

CITY OF SAN FERNANDO

Audit Report

MUNICIPAL STORM WATER AND URBAN RUNOFF DISCHARGES PROGRAM

Los Angeles Regional Water Quality Control Board,
Order No. 01-182, Permit CAS004001, Part 4F5c3

July 1, 2002, through June 30, 2009



BETTY T. YEE
California State Controller

October 2016



BETTY T. YEE
California State Controller

October 31, 2016

The Honorable Robert C. Gonzales, Mayor
City of San Fernando
117 Macneil Street
San Fernando, CA 91340

Dear Mayor Gonzales:

The State Controller's Office audited the costs claimed by the City of San Fernando for the legislatively mandated Municipal Storm Water and Urban Runoff Discharges Program (Los Angeles Regional Water Quality Control Board, Order No. 01-182, Permit CAS004001, Part 4F5c3) for the period of July 1, 2002, through June 30, 2009.

The city claimed \$510,621 for the mandated program. Our audit found that the entire amount is unallowable because the city overstated the number of transit stop trash receptacles it maintained, did not provide documentation to support the number of annual trash collections performed by city employees, and did not offset the restricted revenues used to fund the mandated activities. The State made no payments to the city.

This final audit report contains an adjustment to costs claimed by the city. If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on the State Mandates (Commission). Pursuant to Section 1185, subdivision (c), of the Commission's regulations (*California Code of Regulations*, Title 3), an IRC challenging this adjustment must be filed with the Commission no later than three years following the date of this report, regardless of whether this report is subsequently supplemented, superseded, or otherwise amended. You may obtain IRC information on the Commission's website at www.csm.ca.gov/forms/IRCFORM.pdf.

If you have any questions, please contact Jim L. Spano, Chief, Mandated Cost Audits Bureau, by telephone at (916) 323-5849.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/rg

The Honorable Robert C. Gonzales,
Mayor

-2-

October 31, 2016

cc: Nick Kimball, Finance Director
Finance Department, City of San Fernando
Sonia Garcia, Junior Accountant
Finance Department, City of San Fernando
Mary Halterman, Principal Program Budget Analyst
Local Government Unit, California Department of Finance
Danielle Brandon, Staff Finance Budget Analyst
Local Government Unit, California Department of Finance
Jay Lal, Manager
Division of Accounting and Reporting
State Controller's Office

Contents

Audit Report

Summary	1
Background	1
Objectives, Scope, and Methodology	1
Conclusion	2
Views of Responsible Officials.....	3
Restricted Use	3
Schedule—Summary of Program Costs	4
Findings and Recommendations.....	6
Attachment—City’s Response to Draft Audit Report	

Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by the City of San Fernando for the legislatively mandated Municipal Storm Water and Urban Runoff Discharges Program (Los Angeles Regional Water Quality Control Board, Order No. 01-182, Permit CAS004001, Part 4F5c3) for the period of July 1, 2002, through June 30, 2009.

The city claimed \$510,621 for the mandated program. Our audit found that the entire amount is unallowable because the city overstated the number of transit stop trash receptacles it maintained, did not provide documentation to support the number of annual trash collections performed by city employees, and did not offset the restricted revenues used to fund the mandated activities. The State made no payments to the city.

Background

The California Regional Water Quality Control Board, Los Angeles Region (Board), adopted a 2001 storm water permit (Permit CAS004001) that requires local jurisdictions to:

Place trash receptacles at all transit stops within its jurisdiction that have shelters no later than August 1, 2002, and at all other transit stops within its jurisdiction no later than February 3, 2003. All trash receptacles shall be maintained as necessary.

On July 31, 2009, the Commission on State Mandates (Commission) determined that part 4F5c3 of the permit imposes a state mandate reimbursable under Government Code section 17561 and adopted the Statement of Decision. The Commission further clarified that each local agency subject to the permit and not subject to a trash total maximum daily load (TMDL) is entitled to reimbursement.

The Commission also determined that the period of reimbursement for the mandated activities begins July 1, 2002, and continues until a new National Pollutant Discharge Elimination System (NPDES) permit issued by the Board is adopted. On November 8, 2012, the Board adopted a new NPDES permit, Order No. R4-2012-0175, which became effective on December 28, 2012.

The program's parameters and guidelines establish the state mandate and define the reimbursement criteria. The Commission adopted the parameters and guidelines on March 24, 2011. In compliance with Government Code section 17558, the State Controller's Office issues claiming instructions to assist local agencies, school districts, and community college districts in claiming mandated program reimbursable costs.

Objectives, Scope, and Methodology

We conducted this performance audit to determine whether costs claimed represent increased costs resulting from the Municipal Storm Water and Urban Runoff Discharges Program for the period of July 1, 2002, through June 30, 2009.

The legal authority to conduct this audit is provided by Government Code sections 12410, 17558.5, and 17561. We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We limited our review of the city's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures. Our audit scope did not assess the efficiency or effectiveness of program operations. We did not audit the city's financial statements.

The objectives of our audit were to determine whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

To achieve our audit objectives, we performed the following procedures:

- Reviewed the annual claims filed with the SCO to identify any mathematical errors and performed analytical procedures to determine any unusual or unexpected variances from year-to-year.
- Completed an internal control questionnaire and performed a walk-through of claim preparation process to determine what information was used, who obtained, and how it was obtained.
- Assessed whether computer-processed data provided by the city to support claimed costs was complete and accurate and could be relied upon.
- Researched the city's location within the Los Angeles River Watershed and gained an understanding of the trash TMDL effective date.
- Reviewed the documentation provided to support the number of transit stops containing trash receptacles. Corroborated the supporting documentation with physical inspections of a number of current transit stops.
- Gained an understanding of the city's transit stop trash collection process and reviewed the documentation provided to support the number of annual trash collections claimed.
- Determined whether the city realized any revenue from the statutes that created the mandated program or reimbursements from any federal, state, or non-local source.

Conclusion

Our audit found instances of noncompliance with the requirements outlined above. These instances are described in the accompanying Schedule (Summary of Program Costs) and in the Findings and Recommendations section of this report.

For the audit period, the City of San Fernando claimed \$510,621 for costs of the Municipal Storm Water and Urban Runoff Discharges Program. Our audit found that the entire amount is unallowable. The State made no payments to the city.

**Views of
Responsible
Officials**

We issued a draft audit report on September 30, 2016. Nick Kimball, Finance Director, responded by letter dated October 6, 2016 (Attachment), disagreeing with the audit results. This final audit report includes the city's response letter.

Restricted Use

This report is solely for the information and use of the City of San Fernando, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

October 31, 2016

Schedule— Summary of Program Costs July 1, 2002, through June 30, 2009

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2002, through June 30, 2003</u>				
Ongoing activities:				
August 28, 2002, through June 30, 2003:				
Reasonable reimbursement methodology factor	\$ 6.74	\$ 6.74		
Number of transit trash receptacles	× 80	× 30		
Annual number of trash collections	× 131	× 44		
Total ongoing costs	70,635	8,897	\$ (61,738)	Finding 1
Less offsetting revenues	-	(8,897)	(8,897)	Finding 2
Total program costs	<u>\$ 70,635</u>	-	<u>\$ (70,635)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ -</u>		
<u>July 1, 2003, through June 30, 2004</u>				
Ongoing activities:				
Reasonable reimbursement methodology factor	\$ 6.74	\$ 6.74		
Number of transit trash receptacles	× 80	× 30		
Annual number of trash collections	× 156	× 52		
Total ongoing costs	84,115	10,514	\$ (73,601)	Finding 1
Less offsetting revenues	-	(10,514)	(10,514)	Finding 2
Total program costs	<u>\$ 84,115</u>	-	<u>\$ (84,115)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ -</u>		
<u>July 1, 2004, through June 30, 2005</u>				
Ongoing activities:				
Reasonable reimbursement methodology factor	\$ 6.74	\$ 6.74		
Number of transit trash receptacles	× 80	× 30		
Annual number of trash collections	× 156	× 52		
Total ongoing costs	84,115	10,514	\$ (73,601)	Finding 1
Less offsetting revenues	-	(10,514)	(10,514)	Finding 2
Total program costs	<u>\$ 84,115</u>	-	<u>\$ (84,115)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ -</u>		
<u>July 1, 2005, through June 30, 2006</u>				
Ongoing activities:				
Reasonable reimbursement methodology factor	\$ 6.74	\$ 6.74		
Number of transit trash receptacles	× 80	× 30		
Annual number of trash collections	× 156	× 52		
Total ongoing costs	84,115	10,514	\$ (73,601)	Finding 1
Less offsetting revenues	-	(10,514)	(10,514)	Finding 2
Total program costs	<u>\$ 84,115</u>	-	<u>\$ (84,115)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ -</u>		

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2006, through June 30, 2007</u>				
Ongoing activities:				
Reasonable reimbursement methodology factor	\$ 6.74	\$ 6.74		
Number of transit trash receptacles	× 80	× 30		
Annual number of trash collections	× 156	× 52		
Total ongoing costs	84,115	10,514	\$ (73,601)	Finding 1
Less offsetting revenues	-	(10,514)	(10,514)	Finding 2
Total program costs	<u>\$ 84,115</u>	-	<u>\$ (84,115)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ -</u>		
<u>July 1, 2007, through June 30, 2008</u>				
Ongoing activities:				
Reasonable reimbursement methodology factor	\$ 6.74	\$ 6.74		
Number of transit trash receptacles	× 80	× 35		
Annual number of trash collections	× 156	× 52		
Total ongoing costs	84,115	12,267	\$ (71,848)	Finding 1
Less offsetting revenues	-	(12,267)	(12,267)	Finding 2
Total program costs	<u>\$ 84,115</u>	-	<u>\$ (84,115)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ -</u>		
<u>July 1, 2008, through June 30, 2009</u>				
Ongoing activities:				
July 1, 2008, through September 22, 2008:				
Reasonable reimbursement methodology factor	\$ 6.74	\$ 6.74		
Number of transit trash receptacles	× 80	× 35		
Annual number of trash collections	× 36	× 12		
Total ongoing costs	19,411	2,831	\$ (16,580)	Finding 1
Less offsetting revenues	-	(2,831)	(2,831)	Finding 2
Total program costs	<u>\$ 19,411</u>	-	<u>\$ (19,411)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ -</u>		
<u>Summary: July 1, 2002, through June 30, 2009</u>				
Total ongoing costs	\$ 510,621	\$ 66,051	\$ (444,570)	
Less offsetting revenues	-	(66,051)	(66,051)	
Total program costs	<u>\$ 510,621</u>	-	<u>\$ (510,621)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ -</u>		

¹ See the Findings and Recommendations section.

Findings and Recommendations

FINDING 1— Overstated ongoing maintenance costs

The city claimed reimbursement of \$510,621 for ongoing maintenance of the transit stop trash receptacles for the audit period. We found that \$66,051 is allowable and \$444,570 is unallowable. The costs are unallowable because the city overstated the number of trash receptacles it maintained and did not provide documentation to support the annual number of trash collections performed by the city employees.

The city claimed reimbursement for the ongoing maintenance costs using the reasonable reimbursement methodology (RRM) approved by the Commission on State Mandates. Under the RRM, the unit cost (which is \$6.74 during the period of July 1, 2002, through June 30, 2009) is multiplied by the number of city-wide transit stop trash receptacles and by the number of annual trash collections.

A summary of the claimed, allowable, and audit adjustment amounts for the ongoing maintenance costs for the audit period are as follows:

Fiscal Year	No. of Trash Receptacles	Amount Claimed			Amount Allowable				Audit Adjustment
		No. of Trash Collections	RRM	Total	No. of Trash Receptacles	No. of Trash Collections	RRM	Total	
2002-03	80	131	\$ 6.74	\$ 70,635	30	44 ¹	\$ 6.74	\$ 8,897	\$ (61,738)
2003-04	80	156	6.74	84,115	30	52	6.74	10,514	(73,601)
2004-05	80	156	6.74	84,115	30	52	6.74	10,514	(73,601)
2005-06	80	156	6.74	84,115	30	52	6.74	10,514	(73,601)
2006-07	80	156	6.74	84,115	30	52	6.74	10,514	(73,601)
2007-08	80	156	6.74	84,115	35	52	6.74	12,267	(71,848)
2008-09	80	36	6.74	19,411	35	12 ²	6.74	2,831	(16,580)
Total ongoing costs				<u>\$ 510,621</u>				<u>\$ 66,051</u>	<u>\$ (444,570)</u>

¹ For FY 2002-03, the reimbursement period is only 44 weeks (from August 28, 2002, through June 30, 2003)

² For FY 2008-09, the reimbursement period is only 12 weeks (from July 1, 2008, through September 22, 2008)

Overstated number of trash receptacles

For each fiscal year in the audit period, the city claimed reimbursement for 80 trash receptacles; however, the city could support only 30 bus stop trash receptacles for fiscal year (FY) 2002-03 through FY 2006-07 and 35 bus stop trash receptacles for FY 2007-08 and FY 2008-09.

All ongoing maintenance costs are recorded in Account 313 – Bus Shelter/Stop Maintenance. A description of the account located in the city’s adopted budgets for FY 2002-03 through FY 2006-07 states, “The City of San Fernando has 40 bus stop locations. Of these bus stop locations, 30 are equipped with palm-style bus benches with concrete receptacles.” In addition, the adopted budgets for FY 2007-08 and FY 2008-09 state, “The Bus Shelter / Stop Maintenance Division is responsible for the cleaning and maintenance of 41 stops located in the City of Fernando. Of these bus stop locations, 35 are equipped with palm-style bus benches with waste receptacles.” We found that the city maintained 30 bus stop trash receptacles for FY 2002-03 through FY 2006-07 and 35 bus stop trash receptacles for FY 2007-08 and FY 2008-09.

