community Relations Plan

CONTRACTOR shall use Reasonable Business Efforts to outreach and educate the public on the importance of recycling and separating Solid Waste in order to achieve maximum waste diversion. CONTRACTOR shall make no fewer than five (5) educational presentations to the public concerning the automated three-bin collection system contemplated by this Agreement. The presentations shall be made at sites designated by CITY and CONTRACTOR shall work with CITY to schedule the presentations.

k. Distribution of Materials

CONTRACTOR shall prepare and distribute community relations materials to all Residential Customers at least two (2) times during each Contract Year. Bilingual information will be available upon request. CONTRACTOR shall notify the City of all requests for media interviews related to CONTRACTOR's services under this Agreement. All community relations and promotional materials and related news releases shall be developed at CONTRACTOR's sole cost and expense.

l. Disposal of Residential Trash Cans

CONTRACTOR shall, at no charge to CITY or any Customer, dispose of trash cans placed at the curb by residential Customers who no longer require such trash cans as a result of CONTRACTOR's implementation of a three-Container system. To the extent that such trash cans are recyclable, CONTRACTOR shall treat them as Recyclable Materials.

**8. BILLING AND PAYMENTS**

a. Collection

All amounts due and payable to CONTRACTOR from Residential Customers under this Agreement shall be solely billable by CITY. CITY shall retain full responsibility for prosecuting any collection actions involving Residential Customers, including, without limitation, referral to collection agencies or instituting legal proceedings. Collection by CONTRACTOR of any fee, charge, or other sum directly from any Residential Customer shall constitute a violation of this

Agreement, and may result in a termination of this Agreement by City pursuant to Section 14(b) herein.

b. Right of Setoff

Notwithstanding any provision of this Agreement, or of any other agreement, instrument, or undertaking, it is understood and agreed that CITY shall have the right at its election, and after following the procedures in this Subsection 8(b), to set off the amount of the Franchise Fee, the Billing Charge, and any late payment, penalties and/or damages CONTRACTOR may be liable for under this Agreement against any sums of money at any time or from time to time payable or deliverable by CITY to CONTRACTOR under the terms of this Agreement. After setting off such amounts, CITY shall remit the remainder of the sums collected to CONTRACTOR, along with a report or other documentation showing CITY's calculation of the Franchise Fee and the Billing Charge.

In the event CITY claims that it may be entitled to assert a right to set-off hereunder, CITY shall notify CONTRACTOR in writing at least thirty (30) days prior to setting off the claimed amount, specifying the amount of the proposed set-off and the reason(s) for the proposed set-off. During the 30-day period, CONTRACTOR may request a City Council hearing to dispute the set-off, and may submit written materials disputing the set-off. If any set-off claimed by CITY is disputed by CONTRACTOR, CITY shall deposit such disputed funds which become payable or deliverable to CONTRACTOR's agent, CONTRACTOR or its assign, in a bank account in any national bank doing business in the State of California, to be held by it as escrow agent pending resolution of the dispute. Funds shall be deposited in the joint names of CONTRACTOR and CITY. The escrow agent may cause such funds to be deposited with the Superior Court of the State of California, the County of Riverside, California, to be held and disposed of upon determination by such court.

c. Landfill Tipping or Gate Fees

The Parties acknowledge and agree that the fees set forth in Exhibit "B" include compensation to CONTRACTOR for landfill tipping or gate fees, except as set forth therein. Notwithstanding any provision in this Agreement to the contrary, CONTRACTOR shall not be entitled to receive from CITY, or any Customer, a separate or additional payment for landfill tipping or gate fees. In addition to annual adjustments under Subsection 8(d), CONTRACTOR may increase the fees and charges set forth in Exhibit "B" in amounts necessary to recover increased landfill tipping or gate fees, provided that CONTRACTOR provides written notice to CITY in advance of the increase and provides documentation substantiating the claimed landfill tipping or gate fee increase and the amount of the proposed increases to the Exhibit "B" rates.

d. Annual Adjustment

In addition to other increases as provided herein, CONTRACTOR may annually request adjustments to the charges made to Customers under this Agreement to reflect increases in CONTRACTOR's costs. CONTRACTOR shall make each request in writing, no later than March 31 of each year, and shall submit detailed information with each request to substantiate its claimed cost increases. CITY may request additional information if CITY believes that the materials provided by CONTRACTOR are insufficient or inadequate. Subject to the limits contained in this paragraph, CITY may grant the adjustment if it finds that CONTRACTOR's costs have increased by the amount indicated, and that CONTRACTOR is in compliance with every term of this Agreement. A grant of a rate adjustment shall be by resolution following a public hearing concerning the proposed increase. The effective date of each annual adjustment granted by CITY shall be July 1, unless the CITY requires more time to evaluate the information provided by CONTRACTOR. No adjustment granted by CITY shall exceed five percent (5%) or the change in the Consumer Price Index for All Urban Consumers ("CPI-U") published by the U.S. Department of Labor for the Los Angeles-Riverside-Orange County statistical area, whichever is less, unless the change in CPI-U is less than one and one-half percent (1.5%), in which case the adjustment may be a maximum of one and one-half percent (1.5%).