The parameters and guidelines, section VII. Records Retention, state:

Local agencies must retain documentation which supports the reimbursement of the maintenance costs identified in Section IV.B. of these parameters and guidelines during the period subject to audit, including documentation showing the number of trash receptacles in the jurisdiction and the number of trash collections or pickups.

Unsupported number of annual trash collections

For each fiscal year in the audit period, the city claimed reimbursement for the maximum of three weekly collections per trash receptacle, totaling 156 collections annually. We found that one weekly collection per trash receptacle, totaling 52 collections annually, is allowable.

To support the annual number of trash collections claimed, the city provided a contract with its waste hauler stating:

Article 3.13. Collection from City Street Receptacles

Collector shall collect Solid Waste from the City Street Receptacles described in Exhibit E no less frequently than three (3) times per week on Monday, Wednesday, and Friday.

During audit fieldwork, we were informed that the waste hauler never delivered on this provision because the trash receptacles were concrete and not serviceable with its claw-operating trash vehicle. The city did not replace the concrete trash receptacles and an impasse was ultimately reached. We were informed that city public works employees actually serviced the trash receptacles themselves during the audit period.

The city did not provide any documentation to support the number of annual trash collections performed by its public works employees; however, we were informed that trash was collected three times a week from the transit receptacles throughout the audit period and is collected with the same frequency today. During audit fieldwork, we physically observed a number of the transit trash receptacles located throughout the city and confirmed that the city is currently performing trash-collection activities. Absent documentation to support more than one weekly collection, we determined that one weekly collection, totaling 52 collections annually, is allowable.

The parameters and guidelines, section VII. Records Retention, state:

Local agencies must retain documentation which supports the reimbursement of the maintenance costs identified in Section IV.B. of these parameters and guidelines during the period subject to audit, including documentation showing the number of trash receptacles in the jurisdiction and the number of trash collections or pickups.

Recommendation

No recommendation is applicable for this finding, as the period of reimbursement expired on December 27, 2012, with the adoption of a new permit.

City's Response

Finding 1: Overstated ongoing maintenance costs.

City Response: During the review, the City provided documentation identifying all of the trash receptacles throughout the City as well as the frequency those trash receptacles were serviced per week during the review period (Exhibit 1). The number of receptacles eligible for mandated cost claims are included in the section labeled "Bus Stops." The City also provided a map identifying all of the bus stops in the City (Exhibit 2) broken down by MTA (buses) stops, City Trolley stops, and shared (MTA and Trolley) stops. It is important to note that the City, not MTA, maintains and collects the trash receptacles at each stop.

Exhibit 1 identifies 57 total trash receptacles at all bus stops, inclusive of MTA, Trolley, and shared stops. Exhibit 2 identifies 46 MTA stops, 22 Trolley Stops, and 7 shared stops, for a total of 75 stops located in the City of San Fernando. Based on this information, approximately 75% of bus stops located in the City have a trash receptacle.

According to the on-site auditors, Trolley stops are not eligible for reimbursement as mandated cost claims. As a result, only 46 MTA bus stops and 7 shared stops are eligible for reimbursement claims. The City disagrees with the 30 eligible trash receptacles identified in the audit report as documentation provided supports 39 eligible trash receptacles (53 eligible stops multiplied by 75% of stops with a trash receptacle).

With regards to the number of collections annually, the audit report using one collection per week despite documentation provided to the contrary. As noted earlier, this was not a reimbursable mandate at the time the service was being provided, so employees did not separately document trash receptacle collection and maintenance activities on their timesheets. However, during the measurement period, the City had a contract with Crown Disposal Company, Inc. to provide solid waste and recyclables collection, processing, and disposal service (Exhibit 3). Section 3.13 beginning on page 19 of the contract with Crown Disposal reads, in relevant part, as follows:

Section 3.13. Collection from City Street Receptacles

Collector shall collect Solid Waste from the City Street Receptacles described in Exhibit E no less frequently than three (3) times per week on Monday, Wednesday, and Friday. Collector shall also collect from any Street Receptacle that is overflowing, regardless of which day of the week it is, even if Collector has collected from that Street Receptacle three (3) times that week...

This section of the contract was never enforced because the City had special tamper resistant receptacles at each bus stop. Unfortunately, the tamper resistant receptacles were not compatible with the waste hauler's automated collection equipment. Therefore, City staff continued to provide collection and maintenance manually.

Section 3.13 of the contract reflects the need for at least 3 trash collections per week, or 156 per year, rather than the 1 collection reflected in the audit report.

Additionally, page 7 of the audit report states that the on-site auditors physically observed a number of the transit trash receptacles located throughout the City and confirmed that the City is currently performing trash collection activities. Based on this physical observation during a small random sample size (a few hours during one work day), it is reasonable extrapolate that collection activities are performed on multiple days.

Despite the information provided, the on-site auditors relied solely on the narratives included in the annual Adopted Budget (Exhibit 4). The narrative in the budget states, in the applicable part, “Of these bus stops locations, 30 (or 35 in later years) are equipped with palm-style benches with concrete waste receptacles.” The narrative goes on to state that the division is also responsible for cleaning, maintaining, and repairing 20 (or 19 in earlier years) bus shelters. Although the narrative does not explicitly indicate the number of bus shelters that have trash receptacles, most bus shelters do have associated trash receptacles. By relying solely on the budget narrative, the audit report accounts for receptacles at bus stop locations with benches and does not account for receptacles at bus shelters.

Consequently, the City asserts the summary of claimed, allowable, and adjustment amounts table included on page 6 of the draft audit report should reflect the following:

Fiscal Year	No. of Trash Receptacles	Amount Claimed			Amount Allowable				Audit Adjustment
		Annual No. of Trash Collections	RRM	Total	No. of Trash Receptacles	Annual No. of Trash Collections	RRM	Total	
2002-03	80	131	\$ 6.74	\$ 70,635	39	131	\$ 6.74	\$ 34,435	\$ (36,201)
2003-04	80	156	6.74	84,115	39	156	6.74	41,006	(43,109)
2004-05	80	156	6.74	84,115	39	156	6.74	41,006	(43,109)
2005-06	80	156	6.74	84,115	39	156	6.74	41,006	(43,109)
2006-07	80	156	6.74	84,115	39	156	6.74	41,006	(43,109)
2007-08	80	156	6.74	84,115	39	156	6.74	41,006	(43,109)
2008-09	80	36	6.74	19,411	39	36	6.74	9,463	(9,948)
Total ongoing costs				\$ 510,622			\$ 248,928	\$ (261,694)	

SCO’s Comments

The finding and recommendation remain unchanged.

Number of transit stop trash receptacles

The city states, “Exhibit 1 identifies 57 total trash receptacles at all bus stops inclusive of MTA, Trolley, and shared stops.” Exhibit 1 is a spreadsheet that states the total number of bus stop trash receptacles per street. This spreadsheet is not a sufficient source document, as it does not identify the intersections for which we can confirm the existence of either a transit stop or a trash receptacle. Furthermore, we are unable to corroborate that this spreadsheet is a contemporaneous document that was in existence during the audit period, as it is dated April 12, 2016, several weeks after initiation of this audit.

The city goes on to state, “Exhibit 2 identifies 46 MTA stops, 22 Trolley stops, and 7 shared stops, for a total of 75 stops located in the City of San Fernando.” Exhibit 2 is a map identifying the intersection of all MTA, Trolley, and shared stops throughout the city. We do not consider this map a contemporaneous document that identifies the existence of the transit stops during the audit period, as the map is dated January 2013—three and a half years after the end of the audit period.

Based on information presented in Exhibits 1 and 2, the city believes that “the documentation provided supports 39 eligible trash receptacles....” To arrive at this conclusion, the city multiplied 53 eligible transit stops (46 MTA stops plus seven shared stops) by 75%, which is the percentage of transit stops believed to contain trash receptacles (57 total trash receptacles identified in Exhibit 1 divided by 75 total transit stops identified on the map in Exhibit 2). The city properly excluded the 22 trolley stops from this calculation, as the trolley stops were not in existence until after the audit period ended on June 30, 2009. However, we question the appropriateness of the city’s application of 75%. As the 22 trolley stops are fairly new, they are likely to contain a trash receptacle, leaving 35 trash receptacles for the remaining MTA and shared stops (57 total trash receptacles identified in Exhibit 1 less 22 possible trolley stop trash receptacles). Coincidentally, we did allow reimbursement for 35 trash receptacles at transit stops for both FY 2007-08 and FY 2008-09.

Without sufficient source documentation identified in either Exhibit 1 or Exhibit 2, we used information specified in the city’s adopted budget to determine the number of transit stop trash receptacles in existence for each fiscal year in the audit period. We believe the city’s budget to be a sufficient document, as it is prepared annually with assistance from both the Finance Department and the Public Works Department and is adopted by the city council.

The city contends that by relying solely on information contained in the annual budget, “the audit report accounts for receptacles at bus stop locations with benches only and does not account for receptacles at bus shelters.” Comments regarding additional bus shelter trash receptacles are without merit as the city has not provided any documentation to support the number of trash receptacles maintained at bus shelters for any fiscal year in the audit period. For example, Exhibit 1 specifies “bus stops” and Exhibit 2 is titled “Bus and Trolley Stops.” In addition, we question whether the city separately distinguishes between bus stops and bus shelters. For example, the FY 2012-13 adopted budget states that the city is responsible for “maintenance of 79 stops located in the City of San Fernando...Of these bus stop locations, 18 are currently equipped with bus shelters.”

Number of annual trash collections

The city references Section 3.13 of the Crown Disposal Company, Inc., which states “Collector shall collect Solid Waste from the City Street Receptacles described in Exhibit E no less frequently than three (3) times per week on Monday, Wednesday, and Friday.” The city agrees with us that “this section of the contract was never enforced....” Because the activity was not actually performed by the waste hauler, the number of collections agreed on by the waste hauler and the city have no merit.

The city states, “Based on this physical observation during a small random sample size (a few hours during one work day), it is reasonable [sic] extrapolate that collection activities are performed on multiple days.” We disagree with this logic. Just because the receptacle was not full the one day of our physical observation does not mean that city employees collect trash multiple days of the week. It is possible that the trash receptacle was

emptied the day prior to our physical observation. Absent contemporaneous documentation, the frequency of current trash-collection activities is not an indicator of the frequency of trash collections activities that occurred during the audit period.

The program's parameters and guidelines require the city to support reimbursement of the maintenance costs incurred during the period subject to audit, including documentation showing the number of trash collections. During audit fieldwork, we requested that the city provide documentation to support the number of weekly trash-collection activities performed by city employees. Examples of such documentation may include route maps, duty statements, policy and procedural manuals, or time logs. The city did not provide any documentation to support the frequency of trash collection activities. Therefore, without documentation to support the number of annual trash collections, we allowed one weekly collection.

**FINDING 2—
Unreported offsetting
revenues**

The city did not offset any revenues on its claim forms for the audit period. We found that the city should have offset \$66,051 in Proposition A funds used to pay for the ongoing maintenance of transit stop trash receptacles during the audit period.

As stated in Finding 1, we found that \$66,051 for ongoing maintenance costs of the transit stop trash receptacles is allowable; and all ongoing maintenance costs of the transit stop trash receptacles are recorded in Account 313 – Bus Shelter/Stop Maintenance. We confirmed that for each fiscal year in the audit period, the Transportation Sales Tax Fund (Fund 7) made an annual transfer of Proposition A money to Account 313 for reimbursement of the various bus stop and bus shelter maintenance costs incurred. Beginning in FY 2008-09, all bus stop and bus shelter maintenance costs were posted directly to Fund 7. The Transportation Sales Tax Fund is a special revenue fund type. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Proposition A is a half-cent sales tax measure approved by Los Angeles County voters in 1980 to finance transit programs. Twenty-five percent of the Proposition A tax is designated for the Local Return Program to be used by cities in developing and/or improving public transit and related transportation infrastructure. Local return funds are distributed monthly to cities based on a per-capita basis.

The Proposition A Local Return Guidelines, section II. Project Eligibility, identify reimbursement for bus stop maintenance as follows:

2. BUS STOP IMPROVEMENTS AND MAINTENANCE (Codes 150, 160, & 170)

Examples of eligible Bus Stop Improvement and Maintenance projects include installation/replacement and/or maintenance of:

- Concrete landings – in street for buses and at sidewalk for passengers
- Bus turn-outs
- Benches

- Shelters
- Trash Receptacles
- Curb cuts
- Concrete or electrical work directly associated with the above items

The following table summarizes the total amount of Proposition A funds used each fiscal year in the audit period on bus stop and bus shelter maintenance:

Fiscal Year	Proposition A Funds
2002-03	\$ 32,480
2003-04	32,395
2004-05	22,513
2005-06	23,032
2006-07	26,062
2007-08	45,506
2008-09	40,708
Total	<u>\$ 222,696</u>

As the city used Proposition A funds authorized to be used on the mandated activities, it did not have to rely on the use of discretionary general funds to pay for the mandated activities.

The parameters and guidelines, section VIII. Offsetting Revenues and Reimbursements, state:

In addition, reimbursement for this mandate received from any federal, state or non-local source shall be identified and deducted from this claim.

Recommendation

No recommendation is applicable for this finding, as the period of reimbursement expired on December 27, 2012, with the adoption of a new permit.