**9. COLLECTION EQUIPMENT**

CONTRACTOR shall provide an adequate number of vehicles and equipment for the collection, disposal and transportation services for which CONTRACTOR is responsible under this Agreement. All vehicles used by CONTRACTOR under this Agreement shall be registered with the Department of Motor Vehicles of the State of California, shall be kept clean, safe, and in good repair, shall keep all collected materials covered during transportation, and shall be regularly inspected and certified by the Riverside County Health Department. Such vehicles shall be kept and maintained free from any leaks, including, without limitation, leaks of hydraulic oil, brake fluid, engine oil, fuel, or transmission fluid. CONTRACTOR shall not cause or permit the private property or CITY streets or property to be littered with trash or other debris because of CONTRACTOR's activities under this Agreement. CONTRACTOR shall clean up any such trash or debris in the immediate vicinity of any Container and/or storage area that results from collection services under this Agreement. In the event of repeated litter not caused by CONTRACTOR directly, CONTRACTOR shall first notify the Customer and, if litter continues, CONTRACTOR may request the CITY's assistance to rectify the situation.

CONTRACTOR's name, phone number and vehicle number shall be visibly displayed on its vehicles in letters and figures no less than four (4") inches high.

## 10. PUBLIC ACCESS TO CONTRACTOR

### a. Local Office and Regular Hours

CONTRACTOR'S office hours shall be, at a minimum, from 8 a.m. to 5 p.m. daily, except Saturdays, Sundays and federal holidays. A representative of CONTRACTOR shall be available during office hours for communication with the public at CONTRACTOR'S principal office. The representative shall, at a minimum, provide route maps and service information to the public. CONTRACTOR shall also maintain an emergency telephone number for use during other than normal business hours. CONTRACTOR shall have a representative or answering service available at said emergency telephone number during all hours other than normal office hours.

### b. Service Complaints and Dispute Resolution

All service complaints by Customers shall be directed to CONTRACTOR. All billing complaints by Customers received by CITY from regular Customers and Special Service Customers billed directly by CONTRACTOR shall also be directed to CONTRACTOR. CONTRACTOR shall record all complaints received (including date, name, address and nature of complaint). CONTRACTOR shall make all such records available for inspection by the City Manager or his designee during normal business hours, upon demand by the City Manager. CONTRACTOR agrees to use its best efforts to resolve all such complaints within the business day next following the date on which such complaint is received.

CONTRACTOR shall report in writing to the City Manager, or his designee, as to the action taken or other disposition made of each complaint. Such report shall be provided to CITY within 72 hours of CONTRACTOR receiving the complaint (excluding Saturdays, Sundays, and holidays).

If CONTRACTOR misses a scheduled pickup, it shall provide a special pickup within twenty-four (24) hours (Sundays and Holidays excepted) of notice thereof to CONTRACTOR at no charge to Customer or CITY.

The Customer making the complaint may appeal CONTRACTOR's resolution to the City Manager or his designee within 30 days of the initial complaint. CONTRACTOR shall promptly make this appeal right known to the Customer making complaints. The City Manager shall recommend a resolution within 7 days of receiving the appeal, and provide a written copy of the resolution to CONTRACTOR and the Customer appealing CONTRACTOR's complaint resolution.

The Customer making the complaint or CONTRACTOR may appeal the City Manager's recommended resolution to the City Council within 30 days of the City Manager's recommended

resolution. The City Council shall consider the appeal within 30 days of receipt and make a finding affirming, modifying, or rejecting the City Manager's recommended resolution.

In the event that the City Manager determines that CONTRACTOR has failed to render performance in accordance with the requirements of this Agreement, he may assess damages against CONTRACTOR and reduce payment otherwise due to CONTRACTOR accordingly. CONTRACTOR shall in all cases be given a reasonable opportunity to remedy the defect in performance prior to such assessment of damages.

c. Customer Information

CONTRACTOR shall not market, sell, convey, donate or disclose to any person or entity any list with the names or addresses of Customers or information regarding the composition or content of Customers' waste unless authorized or required by Applicable Law, the CITY or a court of competent jurisdiction.

**11. OWNERSHIP OF SOLID WASTE**

All Solid Waste collected pursuant to this Agreement shall be the property of the Customer until placed in a Bin or Container for collection pursuant to this Agreement. Except as provided in the next paragraph, ownership of the Solid Waste shall transfer to CONTRACTOR once it is deposited in Containers, Bins or CONTRACTOR's vehicles. CONTRACTOR is granted the right to collect, transport, process, recover, recycle, retain, market, dispose of or otherwise use any such Solid Waste, or any part thereof, in any fashion, and retain all benefits or profits resulting therefrom. All Solid Waste shall be collected, transported, and disposed of in accordance with federal, state and local law.

This Agreement shall not prohibit any person from selling Recyclable Material or giving Recyclable Material away to persons or entities other than CONTRACTOR prior to such Recyclable Material being placed in a Bin or Container for collection by CONTRACTOR. However, in either instance, the Recyclable Material must be segregated from and not mixed with Refuse and the seller/donor may not pay the buyer/donee any consideration for collecting, transporting, processing or recycling such Recyclable Material. A discount or reduction in the rates set forth in Exhibit "B" for collection, transportation, processing, recycling or disposal services relating to any form of unsegregated or segregated Solid Waste is not a sale or donation of Recyclable Material and such Solid Waste or Recyclable Material does not qualify for this exception. Notwithstanding any other term or provision of this Agreement to the contrary, materials shall be deemed to constitute solid waste within the meaning of California Public Resources Code Section 40191, and regulated accordingly, whether or not said materials may be potentially recyclable, in all cases where the material is mixed or commingled with other types of solid waste, or where a fee, charge, or other form of consideration, regardless of amount, is directly or indirectly solicited or received from the generator in exchange for collection, removal,

transportation, storage, processing, handling or disposal services ("fee for service" recycling), whether or not arranged by or through a subcontractor, broker, agent, or affiliate of the provider of such service. As used herein, "generator" includes, without limitation, a property owner, occupant, or his/her contractor.

In consideration of the foregoing provisions with respect to ownership of Solid Waste, CONTRACTOR shall maintain all records required by state and federal law regarding source generation, recycling and disposal of said materials, and in a form acceptable to CITY, and shall provide same to CITY upon request, but not less than once per year.

## 12. INSURANCE, INDEMNIFICATION AND PERFORMANCE BOND

### a. Indemnification of CITY

CONTRACTOR agrees that it shall indemnify and hold harmless CITY, its officers, officials, employees, agents, assigns and any successor or successors to CITY's interest, from and against any and all loss, liability, penalties, claims, demands, actions or suits, of every kind and description, arising or resulting from: (i) the acts or omissions of CONTRACTOR, its agents, employees or subcontractors, in exercising the privileges granted to it by this Agreement; and (ii) the failure of CONTRACTOR, its agents, employees and/or subcontractors, to comply in all respects with the provisions and requirements of this Agreement. CONTRACTOR shall, upon demand of CITY, at CONTRACTOR'S sole cost and expense, defend with an attorney chosen by CITY to defend CITY, its officers and/or employees against any and all claims, actions or suits in any legal proceedings, (whether judicial, quasi-judicial, administrative or legislative in nature) brought against CITY, its officers and/or employees arising or resulting from those situations described in (i) and (ii) above.

CONTRACTOR shall indemnify, defend with an attorney selected by CITY, protect and hold harmless CITY, its officers, officials, employees, agents, assigns and any successor or successors to CITY's interest from and against all claims, actual damages (including but not limited to special and consequential damages), natural resources damages, punitive damages, injuries, costs, response, remediation and removal costs, losses, demands, debts, liens, liabilities, causes of action, suits, legal or administrative proceedings, interest, fines, charges, penalties and expenses (including but not limited to attorneys' and expert witness fees and costs incurred in connection with defending against any of the foregoing or in enforcing this indemnity) of any kind whatsoever paid, incurred or suffered by, or asserted against, CITY or its officers, employees or agents arising from or attributable to any repair, cleanup or detoxification, or preparation and implementation of any removal, remedial, response, closure or other plan (regardless of whether undertaken due to governmental action) concerning any Hazardous Waste at any place where CONTRACTOR stores or disposes of Solid Waste pursuant to this Agreement. The foregoing indemnity is intended to and shall be construed to operate as an agreement pursuant to Section 107(c) of the Comprehensive Environmental Response,

Compensation and Liability Act, "CERCLA", 42 U.S.C. Section 9067(e) and California Health and Safety Code Section 25364, to insure, protect, hold harmless and indemnify CITY from liability.

CONTRACTOR's indemnity under this subsection shall be limited to an amount not to exceed Two Million Dollars (\$2,000,000); provided, however, that this limitation may be exceeded and shall not apply to the liabilities under this subsection arising from CONTRACTOR's transfer, storage or disposal of Solid Waste, compostables and Recyclable Material at a facility which is owned and operated by CONTRACTOR, its subsidiaries or affiliates, or any corporation in which CONTRACTOR or any wholly-owned subsidiary holds fifty percent (50%) or more of the common voting shares. In such instance, the CONTRACTOR shall provide complete indemnity.

The foregoing shall not apply to the extent that any costs and damages arise out of the active negligence or willful misconduct of CITY, its agents, employees, officers and contractors. CONTRACTOR shall have an affirmative duty to select for disposal of CITY's solid waste only those landfill facilities which comply with state and federal law.

This Section 12.a. shall survive the expiration of the period during which collection services are to be provided under this Agreement.

Notwithstanding the provisions of this Section 12.a., CONTRACTOR shall not be required to appear or act in any litigation based solely upon the negligent acts or omissions of CITY.

b. Insurance

CONTRACTOR shall obtain and shall require its subcontractors to obtain insurance of the types and in the amounts described below and satisfactory to CITY.

i. Commercial General Liability Insurance

CONTRACTOR shall maintain time of occurrence based commercial general liability insurance or equivalent form with a combined single limit of not less than \$2,000,000 per occurrence. If such insurance contains a general aggregate limit, it shall apply separately to the Agreement or be no less than two times the occurrence limit. Such insurance shall:

(a) Name CITY, its officials, officers, employees, agents, and consultants, as insureds with respect to performance of Services. Such insured status shall contain no special limitations on the scope of its protection to the above listed insureds.