City's Response

Finding 2: Unreported offsetting revenues.

City Response: The City did not report offsetting Proposition A revenues that were used to supplement bus stop and bus shelter maintenance services during the measurement period. However, the amount included in the audit report reflects the Proposition A offset for the full fiscal year. As noted in the audit report, the reimbursement period for FY 2002-03 is only 44 weeks, or 85% of the fiscal year, and the reimbursement period for FY 2008-09 is only 12 weeks, or 23% of the fiscal year. Consequently, the Proposition A revenue offset for those fiscal years should be adjusted accordingly.

The City asserts that the table of Proposition A funds used in each fiscal year included on page 9 of the audit report should reflect the following:

Fiscal Year	Proposition A Funds
2002-03	\$ 27,608
2003-04	32,395
2004-05	22,513
2005-06	23,032
2006-07	26,062
2007-08	45,506
2008-09	<u>9,363</u>
Total	<u>\$ 186,479</u>

SCO's Comments

The finding and recommendation remain unchanged.

The city agrees with our finding when it states, "The City did not report offsetting Proposition A revenues that were used to supplement bus stop and bus shelter maintenance services during the measurement period." However, the city disagrees with the amount shown in the table and states that a pro-rata reduction for FY 2002-03 and FY 2008-09 should be made. We disagree. The table identifies the total amount of Proposition A funds used by the city for bus stop and bus shelter maintenance. It is a fixed amount that was transferred annually from Fund 7 (Transportation Sales Tax Fund) to Account 313 (Bus Shelter/Stop Maintenance) for FY 2002-03 through FY 2007-08. For FY 2008-09, a fixed total of \$40,708 was posted directly to Fund 7 to cover the bus stop and bus shelter maintenance costs. Furthermore, this issue is irrelevant as the actual amount offset and identified as a finding is only \$66,051.

OTHER ISSUE— Documentation standards

In the city's response letter, the city questions the SCO's documentation requirements, as follows:

As noted in the audit report, the Municipal Storm Water and Urban Runoff Discharges Program was not determined to be a legislative mandate until July 31, 2009; however, the service period being reviewed is July 1, 2002 through June 30, 2009. Therefore, this service was not considered an unfunded mandate at the time the service was provided. At the time the service was provided, there was no reason for the City to retain documentation to support the reimbursement of maintenance costs because there was no reimbursement available. It stands to reason that the records retention guide reference on page 7 of the audit report only apply to claims submitted after the date the service was deemed to be a reimbursable mandate, which was July 31, 2009.

Due to the fact that the mandate did not become reimbursable until years after the service was provided and the audit review was conducted for services provided 7 to 14 years ago, it was very difficult to provide specific supporting documentation. In many cases, the City provided documentation that reasonably supported the claims filed and is proposing amending the claim amounts for each year based on that reasonable documentation (see Conclusion).

As stated in the city’s response letter, the Statement of Decision for the Municipal Storm Water and Urban Runoff Discharges Program was adopted by the Commission on July 31, 2009. The program’s parameters and guidelines were adopted by the Commission on March 24, 2011.

The city submitted its initial reimbursement claims for FY 2002-03 through FY 2008-09 on September 28, 2011. None of the city’s claims included sufficient source documentation that is in compliance with the parameters and guidelines. The issuance date of the parameters and guidelines has no effect on the city’s responsibility to support costs claimed.

**OTHER ISSUE—
City’s conclusion to
reduce claim amount**

In the city’s response letter, the city asserts that its claim for the Municipal Storm Water and Urban Runoff Discharges Program for the period of July 1, 2002, through June 30, 2009, should be reduced from \$510,621 to \$66,949, as follows:

Conclusion:

Based on the documentation provided by the City during the audit review and as part of the response included herein, the City asserts our claim for mandated costs for the Municipal Storm Water and Urban Runoff Discharges Program is \$66,949.

<u>Fiscal Year</u>	<u>Amount Allowable</u>	<u>LESS: Proposition A Funds</u>	<u>Mandated Claim Amount</u>
2002-03	\$ 34,435	\$ 27,608	\$ 6,827
2003-04	41,006	32,395	8,611
2004-05	41,006	22,513	18,493
2005-06	41,006	23,032	17,974
2006-07	41,006	26,062	14,944
2007-08	41,006	45,506	-
2008-09	9,463	9,363	100
Total			<u>\$ 66,949</u>

Based on this response, the city acknowledges that the costs claimed were overstated by \$443,672. However, we disagree with the city’s contention that it has supported \$66,949. As referenced in both Finding 1 and Finding 2, our findings and recommendations remain unchanged. In addition, per Government Code section 17568, the deadline for the city to amend these claims has long since passed.

**Attachment—
City's Response to
Draft Audit Report**

THE CITY OF SAN FERNANDO

CITY COUNCIL

October 6, 2016

MAYOR
ROBERT C. GONZALES

Jim L. Spano, Chief, Mandated Cost Audits Bureau
State Controller's Office, Division of Audits
P.O. Box 942850
Sacramento, California 942850

VICE MAYOR
JOEL FAJARDO

COUNCILMEMBER
ANTONIO LOPEZ

COUNCILMEMBER
SYLVIA BALLIN

COUNCILMEMBER
JAIMÉ SOTO

Re: Municipal Storm Water and Urban Runoff Discharges Program Audit Report

Dear Mr. Spano:

I am in receipt of the State Controller's Office draft Audit Report on the Municipal Storm Water and Urban Runoff Discharges Program legislatively mandated costs (SB-90) claimed by the City of San Fernando under Los Angeles Regional Water Quality Control Board, Order No. 01-182, Permit CAS004001, Part 4F5c3 for the period of July 1, 2002 through June 30, 2009.

As noted in the audit report, the Municipal Storm Water and Urban Runoff Discharges Program was not determined to be a legislative mandate until July 31, 2009; however, the service period being reviewed is July 1, 2002 through June 30, 2009. Therefore, this service was not considered an unfunded mandate at the time the service was provided. At the time the service was provided, there was no reason for the City to retain documentation to support the reimbursement of maintenance costs because there was no reimbursement available. It stands to reason that the records retention guideline referenced on page 7 of the audit report only apply to claims submitted after the date the service was deemed to be a reimbursable mandate, which was July 31, 2009.

Due to the fact that the mandate did not become reimbursable until years after the service was provided and the audit review was conducted for services provided 7 to 14 years ago, it was very difficult to provide specific supporting documentation. In many cases, the City provided documentation that reasonably supported the claims filed and is proposing amending the claim amounts for each year based on that reasonable documentation (see Conclusion).

With that said, please see the City's responses to the findings that were identified during the review:

FINANCE
DEPARTMENT

117 MACNEIL STREET
SAN FERNANDO
CALIFORNIA
91340

(818) 898-1200

WWW.SFCITY.ORG

Finding 1: Overstating ongoing maintenance costs.

City Response: During the review, the City provided documentation identifying all of the trash receptacles throughout the City as well as the frequency those trash receptacles were serviced

per week during the review period (Exhibit 1). The number of receptacles eligible for mandated cost claims are included in the section labeled "Bus Stops." The City also provided a map identifying all of the bus stops in the City (Exhibit 2) broken down by MTA (buses) stops, City Trolley stops, and shared (MTA and Trolley) stops. It is important to note that the City, not MTA, maintains and collects the trash receptacles at each stop.

Exhibit 1 identifies 57 total trash receptacles at all bus stops, inclusive of MTA, Trolley, and shared stops. Exhibit 2 identifies 46 MTA stops, 22 Trolley stops, and 7 shared stops, for a total of 75 stops located in the City of San Fernando. Based on this information, approximately 75% of bus stops located in the City have a trash receptacle.

According to the on-site auditors, Trolley stops are not eligible for reimbursement as mandated cost claims. As a result, only 46 MTA bus stops and 7 shared stops are eligible for reimbursement claims. The City disagrees with the 30 eligible trash receptacles identified in the audit report as the documentation provided supports 39 eligible trash receptacles (53 eligible stops multiplied by 75% of stops with a trash receptacle).

With regards to the number of collections annually, the audit report uses one collection per week despite documentation provided to the contrary. As noted earlier, this was not a reimbursable mandate at the time the service was being provided, so employees did not separately document trash receptacle collection and maintenance activities on their timesheets. However, during the measurement period, the City had a contract with Crown Disposal Company, Inc. to provide solid waste and recyclables collection, processing, and disposal service (Exhibit 3). Section 3.13 beginning on page 19 of the contract with Crown Disposal reads, in relevant part, as follows:

Section 3.13. Collection From City Street Receptacles

Collector shall collect Solid Waste from the City Street Receptacles described in Exhibit E no less frequently than three (3) times per week on Monday, Wednesday, and Friday. Collector shall also collect from any Street Receptacle that is overflowing, regardless of which day of the week it is, even if Collector has collected from that Street Receptacle three (3) times that week...

This section of the contract was never enforced because the City had special tamper resistant receptacles at each bus stop. Unfortunately, the tamper resistant receptacles were not compatible with the waste hauler's automated collection equipment. Therefore, City staff continued to provide collection and maintenance manually.

Spano, Jim

Section 3.13 of the contract reflects the need for at least 3 trash collections per week, or 156 per year, rather than the 1 collection reflected in the audit report.

Additionally, page 7 of the audit report states that the on-site auditors physically observed a number of the transit trash receptacles located throughout the City and confirmed that the City is currently performing trash collection activities. Based on this physical observation during a small random sample size (a few hours during one work day), it is reasonable extrapolate that collection activities are performed on multiple days.

Despite the information provided, the on-site auditors relied solely on the narrative included in the annual Adopted Budget (Exhibit 4). The narrative in the budget states, in the applicable part, "Of these bus stop locations, 30 (or 35 in the later years) are equipped with palm-style benches with concrete waste receptacles." The narrative goes on to state that the division is also responsible for cleaning, maintaining and repairing 20 (or 19 in earlier years) bus shelters. Although the narrative does not explicitly indicate the number of bus shelters that have trash receptacles, most bus shelters do have associated trash receptacles. By relying solely on the budget narrative, the audit report accounts for receptacles at bus stop locations with benches only and does not account for receptacles at bus shelters.

Consequently, the City asserts the summary of claimed, allowable, and adjustment amounts table included on page 6 of the draft audit report should reflect the following:

Fiscal Year	Amount Claimed				Amount Allowable (Per City)				Adjustment (Per City)
	No. of Trash Receptacles	Annual No. of Trash Collections	RRM	Total	No. of Trash Receptacles	Annual No. of Trash Collections	RRM	Total	
2002-03	80	131	\$ 6.74	\$ 70,635	39	131	\$ 6.74	\$ 34,435	\$ (36,201)
2003-04	80	156	6.74	84,115	39	156	6.74	41,006	(43,109)
2004-05	80	156	6.74	84,115	39	156	6.74	41,006	(43,109)
2005-06	80	156	6.74	84,115	39	156	6.74	41,006	(43,109)
2006-07	80	156	6.74	84,115	39	156	6.74	41,006	(43,109)
2007-08	80	156	6.74	84,115	39	156	6.74	41,006	(43,109)
2008-09	80	36	6.74	19,411	39	36	6.74	9,463	(9,948)
Total ongoing costs				<u>\$ 510,622</u>				<u>\$ 248,928</u>	<u>\$ (261,694)</u>

Finding 2: Unreported offsetting revenues.

City Response: The City did not report offsetting Proposition A revenues that were used to supplement bus stop and bus shelter maintenance services during the measurement period. However, the amount included in the audit report reflects the Proposition A offset for the full fiscal year. As noted in the audit report, the reimbursement period for FY 2002-03 is only 44 weeks, or 85% of the fiscal year, and the reimbursement period for FY 2008-09 is only 12 weeks, or 23% of the fiscal year. Consequently, the Proposition A revenue offset for those fiscal years should be adjusted accordingly.

The City asserts that the table of Proposition A funds used in each fiscal year included on page 9 of the audit report should reflect the following:

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2006-07	26,062
2007-08	45,506
2008-09	9,363
Total	<u>\$ 186,479</u>

Conclusion:

Based on the documentation provided by the City during the audit review and as part of the response included herein, the City asserts our claim for mandated costs for the Municipal Storm Water and Urban Runoff Discharge Program is \$66,949.

Fiscal Year	Amount Allowable	LESS: Proposition A Funds	Mandated Claim Amount
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2006-07	41,006	26,062	14,944
2007-08	41,006	45,506	-
2008-09	9,463	9,363	<u>100</u>
Total			<u>\$ 66,949</u>

Spano, Jim

Municipal Storm Water and Urban Runoff Discharges Program Audit Report
Page 5 of 5

Please accept this as the City's response to the audit report. Feel free to contact me with any questions.