(b) Be primary with respect to any insurance or self insurance programs covering CITY, its officials, officers, employees, agents, and consultants.

(c) Contain standard separation of insureds provisions.

ii. Business Automobile Liability Insurance

CONTRACTOR shall maintain business automobile liability insurance or equivalent form with a combined single limit of not less than \$2,000,000 per occurrence. Such insurance shall include coverage for owned, hired and non-owned automobiles.

iii. Workers' Compensation Insurance

CONTRACTOR shall maintain workers' compensation insurance with statutory limits and employers' liability insurance with limits of not less than \$1,000,000 per accident.

iv. Certificates/Insurer Rating/Cancellation Notice

(a) CONTRACTOR shall, prior to commencement of the Services, furnish to CITY properly executed certificates of insurance, and certified copies of endorsements, and policies if requested by CITY, which shall clearly evidence all insurance required in this Section. CONTRACTOR shall not allow such insurance to be canceled, allowed to expire or be materially reduced in coverage except on 30 days' prior written notice to CITY.

(b) CONTRACTOR shall maintain such insurance from the time the Services commence until the Services are completed, except as may be otherwise required by this Section.

(c) CONTRACTOR shall place insurance with insurers having an A.M. Best Company rating of no less than A:VIII and licensed to do business in California.

(d) CONTRACTOR shall replace certificates, policies and endorsements for any insurance expiring prior to completion of the Services.

c. Performance Bond

Prior to execution of this Agreement, CONTRACTOR shall deposit with CITY either a letter of credit or a performance bond (collectively referred to as the "Performance Bond") in the amount of \$250,000. The Performance Bond shall serve as security for the faithful performance of CONTRACTOR of all of the provisions and obligations of this Agreement. The Performance Bond shall contain terms acceptable to CITY. If CONTRACTOR deposits a letter of credit with CITY, interest, if any, relating to any cash deposits that may exist with regard to that letter of credit shall accrue to CONTRACTOR.

### 13. RIGHTS OF CITY TO PERFORM DURING EMERGENCY

Should CONTRACTOR, for any reason whatsoever, including the occurrence or existence of any of the events or conditions set forth in Section 15.a. below, fail, refuse or be unable to collect, transport, process and dispose of any or all of the Solid Waste for which it is obligated under this Agreement to collect, transport and dispose of for a period of more than forty-eight (48) hours, and if as a result thereof Solid Waste should accumulate in CITY to such an extent, in such a manner, or for such a time that the City Manager should find that such accumulation endangers or menaces the public health, safety or welfare, then in such event CITY shall have the right, in addition to any other rights under this Agreement or pursuant to law, upon twenty-four (24) hour prior written notice to CONTRACTOR, or without such notice should the CITY determine that a further delay would endanger the health, safety, and welfare of CITY residents during the period of such emergency, to take possession of any or all equipment of CONTRACTOR previously used in the collection, transportation, processing and disposal of Solid Waste or which CONTRACTOR would otherwise be obligated to collect and transport pursuant to this Agreement. CONTRACTOR agrees that in such event it will fully cooperate with CITY to effect such a transfer of possession for CITY's use. CONTRACTOR agrees that, in such event, CITY may take possession of and use all of said equipment and facilities without paying CONTRACTOR any rental or other charge, provided that CITY agrees that, in such event, it assumes responsibility for the proper and normal use of such equipment and facilities.

CONTRACTOR further agrees that, in such event, it shall reimburse CITY for any and all costs and expenses, including the cost of CITY employees and/or third party laborers in the performance of emergency services pursuant to this Section, incurred by CITY in taking over possession of the above mentioned equipment and facilities in such manner and to the extent that would otherwise be required of CONTRACTOR under the terms of this Agreement. CITY shall first subtract such reimbursement costs from compensation otherwise due CONTRACTOR under this Agreement, and to the extent such costs exceed those due CONTRACTOR, an itemized statement of costs and expenses shall be submitted for reimbursement to CONTRACTOR. To facilitate reimbursement of costs and expenses to CITY, CONTRACTOR agrees to assign its right to receive payment from its Customers for services rendered pursuant to this Agreement to the extent that such services have been rendered to said Customers by CITY and further agrees to allow CITY to collect such payments directly from the Customers. CITY agrees that it shall relinquish possession of all of the above mentioned property to CONTRACTOR upon written notice from CONTRACTOR to the effect that it is able to resume its responsibilities under this Agreement. It is agreed that CITY's exercise of its rights under this Section shall not affect Section 12 of this Agreement.

14. CITY'S REMEDIES UPON DEFAULT BY CONTRACTOR

a. Liquidated Damages

IN THE EVENT THAT THE CONTRACTOR FAILS TO PERFORM ANY OF ITS OBLIGATIONS UNDER THIS AGREEMENT, THE PARTIES AGREE THAT CITY WILL SUSTAIN DAMAGES BY REASON THEREOF WHICH WOULD BE UNCERTAIN. IT IS IMPRACTICABLE AND EXTREMELY DIFFICULT TO FIX THE AMOUNT OF SUCH DAMAGES TO CITY, BUT THE PARTIES ARE OF THE OPINION, UPON THE BASIS OF ALL INFORMATION AVAILABLE TO THEM, THAT SUCH DAMAGES WOULD APPROXIMATELY EQUAL FIVE HUNDRED DOLLARS (\$500) PER DAY, PER UNEXCUSED VIOLATION OF THIS AGREEMENT OR THE MUNICIPAL CODE. THEREFORE, THE PARTIES FURTHER AGREE THAT, UPON ANY UNEXCUSED VIOLATION BY CONTRACTOR OF THIS AGREEMENT OR THE MUNICIPAL CODE, CITY SHALL BE ENTITLED TO PAYMENT, AS LIQUIDATED DAMAGES, OF FIVE HUNDRED DOLLARS (\$500) PER DAY, PER UNEXCUSED VIOLATION OF THIS AGREEMENT OR THE MUNICIPAL CODE. THE PARTIES AGREE THAT SUCH LIQUIDATED AND AGREED DAMAGES SHALL BE DUE AND PAYABLE TO CITY BY THE HOLDER OF THE PERFORMANCE BOND REQUIRED BY SECTION 12.C OF THIS AGREEMENT AND WITHOUT ANY ACTION ON CONTRACTOR'S PART.

CONTRACTOR AND CITY SPECIFICALLY ACKNOWLEDGE THIS LIQUIDATED DAMAGES PROVISION BY THEIR SIGNATURES BELOW:

 \_\_\_\_\_

CONTRACTOR

CITY

b. Termination

i. CITY may, by written notice to CONTRACTOR, terminate the whole or any part of this Agreement at any time as a result of a violation of this Agreement by CONTRACTOR by giving written notice to CONTRACTOR of such termination and the violation, and specifying the effective date thereof, at least ninety (90) days before the effective date of such termination. Upon receipt of a notice of termination, CONTRACTOR shall have sixty (60) days to cure or correct the violation of this Agreement noted by CITY. During the 60-day cure period, CONTRACTOR shall have the right to a hearing before the City Council to discuss the violation and proposed termination, provided that the request for a hearing is made in sufficient time to schedule a hearing at a regular meeting of the City Council falling within the 60-day cure period. If the violation has not been cured or corrected within the 60-day cure period, CITY may proceed with the termination of this Agreement on the noticed date. Upon termination, CONTRACTOR shall be compensated only for those Services which have been adequately rendered to CITY, and CONTRACTOR shall be entitled to no further compensation.

Upon termination, CITY shall be entitled to damages caused by such violation and the resulting termination, including, but not limited to the liquidated damages provided for in section 14.a of this Agreement. Notwithstanding the 90-day pre-termination notice requirement described above, if, in CITY's determination (which determination may be made in the sole and absolute discretion of CITY), the violation endangers public health, safety or welfare, termination may be effective immediately.

ii. The rights and remedies of CITY under this Agreement, including the right to make a claim under the Performance Bond deposited with CITY by CONTRACTOR for reimbursement of any costs borne or damages incurred by CITY as a result of a default by CONTRACTOR under this Agreement and the right to perform during an emergency, shall be in addition to any and all other rights and privileges CITY may have, and shall not be deemed to limit any such other rights or privileges of CITY under this Agreement or by virtue of any law.

iii. In the event this Agreement is terminated in whole or in part as provided in this section, CITY may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

## 15. GENERAL PROVISIONS

### a. Force Majeure

CONTRACTOR shall not be in default under this Agreement in the event that the collection, transportation, processing and/or disposal services of CONTRACTOR are temporarily interrupted or discontinued for any of the following reasons: riots, wars, civil disturbances, insurrections, epidemics, hurricanes, earthquakes, floods, acts of God, government orders and regulations, or other similar catastrophic events which are beyond the reasonable control of CONTRACTOR. It is specifically understood that "other catastrophic events" include strikes, lockouts and other labor disturbances. When any of these events interrupt collection, transportation, processing and/or disposal of Solid Waste by CONTRACTOR as required under this Agreement, CITY may elect to exercise its rights under Section 13.