Sincerely,



Nick Kimball
Finance Director
City of San Fernando
p. 818.898.7307

Enclosures:

- Exhibit 1: Table of Citywide street receptacles, including bus stops
- Exhibit 2: Map of Citywide bus and trolley stops
- Exhibit 3: Contract for solid waste and recyclables collection and disposal during review period
- Exhibit 4: Narrative pages from fiscal years 2002-03 and 2004-05 Adopted Budgets

EXHIBIT 1

San Fernando Trash Receptacle Service by Public Works Staff FY 2003-2009

Sites	Number of Trash Receptacles	Service Frequency per Week	Service Count Per Week
San Fernando Mall			
San Fernando Rd, S. Brand to SFMission Blvd	28	7	
San Fernando Rd, S. Brand to Chatsworth	6	7	
1030 Celis	2	7	
Subtotal:	36	21	756
Bus Stops			
Truman Street	12	7	
San Fernando Mission Blvd	9	7	
Brand Blvd	6	7	
Maclay Avenue	17	7	
Glenoaks Blvd	7	7	
Seventh Street	4	7	
Hubbard Street	2	7	
Subtotal:	57	49	2,793
Public Parking Lots			
Lot #1	1	7	
Lot #2N	2	7	
Lot #3	10	7	
Lot #4	3	7	
Lot #5	2	7	
Lot #6N	2	7	
Lot #7	1	7	
Lot #8	4	7	
Lot #9	0	0	
Lot #10	2	7	
Lot #11	1	7	
Lot #12	1	7	
Subtotal:	29	77	2,233
City Facilities and Parks			
City Hall	5	7	
San Fernando Police Station	6	5	
Recreation Park	34	7	
Las Palmas Park	32	7	
Pioneer Park	16	7	
Layne Park	4	7	
Heritage Park	6	7	
Lopez Adobe	3	7	
Chezar Chavez Memorial Transit Park	3	7	
Bike Path	6	7	
Subtotal:	115	68	7820
City Facilities - Water Sites			
Well 4A, Reservoirs 2 & 5 - 12900 Dronfield	2	0.25	
Subtotal:	2	0.25	0.5
TOTAL NUMBER of TRASH RECEPTACLES	239		
TOTAL NUMBER of SITE VISITS PER WEEK		215.25	
TOTAL NUMBER of SERVICES PER YEAR			13,603

Labor per Site Visit = 5 minutes. This conservative calculation includes all aspects of service, namely:

- Inventory, Order, Purchase, Store, Retrieve New Trash Bags
- Drive Time from start point of City Yard to each site
- Remove and replace each bag (Often 3-4 minutes; however worst case scenario 8-12 minutes depending on hazardous materials such as needles, human feces, overflowing receptacle, broken or torn bags, rain which requires poking holes in bottom of bag to drain water before heavy bag can be removed and replaced, or heavy traffic)
- Driving to City Yard to dispose of trash in the Transfer Station

CITY OF SAN FERNANDO BUS AND TROLLEY STOPS

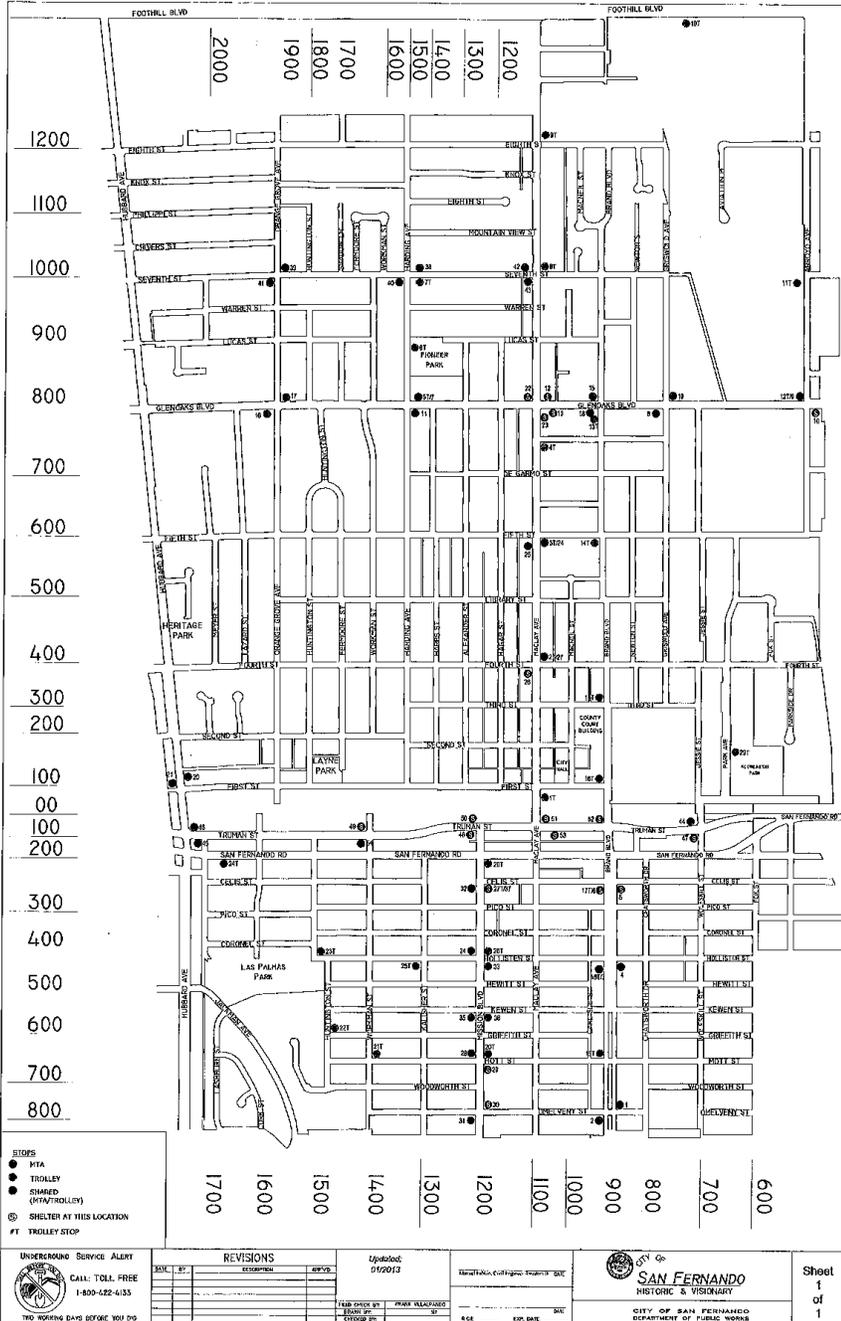


EXHIBIT 3



9189 DE GARMO STREET • Mailing Address: P.O. BOX 1081 • SUN VALLEY, CALIFORNIA 91352
(818) 767-0675 • (323) 875-0587 • FAX# (818) 768-3930

April 12, 2007

Helen Collins, Management Analyst
City of San Fernando
117 MacNeil Ave.
San Fernando, CA 91340

RE: Collector's Option to Extend Term of Contract
Agreement to Provide Solid Waste and Recyclables Collection, Processing, and
Disposal Service

Dear Ms. Collins:

Per Article 2.5 of the contract between Crown Disposal Co., Inc. (Crown Disposal) and
The City of San Fernando (City), Crown Disposal is notifying the City of our election to
extend the term of our Agreement, as set forth in Section 2.4.1, for an additional three
years to October 30, 2012.

We look forward to continuing our partnership with the City and ensuring that recycling
rates continue to increase through the development of innovative diversion programs
such as the restaurant food waste program implemented last year.

Sincerely,

A handwritten signature in black ink that appears to read "Tom Ybarra".

Tom Ybarra

Contract #1465

F-285



**AGREEMENT TO PROVIDE
SOLID WASTE AND RECYCLABLES COLLECTION,
PROCESSING, AND DISPOSAL SERVICE**

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TABLE OF CONTENTS

RECITALS	1
ARTICLE I - DEFINITIONS	3
1.1. DEFINITIONS.....	3
ARTICLE 2 - PARTIES; EXCLUSIVE RIGHTS; TERM	10
2.1. PARTIES TO THE AGREEMENT.....	10
2.2. REPRESENTATIVES OF PARTIES AND SERVICE OF NOTICES.....	10
2.3. GRANT OF EXCLUSIVE RIGHTS	11
2.4. TERM AND EFFECTIVE DATE	11
2.5. COLLECTOR'S OPTION TO EXTEND TERM.....	12
2.6. REPRESENTATIONS AND WARRANTIES OF COLLECTOR.....	12
2.7. SERVICE START DATES	14
2.8. TRANSITION PLAN.....	14
ARTICLE 3 - SCOPE OF SERVICES	15
3.1. GENERAL	15
3.2. COMPLIANCE WITH APPLICABLE LAWS, RULES AND REGULATIONS.....	15
3.3. COLLECTION FROM RESIDENTIAL PREMISES.....	15
3.4. CARTS FOR RESIDENTIAL PREMISES	16
3.5. ADDITIONAL SOLID WASTE CARTS	17
3.6. ADDITIONAL RECYCLING AND GREEN WASTE CARTS.....	17
3.7. WHEEL OUT SERVICE.....	18
3.8. COLLECTION FROM COMMERCIAL/INDUSTRIAL PREMISES.....	18
3.9. COMMERCIAL RECYCLING	18
3.10. CONSTRUCTION AND DEMOLITION WASTE RECYCLING	19
3.11. COLLECTION FROM CITY FACILITIES	19
3.12. DISPOSAL OF STREET SWEEPING DEBRIS AT COLLECTOR'S FACILITY	19
3.13. COLLECTION FROM CITY STREET RECEPTACLES	19
3.14. CHRISTMAS TREE COLLECTION AND RECYCLING.....	19
3.15. COLLECTION AT CITY-SPONSORED SPECIAL EVENTS	20
3.16. COLLECTION OF USED MOTOR OIL AND FILTERS.....	20
3.17. UNLIMITED ON-CALL COLLECTION OF BULKY WASTE AT CURBSIDE.....	21
3.18. COLLECTION AND RECYCLING OF UNIVERSAL WASTE	21
3.19. HAZARDOUS WASTE NOTIFICATION AND PROCEDURES	22
3.20. DISPOSAL AND PROCESSING FACILITIES	22
3.21. TITLE TO SOLID WASTE, RECYCLABLES, AND GREEN WASTE	23
3.22. PUBLIC EDUCATION – TRANSITION TO NEW SERVICES.....	24
3.23. PUBLIC EDUCATION – THROUGHOUT THE TERM OF THE AGREEMENT.....	24
3.24. PUBLIC ACCESS TO COLLECTOR	25
3.25. SERVICE COMPLAINTS AND RESPONSE	25
3.26. REPORT OF ACCUMULATION OF SOLID WASTE; UNAUTHORIZED DUMPING	26
3.27. PRIVACY	26
3.28. CHANGE IN OPERATIONS OR SERVICE SCHEDULE.....	26
3.29. MODIFICATION OR CHANGE OF COLLECTION SERVICES: NEW SERVICES.....	27
3.30. CONTINGENCY PLAN.....	27
3.31. COMMUNITY INVOLVEMENT	27
ARTICLE 4 - MINIMUM DIVERSION REQUIREMENT	29
4.1. MINIMUM DIVERSION REQUIREMENT	29
ARTICLE 5 – INDEMNIFICATION; INSURANCE; BONDS	30
5.1. INDEMNIFICATION	30
5.2. INSURANCE	31

5.3. FAITHFUL PERFORMANCE BOND	33
ARTICLE 6 – COMPENSATION AND RATES.....	34
6.1. GENERAL	34
6.2. COMPENSATION AND ANNUAL ADJUSTMENT OF RATES	34
6.3. SCHEDULE OF FUTURE RATE ADJUSTMENTS	34
6.4. METHOD OF ADJUSTMENTS	34
6.5. EXTRAORDINARY ADJUSTMENTS	35
ARTICLE 7 – BILLING AND PAYMENT.....	36
7.1. BILLING TO THE CITY FOR STANDARD RESIDENTIAL COLLECTION SERVICE	36
7.2. BILLING TO RESIDENTIAL HOUSEHOLDERS FOR ADDITIONAL COLLECTION SERVICES.....	36
7.3. BILLING – COMMERCIAL/INDUSTRIAL BUSINESS OWNERS WITH BIN SERVICE	37
7.4. BILLING – COMMERCIAL/INDUSTRIAL BUSINESS OWNERS WITH ROLLOFF SERVICE.....	37
7.5. BILLING – RESIDENTIAL HOUSEHOLDERS WITH ROLLOFF BOX SERVICE	37
7.6. DELINQUENT ACCOUNTS.....	37
7.7. PAVEMENT IMPACT FEES	37
7.8. DISPUTES REGARDING REMITTANCES	38
ARTICLE 8 – FINANCIAL RECORD KEEPING AND REPORTING	39
8.1. ACCOUNTING AND RECORDS	39
8.2. RIGHT TO INSPECT RECORDS	39
ARTICLE 9 – OTHER RECORD KEEPING AND REPORTING REQUIREMENTS	40
9.1. RECORD KEEPING.....	40
9.2. QUARTERLY REPORTS.....	40
9.3. ADVERSE INFORMATION	41
9.4. ADDITIONAL REPORTING	41
9.5. OTHER RELATED REQUIREMENTS	41
9.6. INSPECTION BY CITY.....	41
ARTICLE 10– BREACH AND TERMINATION.....	42
10.1. DEFAULT AND NOTICE.....	42
10.2. NOTICE, RESPONSE, RESOLUTION AND APPEAL	42
10.3. TERMINATION FOR CAUSE	44
10.4. LIQUIDATED DAMAGES	45
10.5. INSTITUTION OF LEGAL ACTIONS	48
10.6. CUMULATIVE RIGHTS.....	48
10.7. ENFORCED DELAY; EXTENSION OF TIME.....	48
10.8. RIGHT TO DEMAND ASSURANCES OF PERFORMANCE.....	50
10.9. CITY’S RIGHT TO PERFORM UPON DEFAULT	50
ARTICLE 11- ASSIGNMENT	52
11.1. ASSIGNMENT OF AGREEMENT	52
11.2. TRANSFER OF STOCK OR INTEREST	52
11.3. BANKRUPTCY.....	52
11.4. REQUIREMENTS OF COLLECTOR	52
11.5. APPLICATION AND TRANSFER FEE.....	53
11.6. TRANSITION	53
ARTICLE 12-- MISCELLANEOUS PROVISIONS	54
12.1. INDEPENDENT CONTRACTOR.....	54
12.2. FEES AND GRATUITIES.....	54
12.3. GOVERNING LAW	54
12.4. ATTORNEY’S FEES	54
12.5. SUBCONTRACTING	54

12.6. AGREEMENT AS COLLATERAL	55
12.7. BINDING ON SUCCESSORS.....	55
12.8. TRANSITION TO THE NEXT COLLECTOR.....	55
12.9. PARTIES IN INTEREST	55
12.10. WAIVER	55
12.11. CONDEMNATION	55
12.12. CAPTIONS.....	55
12.13. REFERENCE TO LAWS	56
12.14. REFERENCE TO DAYS.....	56
12.15. INTERPRETATION.....	56
12.16. AMENDMENT.....	56
12.17. SEVERABILITY.....	56
12.18. ENTIRE AGREEMENT	57
12.19. COUNTERPARTS	57
EXHIBIT A.1 SCHEDULE OF MONTHLY RATES- RESIDENTIAL	
EXHIBIT A.2 SCHEDULE OF MONTHLY RATES -- COMMERCIAL AND INDUSTRIAL	
EXHIBIT B EXAMPLE RATE ADJUSTMENT	
EXHIBIT C PERFORMANCE STANDARDS	
EXHIBIT D CITY FACILITIES	
EXHIBIT D.1 MAP OF CITY FACILITIES AND CITY STREET RECEPTACLES	
EXHIBIT E CITY STREET RECEPTACLES	
EXHIBIT F SPECIAL EVENT SOLID WASTE & RECYCLING COLLECTION SERVICE	
EXHIBIT G EXAMPLE QUARTERLY REPORT	
EXHIBIT H PERFORMANCE BOND	
EXHIBIT I SCALE OF LIQUIDATED DAMAGES FOR FAILURE TO MEET MINIMUM DIVERSION REQUIREMENT	

**AGREEMENT TO PROVIDE
SOLID WASTE AND RECYCLABLES COLLECTION, PROCESSING, AND
DISPOSAL SERVICE**

This Agreement to provide Solid Waste and Recyclables Collection, Processing, and Disposal Service to Residential and Commercial/Industrial Premises ("Agreement") is entered into as of the 19th day of August, 2002, by and between the City of San Fernando, a California municipal corporation, organized and existing under the laws of the State of California ("City") and Crown Disposal, Inc., a California corporation ("Collector"), as follows:

RECITALS

This Agreement is entered into on the basis of the following facts, understandings, and intentions of the parties:

A. The Legislature of the State of California, by enactment of the California Integrated Waste Management Act of 1989 (Public Resources Code Section 49100, et seq.; hereinafter the "Act") established a solid waste management process which requires cities and other local jurisdictions to implement source reduction, reuse, and recycling as integrated waste management practices; and

B. The Act authorizes and requires local agencies to make adequate provisions for Solid Waste handling within their jurisdictions; and

C. The City Council has enacted Chapter 70 of the San Fernando Municipal Code, which establishes standards for the Collection and removal of Solid Waste and Recyclables, the Disposal of Solid Waste, the Recycling of Recyclables, and requirements for Collection Agreements; and

D. Pursuant to Sections 49300 and 49500-49523 of the Act, City is authorized to enter into an exclusive agreement for the Collection and Disposal of Solid Waste; and

E. City has previously entered into an agreement with another solid waste enterprise for the exclusive provision of the Solid Waste and Recyclables Collection services from Residential Services, which agreement expired by its terms on January 30, 2002, and has been continued on an interim basis since that date; and

F. On July 8, 1998, City notified all the solid waste enterprises that were lawfully providing service in the City at that time that exclusive solid waste handling services were to be provided, and that the statutory rights of those solid waste enterprises under Public Resources Code Section 49520 would terminate on July 8, 2003.

G. City desires to implement a new, semi-automated system of Solid Waste (including Green Waste) and Recyclables Collection from Residential Premises in the City, to more efficiently provide for the Collection of such materials, and to facilitate achievement of City's obligations pursuant to the Act; and

H. City has engaged in a competitive procurement process, resulting in City's selection of Collector to enter into this Agreement and exclusively provide Solid Waste, Green Waste and Recyclables Collection Services to Residential and Commercial/Industrial Premises in the City; and

I. Collector has represented and warranted to City that it has the experience, responsibility, and qualifications to implement the Collection of Solid Waste and Recyclables, and to arrange with residents and businesses in the City for the Collection, safe transport, Processing, and Disposal of all materials in compliance with Applicable Laws; and

J. City and Collector are mindful of the provisions of the laws governing the safe Collection, transport, Recycling, and Disposal of Solid Waste, and Used Motor Oil including the Act, RCRA, and CERCLA; and

K. City and Collector desire to leave no doubts as to their respective roles and to make it clear that by entering into this Agreement, City is not thereby becoming a "generator" or "arranger" as those terms are used in the context of CERCLA Section 107 (a) (3), and that it is Collector, not City, which is "arranging for" the Collection of Solid Waste and Recyclables from Residential and Commercial/Industrial Premises in the City, and transporting of same for Disposal, Recycling of Recyclables, and Processing of Green Waste; and

L. As a material inducement to City entering into this Agreement, Collector has agreed to fully indemnify City against all claims, losses, lawsuits or actions relating to any Hazardous Waste at any place where Collector transfers, stores, processes, or disposes of Solid Waste or Recyclables pursuant to this Agreement, or its activities pursuant to this Agreement that result in a release of hazardous substances into the environment.

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein contained, the parties agree to as follows:

Article 1 - DEFINITIONS

1.1. DEFINITIONS

Whenever any term used in this Agreement has been defined by Section 70-2 of Chapter 70 of the San Fernando City Code, the definitions in Section 70-2 shall apply unless the term is otherwise defined in this Agreement. In addition, the following definitions are hereby incorporated into this Agreement:

1.1.1. "Act" shall have the meaning set forth in the first recital of this Agreement.

1.1.2. "Additional Collection Services" are those services that are provided to individual Residential Householders in addition to Standard Collection Service. These services include additional Solid Waste, Recyclable, or Green Waste Carts in excess of those provided at no charge (in accordance with Sections 3.5 and 3.6), Wheel Out Service to non-eligible Residential Householders according to subsection 3.7.2, On-call Collection of Bulky Waste in excess of two Collections per calendar year (according to Section 3.17), and other services provided to individual Residential Householders that may be approved by the City Council. Collector receives its compensation for Additional Collection Services directly from Residential Householders in accordance with Section 7.2.

1.1.3. "Affiliate" shall mean all businesses (including corporations, limited and general partnerships and sole proprietorships) that are directly or indirectly related to Collector by virtue of direct or indirect ownership interest or common management. For purposes of determining whether an indirect ownership interest exists, the constructive ownership provisions of Section 318(a) of the Internal Revenue Code of 1986, as in effect on the date of this Agreement, shall apply.

1.1.4. "Agreement" shall mean this Agreement, including all exhibits and attachments, as this Agreement may be amended and supplemented.

1.1.5. "Alternative Daily Cover" shall mean materials other than soil used as landfill cover material pursuant to Title 27 of the California Code of Regulations (Section 20690).

1.1.6. "Alternative-Fuel Heavy-Duty Vehicle" means a heavy-duty vehicle or engine that uses compressed or liquefied natural gas, liquefied petroleum gas, methanol, electricity, fuel cells, or other advanced technologies that do not rely on diesel fuel.

1.1.7. "Applicable Law" shall mean all laws, regulations, rules, orders, judgments, decrees, permits, approvals, or other requirement of any governmental agency having jurisdiction over the Collection and disposition of Solid Waste and Recyclables that are in force on the Effective Date and as they may be enacted, issued or amended during the Term.

1.1.8. "Bin" shall mean containers owned by Collector and used for Collection of Solid Waste, Recyclables, or Green Waste with a capacity from 1.5 to 8 cubic yards.

1.1.9. "Bulky Waste" shall mean oversized or overweight household articles placed curbside by a Residential Householder, which oversized or overweight household articles have

weights, volumes or dimensions which cannot be accommodated by Solid Waste, Recyclables, or Green Waste carts for Residential Premises, such as stoves, refrigerators, water heaters, washing machines, furniture, sofas, mattresses, box springs, large rugs and Landscaping Debris.

1.1.10. "Bundle" shall mean all tree shrub and brush trimmings, or newspapers and magazines, securely tied together forming an easily handled package, not exceeding four feet in length, 18 inches in diameter or 45 pounds.

1.1.11. "Cart" shall mean an industry-standard receptacle for, Solid Waste, Recyclables, or Green Waste, made of hard rubber or plastic, in a range of sizes of approximately 35, 65 or 90 gallons, with wheels, a handle for ease of movement and a tight-fitting, attached lid, designed to be dumped mechanically into a Collection vehicle.

1.1.12. "CERCLA" means the Comprehensive Environmental Responsibility Compensation and Liability Act, 42 U.S.C.A. Section 9601 et seq., as amended or superseded, and the regulations promulgated thereunder.

1.1.13. "in the City" or "within the City" shall mean all of the territory within the corporate boundaries of City as such boundaries exist on the Effective Date of this Agreement or may thereafter exist by virtue of the annexation of territory to or detachment of territory from the boundaries of City.

1.1.14. "City Administrator" shall mean the City Administrator of the City of San Fernando, or his or her designee.

1.1.15. "City Code" shall mean the Code of the City of San Fernando, California, as it presently exists or may subsequently be amended.

1.1.16. "City Facility" means: City Hall, Police Station, Public Works Yard, City parks, rights of way, any other facility or real property used primarily by City that may be constructed, acquired or leased during the Term, including, but not limited to, those facilities described in Exhibit D.

1.1.17. "City Street Receptacle" shall mean receptacles owned by City with a capacity of 95 gallons or less that are strategically located within the City for use by the general public, including, but not limited to, those receptacles described in Exhibit E.

1.1.18. "CIWMB" shall mean the California Integrated Waste Management Board.

1.1.19. "Collection" shall mean the operation of gathering together within the City, and transporting to the point of Disposal or Processing, any Solid Waste, Green Waste, Recyclables or Used Motor Oil.

1.1.20. "Collection Services" shall mean all of the duties and obligations of Collector hereunder, including but not limited to Standard Residential Collection Service, Additional Collection Services, and services to Commercial/Industrial Premises.

1.1.21. "Collector's Diversion Rate" means, in any given period of time, the sum of the tons of Recyclables and Green Waste collected in the City by Collector and Recycled, divided by the sum of the tons of Recyclables, Green Waste and Solid Waste collected in the City by Collector. For example, if, during a three month period, Collector collects and Recycles 30 tons of Recyclables, collects and Composts 40 tons of Green Waste, and collects and disposes of 130 tons of Solid Waste, Collector's Diversion Rate would be 35% ($30 + 40 = 70$) divided by ($30 + 40 + 130 = 200$), or $70/200 = 35\%$.

1.1.22. "Commercial/Industrial Business Owner" shall mean any Person, holding or occupying, alone or with others, Commercial/ Industrial Premises, whether or not it is the holder of the title or the owner of record of the Commercial/Industrial Premises.

1.1.23. "Commercial/Industrial Premises" shall mean all occupied real property in the City, except property occupied by state or local governmental agencies which, pursuant to state or federal law, are exempt from the requirement to utilize City's Authorized Collector and except Residential Premises as defined herein, and shall include, without limitation, wholesale and retail establishments, restaurants and other food establishments, bars, stores, shops, offices, industrial establishments, manufacturing establishments, service stations, repair, research and development establishments, professional, services, sports or recreational facilities, Construction and Demolition Sites, Multi-Family Residences that are not Residential Premises, and any other commercial or industrial business facilities, structures, sites, or establishments in the City.

1.1.24. "Composting" or "Composted" shall mean the controlled biological decomposition of Green Waste or other organic wastes.

1.1.25. "Construction and Demolition Sites" shall mean any real property in the City in, on or from which a building or structure is being fabricated, assembled, erected, remodeled or demolished, and which produces Construction and Demolition Waste which must be removed from the property, and requires the use of a Bin or Rolloff Box for that purpose.

1.1.26. "Construction and Demolition Waste" shall mean any nonputrescible Solid Waste generated as the result of construction or demolition, including without limitation, discarded packaging or containers and waste construction materials, whether brought on site for fabrication or used in construction or resulting from demolition, excluding liquid waste, Hazardous Waste, and Medical and Infectious Waste.

1.1.27. "Consumer Price Index" or "CPI" shall mean the Consumer Price Index (CPI) All Urban Consumers for the Los Angeles-Anaheim-Riverside Area, base period 1982-84=100.

1.1.28. "Container" shall mean any Bin, Cart, Rolloff Box, City Street Receptacle or other vessel used for the purpose of holding Solid Waste, Recyclables or Green Waste for Collection.

1.1.29. "Control" shall mean, for purposes of this Agreement, the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a corporation, partnership, joint venture, or other association.

1.1.30. "Designated Disposal Site" means the Solid Waste Disposal facility or facilities designated by Collector pursuant to Section 3.20.1, subject to City's right to disapprove the designation pursuant to that Section, for the Disposal of Solid Waste collected pursuant to this Agreement.

1.1.31. "Designated Green Waste Facility" means the Green Waste Processing facility designated by Collector pursuant to Section 3.20.3, subject to City's right to disapprove the designation pursuant to that Section, for the Processing of Green Waste collected pursuant to this Agreement.