### b. Annexation

In the event that any community, neighborhood or other territory is hereafter annexed to CITY, Solid Waste collection, transportation, processing, disposal and recycling services shall, if requested by CITY, be immediately provided to such area by CONTRACTOR pursuant to this Agreement, subject to any rights the existing Solid Waste franchisee in such territory may have to continue providing services in such territory. CITY agrees to give all required notice and to do all acts necessary under applicable statutes to accomplish this result as soon as permissible by law.

c. Independent Contractor

It is expressly understood and agreed that CONTRACTOR shall perform all work and services described as an independent contractor and not as an officer, agent, servant or employee of CITY; that CONTRACTOR shall have the exclusive control over the details of the services and work performed hereunder and all persons performing the same; that CONTRACTOR shall be solely responsible for the acts and omissions of its officers, agents, employees, contractors and subcontractors, if any; and that nothing shall be construed as creating a partnership or joint venture between CITY and CONTRACTOR. Neither CONTRACTOR nor its officers, employees, agents or subcontractors shall obtain any rights to retirement benefits, workers' compensation benefits or any other benefits which accrue to CITY employees.

d. Law to Govern

It is understood and agreed by the Parties that the law of the State of California shall govern the interpretation of this Agreement.

e. Fees and Gratuities

CONTRACTOR shall not, nor shall it permit any agent, employee or subcontractor employed by it to request, solicit, or demand either directly or indirectly, any compensation or gratuity for the collection of Solid Waste otherwise required to be collected under this Agreement. CONTRACTOR shall not, nor shall it permit any agent, employee or subcontractor employed by it to accept any monetary compensation or gratuity for the collection of Solid Waste otherwise required to be collected under this Agreement.

f. Amendment

Except as may otherwise be specifically provided in this Agreement, this Agreement may be amended or modified only by a written agreement duly authorized and executed by both CITY and CONTRACTOR.

g. Assignment and Transferability: Subcontracting

Except as provided in Section 17, this Agreement is not assignable or transferable in whole or in part by CONTRACTOR, voluntarily, involuntarily, or by operation of law or otherwise except by written amendment to this Agreement signed by both Parties. In addition, the services to be performed by CONTRACTOR pursuant to this Agreement shall not be subcontracted to any third party without the written consent of CITY. Any request made to CITY by CONTRACTOR for approval of an assignment or transfer of this Agreement shall be accompanied by a non-refundable deposit in the amount of \$20,000 to cover CITY's costs, including attorneys' fees, in evaluating the proposed assignee or transferee and the potential benefit or detriment to CITY of the proposed assignment or transfer.

The sale, transfer, assignment or hypothecation of a majority ownership interest in CONTRACTOR after the effective date of this Agreement, including a cumulative sale, transfer, assignment or hypothecation, shall be deemed an assignment within the meaning of this Section and is prohibited in the absence of a written amendment to this Agreement. Placement of an ownership interest in a living trust shall not be deemed an assignment within the meaning of this Section, but distribution of the ownership interest from the living trust shall be deemed an assignment.

Any dispute between the CITY and the CONTRACTOR with respect to a determination of whether a sale, transfer, assignment, subcontracting, or hypothecation of a number of shares or other units of ownership in CONTRACTOR has occurred or will occur shall be subject to reference pursuant to Code of Civil Procedure Section 638, et seq. with the presiding judge of the San Bernardino County Superior Court.

h. Compliance with Applicable Law

CONTRACTOR agrees that it will comply with all provisions of the Applicable Law, including CITY's business license ordinance, and will obtain all licenses and permits, and pay all taxes and fees, required under the Applicable Law.

i. Notices

All notices, demands, requests, consents or other communications which this Agreement contemplates, authorizes, requires or permits either Party to give to the other, shall be in writing and shall be personally delivered; or sent by overnight mail, delivery service, or registered or certified mail, postage prepaid, return receipt requested; or by facsimile transmission, all addressed to the respective Party as follows:

To CITY:                   City of San Jacinto  
201 East Main Street  
San Jacinto, CA 92583  
Attention: City Manager

Copy to:  
BEST BEST & KRIEGER LLP  
400 Mission Square  
3750 University Avenue  
P. O. Box 1028  
Riverside, CA 92502  
Attention: John E. Brown

To CONTRACTOR: CR&R Incorporated  
P.O. Box 1208  
Perris, CA 92572  
Attention: Division President

or to such other address as either Party may from time to time designate by notice to the other given in accordance with this Section. Such notice shall be deemed effective on the date personally served or, if mailed, three (3) days from the date such notice is deposited in the mail.

j. Savings Clause and Entirety

If any provision of this Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Agreement.

k. Attorney's Fees

In the event of any claim or action or proceeding brought by either Party against the other under or in connection with the subject matter of this Agreement, the prevailing Party shall be entitled to recover from the losing Party as part of the judgment in such action all reasonable costs, expenses, and attorneys' fees, including those costs, expenses and attorneys' fees incurred in defending any counterclaim or cross-complaint brought in such action and incurred in any appeals, all in such amount as the court shall judge reasonable.

l. Entire Agreement

This Agreement supersedes any previous agreements either oral or written by the Parties and represents the entire understanding between the Parties; provided, however, that this Agreement shall not relieve CONTRACTOR of any financial obligations that may have existed under the former franchise agreement, including but not limited to payment to the City of one half of the proceeds from the sale by CONTRACTOR of recyclable materials.

m. Reimbursement of CITY's Attorneys' Fees

Within 60 days following the effective date of this Agreement, CONTRACTOR shall reimburse CITY's properly documented attorneys' fees incurred in the preparation and negotiation of this Agreement, in an amount in the aggregate not to exceed \$16,000.