1.1.32. "Designated Recycling Facility" means the Recycling Processing facility designated by Collector pursuant to Section 3.20.2, subject to City's right to disapprove the designation pursuant to that Section, for the Processing of Recyclables collected pursuant to this Agreement.

1.1.33. "Destination Facility" means a facility that treats, processes, or Recycles a particular category of Universal Waste. "Destination Facility" shall have the meaning set forth in California Code of Regulations, Title 22 §66273.9, or successor laws and regulations as may be amended from time to time.

1.1.34. "Disposal" shall mean the management of Solid Waste through landfill disposal or transformation at a permitted solid waste facility.

1.1.35. "Diversion" means activities undertaken by the Collector which reduce or eliminate the amount of Solid Waste from Disposal, consistent with Public Resources Code §40124.

1.1.36. "Dual Fuel Heavy Duty Vehicle" means a heavy-duty vehicle equipped with a diesel engine that uses an alternative fuel (such as compressed or liquefied natural gas, liquefied petroleum gas, methanol, or other advanced technologies) in combination with diesel fuel to enable compression ignition. A dual-fuel engine typically uses the alternative fuel to supply 85 percent of the total engine fuel requirement on a BTU basis. A dual-fuel engine must be certified by CARB to meet an applicable optional nitrogen oxide exhaust emission standard and be fitted with a particulate matter after treatment control device that achieves a particulate matter emissions level no greater than the particulate matter emissions level of the latest certified M-100 methanol engine certified by CARB prior to the date of adoption of this rule.

1.1.37. "Effective Date" means the date upon which the Term begins according to Section 2.4.

1.1.38. "Environmental Statutes" means, for the purposes of this Agreement, 42 U.S.C. Sections 6901, et seq. and Sections 9600, et seq., and California Health and Safety Code Sections 25300, et seq., or successor statutes.

1.1.39. "Green Waste" shall mean that Solid Waste consisting of leaves, grass clippings, brush, branches and other forms of organic materials generated in the City from landscapes or gardens, which is separated from other Solid Waste.

1.1.40. "Gross Receipts" means all compensation received by Collector for providing the Collection Services. Gross Receipts includes, but is not limited to, compensation received from City for Standard Collection Service, compensation received from Residential Householders for Additional Collection Services, and compensation received from Commercial/Industrial customers for Collection Services set forth in Article 3. Gross Receipts excludes revenue received from the sale of Recyclables.

1.1.41. "Hazardous Waste" shall have the meaning set forth in California Code of Regulations, Title 14 §17225.32 and Health and Safety Code §25117, or successor laws and regulations as may be amended from time to time.

1.1.42. "Hazardous Substance" shall have the meaning set forth in the California Health and Safety Code §25316, or successor laws and regulations as they may be amended from time to time.

1.1.43. "Holiday" shall mean New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

1.1.44. "Household Hazardous Waste" shall have the meaning set forth in California Code of Regulations, Title 14 §18502, or successor laws and regulations as may be amended from time to time.

1.1.45. "Landscaping Debris" shall mean Green Waste that does not fit into a standard Residential Green Waste Cart, and includes stumps or branches exceeding three (3) inches in diameter or three (3) feet in length.

1.1.46. "Manure" shall mean the waste droppings from any animal.

1.1.47. "Medical and Infectious Waste" shall mean biomedical waste generated at hospitals, public or private medical clinics, dental offices, research laboratories, pharmaceutical industries, blood banks, mortuaries, veterinary facilities and other similar establishments.

1.1.48. "Mobile Home" shall have the meaning set forth in California Health and Safety Code §18200.

1.1.49. "Mobile Home Parks" means a site at which Mobile Home spaces are rented for residential use.

1.1.50. "Multi-Family Residence" shall mean any building or structure, including but not limited to Mobile Home Parks, or portion thereof, used for residential purposes having greater than four (4) distinct living units.

1.1.51. "Person" means any individual, corporation, partnership, limited liability company, joint venture, association, firm, joint stock company, trust, unincorporated association, governmental authority or agency, or other entity.

1.1.52. "Process" or "Processing" shall mean the reduction, separation, recovery and conversion of Solid Waste.

1.1.53. "Recyclables" shall mean materials that are generated in the City, discarded or abandoned by the generator, set out for Collection differently than Solid Waste, and commonly collected in curbside recycling programs in Los Angeles County. These materials include: polyethylene terephthalate containers ("PET") marked "1" as of the date of this Agreement, high density polyethylene containers ("HDPE") marked "2" as of the date of this Agreement, California redemption containers, glass containers, ferrous metals, non-ferrous metals, newspaper, corrugated cardboard, chipboard, white paper, mixed paper, and telephone books.

1.1.54. "Recycle" "Recycled" or "Recycling" shall mean the process of collecting, sorting, cleansing, treating, and reconstituting materials that would otherwise become Solid Waste, and returning them to the economic mainstream in the form of raw material for new, reused, or reconstituted products which meet the quality standards necessary to be used in the marketplace. "Recycling" includes the use of material for Alternative Daily Cover and does not include Transformation.

1.1.55. "Recycling Revenues" means all revenues resulting from the sale of Recyclables collected pursuant to this Agreement. Recycling Revenues also includes any reimbursements from the State for California Redemption Value materials, and any Department of Conservation reimbursement for curbside Recyclables Collection pursuant to Public Resources Code Section 14549.6(a).

1.1.56. "Residential Householder" shall mean any Person or Persons holding or occupying Residential Premises in the City, whether or not the owner of the Residential Premises.

1.1.57. "Residential Premises" shall mean: (i) any building or structure, or portion thereof, that is used for residential housing purposes and has four (4) or fewer distinct living units; and (ii) any Multi-Family Residence which, with the prior written approval of the City Administrator, receives Standard Residential Collection Service.

1.1.58. "Residential Premises Unit" shall mean a dwelling unit in a Residential Premises.

1.1.59. "Residue" means materials that remain after Processing Recyclables and Green Waste, which cannot be Recycled, marketed, or otherwise utilized, including but not limited to materials such as rocks, contaminated paper, putrescible waste, and other debris.

1.1.60. "Rolloff Box" shall mean a fabricated metal box typically with a capacity of between 10 and 50 cubic yards capable of being dropped off and transported by a specially equipped rolloff Collection vehicle.

1.1.61. "Solid Waste" shall mean all putrescible and nonputrescible solid, semisolid, and liquid wastes, including garbage, trash, refuse, paper, rubbish, ashes, industrial wastes, Construction and Demolition Wastes; discarded home appliances; dewatered, treated, or chemically fixed sewage sludge which is not a Hazardous Waste; Manure, vegetable or animal solid and semisolid wastes; and other discarded solid and semisolid wastes. "Solid Waste" does not include Hazardous Waste or Medical and Infectious Waste.

1.1.62. "Special Events" shall mean those events listed in Appendix F.

1.1.63. "Standard Residential Collection Service" include the Collection from Residential Premises Units of the following: a single cart of Solid Waste, up to two (2) carts of Recyclables, up to two (2) carts of Green Waste, Used Motor Oil, and up to two (2) Bulky Item pickups per calendar.

1.1.64. "Standard Residential Collection Service Rate" means the rate for Standard Residential Collection Service, as shown on Exhibit A.1.

1.1.65. "Term" means the term of this Agreement, as set forth in Section 2.4.

1.1.66. "Tipping Fee" means the fee charged by a Disposal or Processing facility to dispose or process one (1) Ton of waste.

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

1.1.68. "Transformation" means incineration, pyrolysis, distillation, gasification or biological conversion other than composting. "Transformation" does not include Composting or biomass conversion.

1.1.69. "Universal Waste" includes batteries, thermostats, lamps, and cathode ray tubes. "Universal Waste" shall have the meaning set forth in California Code of Regulations, Title 22 §66273.9, or successor laws and regulations as may be amended from time to time.

1.1.70. "Used Motor Oil" means motor oil that has been drained from non-commercial vehicles by Residential Household.

1.1.71. "Used Motor Oil Container" means a plastic container with the capacity of approximately one (1) gallon with a screw type lid, which is approved by City and designed and marked to contain Used Motor Oil.

1.1.72. "Wheel Out Service" shall mean the act of retrieving the Solid Waste, Recyclables, and Green Waste Carts from the side of Residential Premises, moving them to the curb for Collection, and returning them to their original location.

Article 2 - PARTIES; EXCLUSIVE RIGHTS; TERM

2.1. PARTIES TO THE AGREEMENT

The parties to this Agreement are:

2.1.1. City: The City of San Fernando, a municipal corporation, having its principal office at 117 MacNeil Street, San Fernando, California.

2.1.2. 2.1.2 Collector: Crown Disposal, Inc., having its principal place of business at 9189 De Garmo Avenue, Sun Valley, California.

2.2. REPRESENTATIVES OF PARTIES AND SERVICE OF NOTICES

The representatives of the parties who are primarily responsible for the administration of this Agreement, and to whom formal notices, demands and communications shall be given, are as follows:

2.2.1. The principal representative of City shall be:

Mr. Michael Drake, Director of Public Works
117 MacNeil Street
San Fernando, California 91340
Telephone: 818/898-1222
Fax: 818/365-8090

2.2.2. The principal representative of Collector shall be:

Mr. Tom Ybarra
Sales Manager
9189 De Garmo St.
Sun Valley, California 91352
Telephone: 818/767-0675
Fax: 818/768-0541

2.2.3. Formal notices, demands, and communications to be given hereunder by either party shall be made in writing, and shall be personally delivered or sent by registered or certified mail, postage pre-paid, return receipt requested, or by Federal Express or other courier service which provides a written receipt of delivery, or delivered or sent by facsimile transmission, to the addresses set forth in this Section 2.2. The notices or other communications shall be deemed received and effective upon: (i) if personally delivered, the date of delivery to the address of the person to receive such notice; (ii) if mailed, the date of delivery or refusal to accept delivery indicated in the certified or registered mail receipt; or (iii) if given by courier service, on the date of delivery evidenced by the receipt for delivery provided by the courier service; or (iv) if faxed, when sent. Any notice, request, demand, direction or other communication sent by fax must be confirmed within forty-eight (48) hours by letter mailed or delivered in accordance with the foregoing.

2.2.4. If the name of the principal representative designated to receive the notices, demands, or communications, or the address of such person, is changed, written notice shall be given to the other party within five (5) working days of the change.

2.3. GRANT OF EXCLUSIVE RIGHTS

2.3.1. Subject to the terms and conditions of this Agreement, Sections 49520 and 49521 of the Public Resources Code, other Applicable Laws, and to the rights of State, county and school district facilities to use a service provider other than Collector, City hereby grants and issues to Collector the exclusive authority, right and privilege to collect, transport, process, and dispose of all Solid Waste, Recyclables, and Green Waste generated or accumulated within the City, for the Term unless earlier terminated as provided herein.

2.3.2. Collector accepts the terms of this Agreement as defining the scope of its exclusive rights to provide Solid Waste and Recyclables Collection, Processing and Disposal services in the City.

2.3.3. As a material inducement to City to enter into this Agreement, Collector hereby waives any right it may possess to contest the legal right, power or the authority of City to enter into and perform this Agreement, or any provision hereof, and agrees to cooperate with and assist City in supporting the legal validity of and authorization for such provisions in the event of any legal challenge thereto brought or made in any manner by a third party.

2.4. TERM AND EFFECTIVE DATE

2.4.1. The term of this Agreement shall commence on the date the conditions precedent set forth in Section 2.4.2 have been satisfied or waived (the "Effective Date"), and shall expire at midnight on Friday, October 30, 2009, unless otherwise extended pursuant to Section 2.5 below. Notwithstanding the foregoing, the unexcused failure or refusal of Collector to perform any material term, covenant, obligation or condition contained in this Agreement shall give rise to the right, in favor of City, to terminate this Agreement for cause in accordance with the procedures elsewhere contained herein.

2.4.2. This Agreement shall not become effective and City shall not be obligated to perform the undertakings provided for in this Agreement unless and until each and all of the conditions set out below are satisfied, or waived in written form by City. Waiver of any of the following as a condition to the effectiveness of this Agreement will not preclude City from pursuing any claim for breach of this Agreement. In the sole discretion of the City Administrator, this Agreement shall expire and be of no further force or effect, without the need for notice pursuant to Section 10.1, if the conditions precedent set forth below are not satisfied on or before September 27, 2002:

(a) The representations and warranties made by Collector in Section 2.6 of this Agreement are true and correct on and as of the Effective Date.

(b) There is no litigation pending on the Effective Date in any court challenging the award or execution of this Agreement or seeking to restrain or enjoin its performance.

(c) Collector shall submit, to the satisfaction of the City Administrator: (a) endorsements of insurance coverage pursuant to Section 5.2; and (b) the faithful performance bond pursuant to Section 5.3.

(d) Collector shall deliver to City evidence satisfactory to the City Administrator that Collector has the authority to provide, or has arranged for, the Disposal and Processing rights at the Designated Disposal Sites, Designated Recycling Facility, and Designated Green Waste Facility.

(e) Collector shall submit to the City Administrator, and the City Administrator shall have approved, the transition plan required by Section 2.8, the public education plan required by Section 3.22, and the contingency plan required by Section 3.30.

Collector shall submit the items required by paragraphs (c), (d), and (e) above no later than September 6, 2002, to allow sufficient time for the City Administrator to review and approve the items, or notify Collector of any deficiencies and allow Collector time to correct those deficiencies, before September 27, 2002.