## 16. ANNUAL REVIEW OF FRANCHISE BY CITY

CITY may, in its discretion, hold an annual public hearing to review and discuss CONTRACTOR's performance in providing services under this Agreement and its compliance

with the terms of this Agreement. If CITY opts to hold such a hearing, CITY shall provide written notice of the hearing to CONTRACTOR, and may provide CONTRACTOR with information concerning items of special concern or specific topics to be discussed at the hearing. CONTRACTOR shall send a representative to any such hearing, and shall endeavor to reach mutually acceptable resolutions of issues raised or concerns expressed at the hearing by CITY and/or any Customer.

## 17. REPORTING, ACCOUNTING AND AUDITING

### a. Daily

CONTRACTOR shall maintain and make available to the CITY, upon request, daily reports containing detailed audit information including, the number of tons of Refuse collected from Residential and Commercial premises, Recyclable Material, Green Waste and Bulk Household Waste and Bulk Construction Waste collected and delivered to the Disposal Facility, Processing Facility or Composting Facility and the route number, the vehicle number and CONTRACTOR's weight ticket for each load disposed or processed. Daily Residential Collection of Recyclable Materials shall be summarized by commodity and the amount collected. The daily reports shall also reflect amounts received by CONTRACTOR from the sale of Recyclable Materials.

### b. Monthly

CONTRACTOR shall submit written quarterly reports to the CITY totaling the information contained in the daily reports.

### c. Annual

CONTRACTOR shall submit annual reports to the CITY on or before June 1 of each year totaling the information contained in the quarterly reports for the year. CONTRACTOR shall cooperate fully with CITY's AB 939 reporting requirements by providing CITY with requested information within a reasonable time of CONTRACTOR's receipt of CITY's request, but in no event longer than fifteen (15) days after such receipt. Upon request, CONTRACTOR shall make an oral presentation of the annual report to the City Council of the CITY at the City Council meeting specified by the CITY.

### d. Additional Information

CONTRACTOR shall use Reasonable Business Efforts to incorporate into the reports required by this section 17 any additional information requested by the CITY. CONTRACTOR shall incorporate into such reports any new reporting information required by Applicable Law.

e. Contractor's Financial Statement

CONTRACTOR shall also deliver to CITY annual financial statements and consolidated financial statements of CONTRACTOR and CONTRACTOR's Affiliated Companies, along with the related auditor's opinion, for each entity's previous fiscal year. CITY may review the audit plan and work papers of any accountant or auditor whose opinions CONTRACTOR is obligated to deliver to CITY in accordance with this Section. CITY shall hold CONTRACTOR's Accounting Records and financial statements confidential as described by section 17.h.

f. Affiliated Companies CONTRACTOR shall promptly notify CITY of any contracts or informal arrangements between CONTRACTOR and Affiliated Companies related to providing Services under this Agreement, and shall disclose such contracts or arrangements in the financial statements described in section 17.e.

For purposes of this Section, "Affiliated Companies" means all businesses which are directly or indirectly related to CONTRACTOR by virtue of direct or indirect ownership interests or common management or a business which is also owned, controlled or managed by any business or individual which has a direct or indirect ownership interest in CONTRACTOR.

g. Maintenance and Audit of Records CONTRACTOR shall accurately maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents relating to this Agreement, or performance under this Agreement, including routing, complete list of Customers, level of Customer's Services, Customer complaints, employee training, inventory, maintenance logs, etc. ("Records") for the term of this Agreement plus two (2) years, or any longer period required by Applicable Law. Contractor shall maintain complete accounting records pertaining to cash receipts, billing and disposal records ("Accounting Records") prepared on an accrual basis in accordance with generally accepted accounting principles for at least three (3) years following the close of CONTRACTOR's fiscal year. CONTRACTOR shall maintain the Accounting Records in a manner that allows for the separate identification of all costs and revenues associated with providing Services hereunder and such costs and revenues shall not be combined, consolidated or in any other way incorporated with those of other operations conducted by CONTRACTOR in locations other than the CITY.

The Records, Accounting Records, and records of Affiliated Companies if any, shall be subject to audit and inspection, for the primary purpose of reviewing billing operations, accounts receivable and customer service, by the CITY, its auditors or other agents, at any reasonable time, such audit or inspection to take place at the City Hall, if practicable, or at CONTRACTOR's address indicated for receipt of notices. The CITY shall initially bear the cost of such audit. If such audit discloses a material breach of this Agreement or an underpayment of the Franchise Fee in excess of five percent (5%) of the amount which should have been paid, CONTRACTOR shall repay such underpayment, together with interest at the rate of seven percent (7%) computed from the date of underpayment, and shall further reimburse CITY for the

entirety of CITY's audit costs, including, without limitation, CITY's auditor's costs and expenses, CITY's internal costs and expenses, and CITY's legal and other third party expenses. If such audit discloses a Franchise Fee underpayment of less than five percent (5%), CONTRACTOR shall repay such underpayment, together with interest at the rate of seven percent (7%) computed from the date of underpayment, but CITY shall bear its audit costs.

h. Confidentiality

Any report from the Auditor to CITY resulting from the Auditor's review of CONTRACTOR's records shall be distributed in such a way as to protect the confidential nature of any proprietary information of CONTRACTOR, to the extent permitted by law. The report shall be limited to a letter of compliance relating to the adequacy of the accounting procedures, verification of increases or decreases in CONTRACTOR's costs, and verification that the proper administration and franchise fees are being paid, and shall not set forth CONTRACTOR's actual operating results. The Auditor shall also make such recommendations as it deems necessary as to the adequacy of CONTRACTOR's data collection methods, and as to the availability and sufficiency of the information, including direct, indirect and joint costs, with respect to any request by CONTRACTOR for increased compensation, and shall furnish CITY with its opinion as to whether an increase or decrease is supported and justified by CONTRACTOR's records.

Executed:

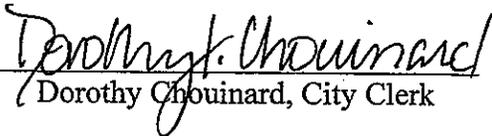
CR&R INCORPORATED,  
a California corporation

CITY OF SAN JACINTO,  
a Municipal Corporation  
of the State of California

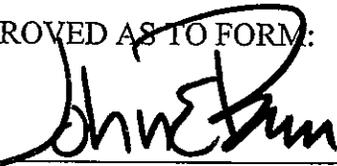
By   
David E. Fahrig, President

By   
Chris Carlsson Baydos, Mayor

ATTEST:

By:   
Dorothy Chouinard, City Clerk

APPROVED AS TO FORM:

By:   
City Attorney

**EXHIBIT A**  
**SPECIAL WASTE**

Flammable waste.

Containerized waste (e.g., a drum, barrel, portable tank, pair, etc).

A waste from a pollution control process.

Residue and debris from the cleanup of a spill or release of chemical substances, commercial products or any other special wastes.

Contaminated soil, waste, residue, debris and articles from the cleanup of a site or facility formerly used for the generation, storage, treatment, recycling, reclamation or disposal of any other special wastes.

Dead animals.

Explosive substances.

Radioactive materials.

Materials which have been exposed to highly infectious or contagious diseases.

Medical waste as defined by State and Federal agencies.

Sludge waste.

Liquid waste.

Hazardous waste from an industrial process.

Waste motor oil.

Asbestos, including friable materials that can be crumbled with pressure and are therefore likely to emit fibers, being a naturally occurring family of carcinogenic fibrous mineral substances, which may be a Hazardous Waste if it contains more than one percent asbestos.

Ash residue from the incineration of Infectious Waste described below, sludge, and agricultural wastes described above.

Hazardous Wastes, explosives, ordnance, highly flammable substances and noxious materials.

Industrial byproducts, including cement kiln dust, ore process residues and grit or screening removed from a waste water treatment facility.

Infectious wastes which have disease transmission potential and are classified as Hazardous Wastes by the State Department of Health Services, including pathological and surgical wastes, medical clinic wastes, wastes from biological laboratories, syringes, needles, blades, tubings, bottles, drugs, patient care items such as linen or personal or food service items from contaminated areas, chemicals, personal hygiene wastes, and carcasses used for medical purposes or with known infectious diseases.

Liquid wastes which are not spadeable, usually containing less than fifty percent solids, including cannery and food processing wastes, landfill leachate and gas condensate, boiler blowdown water, grease trap pumpings, oil and geothermal field wastes, septic tank pumpings, rendering plant byproducts, sewage sludge, and those liquid wastes which may be Hazardous Wastes.

Radioactive wastes under Chapter 7.6 (commencing with Section 25800) of Division 20 of the California Health and Safety Code, and any waste that contains a radioactive material, the storage or disposal of which is subject to any other State or federal regulation.

Exhibit "A"

Sewage sludge comprised of residue produced by humans (not industrial), excluding grit or screenings, removed from a waste water treatment facility or septic tank, whether in a dry or semidry form.

Wastes designated from time to time by the California Integrated Waste Management Board, including contaminated soil.

This list is subject to any possible future definitional changes applied pursuant to Applicable Law.

Exhibit "A"

**EXHIBIT B**  
**SERVICE RATES**

**[insert rates, including rates for special services and additional Containers]**

ALL OF THE ABOVE RATES INCLUDE LANDFILL FEES, RECYCLING AND  
ADMINISTRATION FEES.

Exhibit "B"

**EXHIBIT C**

**CITY OF SAN JACINTO FACILITIES**

City Hall  
201 E. Main Street

Public Works Corporation Yard  
270 Bissell Place

Old Corporation Yard  
910 Industrial Way

Virginia Lee Building  
248 E. Main Street

Police Department  
160 W. Sixth Street

Fire Department  
132 S. San Jacinto Street

Sallee Park/P.A.L. Building  
250 Idyllwild Drive

Rancho Park  
975 E. Esplanade

Hofmann Park/Community Center  
625 S. Pico

Estudillo Mansion  
150 ½ Dillon

Exhibit "C"