2.5. COLLECTOR'S OPTION TO EXTEND TERM

Collector, at its sole option, shall have the right to extend the term of this Agreement set forth in Section 2.4.1 for an additional three years such that the extended term of this Agreement will end on October 30, 2012. Collector shall notify City in writing of its election to extend the term no later than October 30, 2007. In the event that Collector does not notify City of its election to extend the term by October 30, 2007, then the term of this Agreement shall expire on October 30, 2009 according to Section 2.4.1.

2.6. REPRESENTATIONS AND WARRANTIES OF COLLECTOR

Collector hereby covenants, represents, and warrants the following to City for the purpose of inducing City to enter into this Agreement and to consummate the transaction contemplated hereby, all of which shall be true as of the date of this Agreement and as of the Effective Date:

(a) Collector is duly organized and validly existing as a corporation under the laws of the State of California, with full legal right and power to enter into and perform its obligations under this Agreement.

(b) Collector has the authority to enter into and perform its obligations under this Agreement. Collector or its authorized representative has taken all actions required by law and its governing documents to authorize the execution of this Agreement. Collector represents and warrants that the persons signing this Agreement on behalf of Collector have authority to do so. This Agreement constitutes the legal, valid and binding obligation of Collector.

(c) Neither the execution of this Agreement nor the delivery by Collector of Collection Services nor the performance by Collector of its obligations hereunder: (1) conflicts with, violates or results in a breach of Applicable Law; (2) conflicts with, violates or results in a breach of any term or condition of any judgment, decree, agreement (including, without limitation, the certificate of incorporation of Collector) or instrument to which Collector is a

party or by which Collector or any of its properties or assets are bound, or constitutes a default under any such judgment, decree, agreement or instrument; or (3) will result in the creation or imposition of any encumbrance of any nature whatsoever upon any of the properties or assets of Collector.

(d) There is no action, suit or other proceeding as of the date of this Agreement, at law or in equity, or to the best of Collector's knowledge, any investigation, before or by any court or governmental authority, pending or threatened against Collector which is likely to result in an unfavorable decision, ruling or finding which would materially and adversely affect the validity or enforceability of this Agreement or any such agreement or instrument entered into by Collector in connection with the transactions contemplated hereby, or which could materially and adversely affect the ability of Collector to perform its obligations hereunder or which would have a material adverse effect on the financial condition of Collector.

(e) Collector has no knowledge of any Applicable Law in effect as of the date of this Agreement that would prohibit the performance by Collector of this Agreement and the transactions contemplated hereby.

(f) Collector has made an independent investigation, satisfactory to it, of the conditions and circumstances surrounding this Agreement and the work to be performed by it, and is satisfied that those conditions and circumstances will not impair its ability to perform the work and provide the Collection Services required by this Agreement.

(g) The information supplied by Collector in all submittals made in connection with negotiation and execution of this Agreement, including all materials in Exhibits of this Agreement, and all representations and warranties made by Collector throughout this Agreement are true, accurate, correct and complete in all material respects on and as of the Effective Date of this Agreement.

(h) Collector's representative, designated in Section 2.2.2, shall have authority in all daily operational matters related to this Agreement. City may rely upon action taken by such designated representative as action of Collector unless the actions taken are not within the scope of this Agreement.

(i) Collector shall be able to initiate the new services required by this Agreement such that all services and programs required by this Agreement are implemented and fully operational on or before the dates set forth in Section 2.7.

(j) The Sunshine Canyon Landfill is properly permitted by the Regional Water Quality Control Board and the CIWMB/Local Enforcement Agency, is classified as a Class 3 landfill (permitted to receive municipal solid waste), complies with all Applicable Laws, is not on or being considered for inclusion on a state or federal Superfund list, or CIWMB list of solid waste facilities failing to meet State minimum standards, has sufficient capacity to accept all Solid Waste collected from within the City during the Term, and that it will in fact accept all Solid Waste collected from within the City during the Term.

2.7. SERVICE START DATES

2.7.1. Except as set forth in subsection 2.7.2, Collector shall initiate the new services required by this Agreement such that all services and programs required by this Agreement are implemented and fully operational on or before Monday, November 4, 2002. The new Carts required by this Agreement for use in the Collection of Solid Waste, Recyclables, and Green Waste shall be distributed to Residential Premises throughout the City during the week beginning on Monday, October 28, 2002.

2.7.2. On July 1, 2003, Collector shall begin performing the services provided to Commercial/Industrial customers described in Sections 3.8, 3.9, 3.10, and the Universal Waste Collection services described in Section 3.18.

2.8. TRANSITION PLAN

Collector shall submit to the City Administrator, prior to the date set forth in Section 2.4.2, a written transition plan for the transition to semi-automated Collection, and implementation of the various programs required by this Agreement. The City Administrator shall, within 15 days of receipt of the plan, concur with or require changes in the plan.

Article 3 - SCOPE OF SERVICES

3.1. GENERAL

Collector shall collect all Solid Waste (including Green Waste) and Recyclables generated and presented for Collection at each Residential and Commercial/Industrial Premises in the City, in conformity with the provisions of this Agreement, including but not limited to the performance standards set forth in Exhibit C. The work to be done by Collector pursuant to this Agreement shall include the furnishing of all labor, supervision, vehicles, Containers, other equipment, materials, supplies, and all other items necessary to perform the Collection Services, and the payment of all related expenses including, but not limited to, all taxes and utility charges. The Collection Services shall be performed in a thorough and professional manner that constitutes litter free, reliable, courteous and high-quality service. Collector shall at all times perform its duties using best industry practices for comparable operations.

3.2. COMPLIANCE WITH APPLICABLE LAWS, RULES AND REGULATIONS

3.2.1. Collector shall acquire and maintain all necessary permits and licenses (including a City of San Fernando business license), and shall comply with all provisions of this Agreement, the City Code (including but not limited to Chapter 70 of the City Code, which is incorporated herein by this reference), and all other Applicable Laws, rules, and implementing regulations, as they may from time to time be amended, including, but not limited to the Act, CERCLA, and RCRA.

3.2.2. Collector agrees to observe and comply with the operating rules and regulations established by the applicable county and the State regarding the Designated Disposal Site, Designated Recycling Facility, and the Designated Green Waste Facility, including without limitation those governing delivery procedures, receiving hours, vehicle and waste inspection, Hazardous Waste screening, litter control and safety measures.

3.3. COLLECTION FROM RESIDENTIAL PREMISES

3.3.1. Collector shall furnish all labor, supervision, materials, permits, licenses, and equipment necessary to provide automated Collection of Solid Waste, Green Waste and Recyclables. Collector shall provide, at a minimum, semi-automated Collection service, and may utilize fully-automated equipment. Collector acknowledges and agrees that if it utilizes fully-automated equipment, its drivers may be required to leave the vehicle to collect bags or Bundles set out next to Carts. Additionally, drivers may be required to leave the Collection vehicle due to on-street parking. Collector agrees that City is under no obligation to prohibit on-street parking to accommodate Collector's operations. Collector shall collect Solid Waste, Recyclables, and Green Waste from all Residential Premises in the City from the curb or alley on a weekly basis. Collector shall collect all Solid Waste, Green Waste and Recyclables properly set out for Collection according to Section 3.3.2 below.

3.3.2. Solid Waste, Green Waste and Recyclables shall be considered properly set out for Collection if they are inside the Carts provided by Collector and set out at the curb, or easily accessible in the alley. Any additional amounts of Solid Waste, Green Waste or Recyclables that

exceed the capacity of the Carts shall also be considered properly set out for Collection if they are:

Placed adjacent to the Carts; and,

Securely contained in bags or in a Bundle; and,

Do not collectively exceed 60 pounds in weight.

3.3.3. In those instances when a Residential Householder sets out an amount of additional material that exceeds the 60-pound limit, Collector shall be initially required to collect the material. Collector shall notify the Residential Householder that their materials were not properly set out for Collection by placing a notice on the Residential Householder's Cart. Collector shall also provide the Residential Householder with information about City's set out limits, guidance on how to divert more of their waste, and information about the availability and cost (if applicable) of additional Carts. Collector shall maintain a log, similar to or in conjunction with the log described in Section 7.C of Exhibit C, of all Residential Householders so notified.

3.3.4. In those instances when, after being notified and informed according to subsection 3.3.3 above, a Residential Householder continues to set out an amount of additional material that exceeds the 60 pound limit, Collector may elect to collect only from the Carts and not collect the additional material. In those instances when Collector does not collect the additional material, Collector shall notify the Residential Householder according to Section 7.C of Exhibit C.

3.3.5. Curbside Collection of Recyclables and Green Waste shall be performed weekly, on the same day as Solid Waste Collection. City shall have the right to modify the list of residential Recyclables at any time during the term of this Agreement, upon written notice to Collector but without the need to amend this Agreement.

3.4. CARTS FOR RESIDENTIAL PREMISES

3.4.1. Collector shall provide the initial Carts and any needed replacement Carts to all Residential Premises. All Residential Premises shall receive one (1) Solid Waste Cart, one (1) Recyclables Cart, and one (1) Green Waste Cart, each having an approximate capacity of at least 60 gallons.

3.4.2. All Carts provided by Collector shall have a capacity of at least 60 gallons. Carts shall be the "Husky" model container manufactured by Rehrig, or another Cart approved by the City Administrator. Carts shall have a warranty by the manufacturer of at least five (5) years. Cart lids shall have recycling instructions in English and Spanish. The Carts shall be colored as follows: Solid Waste Cart: Charcoal; Recyclables Cart: Blue; Green Waste Cart: Green. Collector shall attach one sticker, furnished by City, to each side of each Cart. Any modifications to the color of the Carts shall be subject to the approval of the City Administrator. All Carts delivered in the City shall be new, and not previously used. All Carts delivered to replace previously delivered Carts may have been previously used in the City.

3.4.3. Repairs to Carts for damage caused by ordinary wear and tear by the Residential Householders or by Collector shall be the responsibility of Collector. These repairs include replacement of wheels, lids, hinges, axles, and handles.

3.4.4. In the event delivered Solid Waste, Recycling and Green Waste Residential Carts are lost, stolen, damaged or destroyed, not through the willful or intentional abuse or misuse of Residential Householder, Collector shall deliver to the Residential Householder a replacement Cart(s) within 48 hours of a request at no charge to the Residential Householder or City for either the Cart or its delivery. Collector shall have the right to charge Residential Householders for the cost of replacing Carts damaged through willful or intentional abuse or misuse by the Residential Householder. In the event of a dispute between the Residential Householder and Collector regarding whether a Cart was damaged through willful or intentional abuse or misuse by the Residential Householder, the City Administrator shall make the final determination.

3.4.5. Collector shall bear the cost of replacing the first 200 Carts in any calendar year. To the extent that Collector replaces more than 200 Carts in a single calendar year, pro rated for partial years, and excepting those Carts for which Collector is reimbursed pursuant to paragraph 3.4.4, City shall allow Collector to recover the actual cost of replacing such Carts. City shall reimburse Collector for the actual cost of such additional replacement carts, including Collector's purchase, assembly and delivery costs, by temporarily increasing the Standard Residential Collection Service Rate in Exhibit A.1. Requests for such increases to the Standard Residential Collection Service Rate shall be subject to the terms of Sections 6.5.

3.4.6. Collector shall not place any labels or embossments on the Solid Waste, Recycling and Green Waste Residential Carts without prior approval by the City Administrator.

3.5. ADDITIONAL SOLID WASTE CARTS

Collector shall provide, at the monthly rate for additional Carts shown in Exhibit A.1, or as that rate may be adjusted according to Article 6, additional Solid Waste Carts to any Residential Premises Unit upon request from the Residential Householder. Such additional Solid Waste Cart(s) shall be considered an Additional Service and Collector shall invoice the Residential Householder for such Additional Service according to Section 7.2.

3.6. ADDITIONAL RECYCLING AND GREEN WASTE CARTS

Collector shall provide, at no charge to City or the Residential Householder, up to one (1) each additional Recycling and up to one (1) additional Green Waste Carts to any Residential Premises upon request from the Residential Householder. Collector shall not be obligated to provide additional Recycling and or Green Waste Carts, however, unless the Residential Householder shall, as a condition, actually utilize on a regular basis all of the capacity of the additional Recycling Cart(s) and or additional Green Waste Cart(s).

In the event that a Residential Householder requests more than one (1) additional Recycling Carts or more than one (1) additional Green Waste Carts, Collector may charge a monthly fee not to exceed the monthly rate for additional Solid Waste Carts in Exhibit A.1, as that rate may be adjusted according to Article 6. Such additional Recycling or Green Waste Cart(s) shall be

considered an Additional Service and Collector shall invoice the Residential Householder for such Additional Service according to Section 7.2.

3.7. WHEEL OUT SERVICE

3.7.1. Collector shall provide Wheel-out Service at no charge to eligible Residential Household-ers. For purposes of this Section, "eligible Residential Household-ers" are those who: (1) are physically unable to move the Carts as verified by a medical certificate; and (2) annually sign a sworn statement that they live in a residence with no other residents capable of moving Carts. The City Administrator shall make the final determination of Residential Household-ers eligible for Wheel-out Service at no charge.

3.7.2. Collector shall provide Wheel-out Service for any non-eligible resident requesting such service on a for-fee basis. Service shall be provided for the rate specified in Exhibit A.1. Collector shall be responsible for invoicing and collecting fees for Wheel-out Service directly from the Customer in accordance with Section 7.2.

3.8. COLLECTION FROM COMMERCIAL/INDUSTRIAL PREMISES

Collector shall collect all Solid Waste that is placed in Bins or Rolloff Boxes at all Commercial/Industrial Premises within the City at least once every week or more frequently if required to handle the Solid Waste stream of the Commercial/Industrial Premises where the Bins are located. Collector shall provide a Bin or Rolloff Box suitable to each Commercial/Industrial Premises for the Collection of Solid Waste. Special consideration shall be given when determining the pick up area for Commercial/Industrial Premises to ensure that the flow of traffic is not impeded and that it does not result in aesthetic degradation of an area. The designated Collection location, if disputed by the Commercial/Industrial Business Owner or Collector, shall be determined by the City Administrator. Additionally, if in the City Administrator's opinion, the existing Collection location is inappropriate, the City Administrator may require the Commercial/Industrial Business Owner and/or Collector to relocate location of the Bin or Rolloff Box(s).

3.9. COMMERCIAL RECYCLING

Collector shall provide Commercial Recycling Collection service to all Commercial/Industrial customers requesting it from Collector, regardless of the amount of revenue generated through charges to customers or received from the sale of Recyclables. Commercial Recycling Collection programs shall be made available at a minimum for: mixed office paper; cardboard; newspaper; scrap metal including cans; glass; PET plastic; HDPE plastic; all narrow neck plastics; and scrap lumber. Collector shall make Recycling programs available for all other materials for which it has established markets. Collector shall notify all its Commercial/Industrial Business Owners each year of the availability of Commercial Recycling Collection programs. Commercial Recycling Collection shall be performed using a Container type (i.e., Carts, Bins) mutually agreed upon by Collector and the Commercial/Industrial Business Owner. Commercial Recycling Collection shall be provided at a rate not to exceed 75% of the rate charged for Solid Waste Collection service for the same size of Container and frequency of service.

In lieu of providing Commercial Recycling Collection service, Collector may elect to Process the entire contents of Containers collected from Commercial/Industrial Business Owners at its material recovery facility.

3.10. CONSTRUCTION AND DEMOLITION WASTE RECYCLING

Collector shall cause eighty-five percent (85%) of the Construction and Demolition Waste in the City to be diverted from Disposal, either by transporting Construction and Demolition Waste to a facility where it will be processed for reuse, or otherwise.

3.11. COLLECTION FROM CITY FACILITIES

Collector shall collect and deliver for Disposal or Processing all Solid Waste, Green Waste, Recyclables and Construction and Demolition Debris from all City Facilities. Collector shall provide each City Facility with sufficient Bins and other Containers, as determined by the City Administrator, for the Collection of Solid Waste, Green Waste, Recyclables and Construction and Demolition Debris.

All services provided to City Facilities shall be provided at Collector's expense, with no charge to City. A current list of City Facilities and the services to be provided to each of those City Facilities is included in Exhibit D. The City Administrator may delete or add a City Facility from Exhibit D at any time, upon written notice to Collector.

3.12. DISPOSAL OF STREET SWEEPING DEBRIS AT COLLECTOR'S FACILITY

Collector shall allow City or City's street sweeping contractor to deliver street sweeping debris collected in the City to Collector's material recovery facility. Collector shall not charge City or City's street sweeping contractor for this service.

3.13. COLLECTION FROM CITY STREET RECEPTACLES

Collector shall collect Solid Waste from the City Street Receptacles described in Exhibit E no less frequently than three (3) times per week on Monday, Wednesday, and Friday. Collector shall also collect from any Street Receptacle that is overflowing, regardless of which day of the week it is, even if Collector has collected from that Street Receptacle three (3) times that week. Collector shall also collect any spilled waste or litter within a five (5) foot radius of any City Street Receptacle.

3.14. CHRISTMAS TREE COLLECTION AND RECYCLING

Collector shall collect, transport and process as Green Waste all acceptable Christmas trees from all Residential Premises within the City which are placed for Collection on the first ten (10) regularly scheduled Collection days after December 25 for each Collection route, at no additional compensation to Collector or charge to the Residential Householder or City. In addition, for the two weeks commencing December 26th, Collector shall provide up to three (3) Rolloff Boxes (as determined by the City Administrator) at locations designated by the City Administrator for the drop-off of acceptable Christmas trees. For purposes of this Section 3.14, "acceptable Christmas trees" shall mean trees that are acceptable for Processing as Green Waste pursuant to Section

3.20.3 (i.e., no “flocked” trees, or trees with material amounts of tinsel). Collector shall have no obligation to collect trees or portions of trees that are greater than six (6) feet in length.

3.15. COLLECTION AT CITY-SPONSORED SPECIAL EVENTS

Collector shall provide Solid Waste and Recycling Collection service at the Special Events shown in Exhibit F. This service shall include providing Containers to collect all Solid Waste and source-separated Recyclables generated at these events. These services shall be provided at no additional cost to City or event sponsors.

3.16. COLLECTION OF USED MOTOR OIL AND FILTERS

3.16.1. Collector shall collect Used Motor Oil placed at the curb for Collection by Residential Householders. Collector shall collect Used Motor Oil on the same day of the week as it collects Solid Waste, Recyclables, and Green Waste. Upon request by City, Collector shall also collect any Used Motor Oil from the public works yard. In providing Used Motor Oil Collection Service, Collector shall make use of the existing Used Motor Oil Containers that are currently owned by City and distributed to Residential Householders. Collector shall be responsible for providing additional and replacement Used Motor Oil Containers to Residential Householders on an as-needed basis. City shall require Residential Householders to only use City-approved Used Motor Oil Containers and secure the lids on any Used Motor Oil Containers set out for Collection.

3.16.2. Collector shall be responsible for avoiding the contamination of Used Motor Oil by visually inspecting Used Motor Oil Containers placed at the curb for Collection. Collector shall only collect Used Motor Oil that is placed in a City-approved Used Motor Oil Container. Collector shall utilize only Used Motor Oil Containers that enable its personnel to easily detect signs of contamination. Collector shall not collect Used Motor Oil Containers that show signs of contamination. Collector shall prepare a non-Collection notice exclusively for the Used Motor Oil Collection program. The notice shall be a different color than the non-Collection notice used for the Solid Waste Collection program described in Section 7.C of Exhibit C. The notice of non-Collection shall consist of the following two parts:

- (1) Notice to Resident: Including Collector’s name, phone number and office hours and the reason for the non-Collection.
- (2) Stub for City: A portion of the non-Collection notice is to be torn off and returned to City, which shall include the date, address and reason for non-Collection.

3.16.3. Collector shall be responsible for implementing a monitoring program at Collector’s yard. Collector shall require personnel at its yard to conduct a second visual inspection of Used Motor Oil prior to emptying contents into the storage tank. Used Motor Oil Containers with suspicious appearance or odor will not be emptied into storage tank. Collector shall handle suspicious contents as if it were Hazardous Waste produced at Collector’s yard. Any contamination of the storage tank shall be the sole responsibility of Collector.

3.17. UNLIMITED ON-CALL COLLECTION OF BULKY WASTE AT CURBSIDE

3.17.1. Collector shall collect Bulky Waste from Residential Premises upon request. Collector shall provide Bulky Waste Collection service on Residential Householder's regularly scheduled Collection day, provided that the Customer requests Bulky Waste Collection service no later than noon on the day prior to their regularly scheduled Collection day.

3.17.2. (a) Services provided under this Section shall be provided to all Residential Premises at no additional cost to the Residential Householders or City, for up to two pick-ups per dwelling unit per calendar year at no charge. Collector may charge a fee for this service as specified in Exhibit A.1 for requested pick-ups in excess of two per dwelling unit per calendar year. Collector shall also be responsible for removing freon from any freon-containing appliances.

(b) Each on-call Bulky Waste pick-up shall be limited to two items per pick-up, and each item shall not be larger or heavier such that it cannot be safely handled by two persons. In the event that Residential Householders set out more than this limited amount, they may apply both of their annual allowed pickups on one day.

3.17.3. Collector shall transport Bulky Waste that cannot otherwise be recycled to the Designated Disposal Site and be responsible for payment of any associated Tipping Fees. Collector shall make good faith efforts to maximize the Recycling of Bulky Waste.

3.18. COLLECTION AND RECYCLING OF UNIVERSAL WASTE

3.18.1. Collector shall collect Universal Waste from all Residential Premises and Multi-Family Residences upon request. Collector shall provide Universal Waste Collection service on Customer's regularly scheduled Collection day, provided that the Customer requests Universal Waste Collection service no later than noon on the day prior to their regularly scheduled Collection day. Collector shall also accept Universal Waste delivered to Collector's yard from Residential Householders and Multi-family Residences (with proof of residence). Collector shall provide unlimited Collection of Universal Waste to Residential Premises and Multi-family Residences, both from curbside and at Collector's yard, at no charge.

3.18.2. Collector shall collect Universal Waste from all other Commercial/Industrial Premises (excluding Multi-Family Residences) upon request. Collector shall provide Universal Waste Collection service within 48 hours of the Commercial/Industrial Business Owner's request. Commercial/Industrial Business Owners shall be limited to two pickups of Universal Waste per calendar year, at no charge.

3.18.3. Collector shall deliver all Universal Waste collected in the City to a Destination Facility designed to accept the particular type of Universal Waste. Collector shall be responsible to verify that any Destination Facility is properly treating, Recycling, or disposing of any Universal Waste delivered to it by Collector. Collector shall be responsible to verify that any Destination Facility is properly permitted to accept the type of Universal Waste delivered to it by Collector.

3.19. HAZARDOUS WASTE NOTIFICATION AND PROCEDURES

3.19.1. Collector and City shall take all reasonable steps necessary to prevent Hazardous Waste from being collected, transported, or disposed of by Collector under this Agreement.

3.19.2. Collector shall not be required to filter through and thoroughly inspect the Solid Waste or Recyclables deposited in Containers in order to ensure it does not contain any Hazardous Waste. Collector shall nonetheless take all reasonable steps to avoid collecting Hazardous Waste. Collector shall "tag" each Container which contains Hazardous Waste, and shall keep a record of all Residential Householders or Commercial/Industrial Business Owners who have received a tag for depositing Hazardous Waste items, in accordance with the procedures set forth in Section 7.C of Exhibit C regarding tagging items not collected.

3.19.3. Collector shall provide written information regarding Household and other Hazardous Waste to all Residential Householders and Commercial/Industrial Business Owners in the brochure required by Section 3.23(a). This information shall specify what types of waste may and may not be disposed of through routine Collection procedures, the availability of the Household Hazardous Waste Collection Program provided by the County of Los Angeles, the tagging procedure if Hazardous Waste is found in the Residential Householder or Commercial/Industrial Business Owner's deposited waste, and other pertinent information.

3.19.4. Collector shall conduct yearly training programs for its waste Collection employees who provide Collection Services in the City, to instruct them in determining what is Hazardous Waste, to advise them to be aware of and locate, if possible, Hazardous Waste items when undertaking their Collection of Solid Waste and Recyclables in the City, to follow proper procedures by tagging Hazardous Waste items as "Hazardous - Special Handling Required", and to advise Residential Householders and Commercial/Industrial Business Owners of the various legal alternatives for the disposal of Hazardous Waste.

3.19.5. Collector shall notify all agencies with jurisdiction, including the California Department of Toxic Substances Control and Local Emergency Response Providers, and if appropriate, the National Response Center, of reportable quantities of Hazardous Waste, found or observed by Collector anywhere within the City, including on, in, under or about City owned property and City owned Containers. In addition to other required notifications, if Collector observes any substances which it or its employees reasonably believe or suspect to contain Hazardous Waste unlawfully disposed of or released on City owned property, including but not limited to streets in the City, storm drains, or public rights of way, Collector also shall immediately notify the Director of Public Works and the Los Angeles City Fire Department.

3.20. DISPOSAL AND PROCESSING FACILITIES

3.20.1. Collector has designated three Designated Disposal Sites: Sunshine Canyon Landfill (14747 San Fernando Road, Sylmar, CA 91342), Chiquita Canyon Landfill (29201 Henry Mayo Drive, Valencia, CA 91355), and Puente Hills Landfill (2800 S. Workman Mill Road, Whittier, CA 90601). Collector shall dispose of all Solid Waste collected in the City at one of the Designated Disposal Sites, at Collector's expense and in accordance with all Applicable Laws. Collector covenants that Sunshine Canyon Landfill, Chiquita Canyon

Landfill, and Puente Hills Landfill are each properly permitted and classified as a Class 3 landfill (permitted to receive only municipal Solid Waste), are each in compliance with all Applicable Laws, and that none of them are on or being considered for inclusion on a State or federal Superfund list, or CIWMB list of Solid Waste facilities failing to meet State minimum standards.

3.20.2. Collector has designated the Community Recycling Material Recovery Facility, located at 9189 De Garmo Avenue, Sun Valley, CA 91352) as the Designated Recycling Facility. Collector covenants that Designated Recycling Facility will be properly permitted and in compliance with all Applicable Laws. Collector shall deliver all Recyclables collected in the City to the Designated Recycling Facility, at Collector's expense and in accordance with all Applicable Laws. Collector shall ensure that, after Processing, Residue material shall not exceed the amount permitted by Applicable Law, including but not limited to 14 CCR 17402.5 (d)(2). Collector shall ensure that Recyclables are used in a manner that is classified as Diversion.

3.20.3. Collector has designated Community Recycling Material Recovery Facility as the Designated Green Waste Facility. Collector covenants that the Designated Green Waste Processing Facility is properly permitted and is in compliance with all Applicable Laws. Collector shall deliver all Green Waste collected in the City to the Designated Green Waste Facility. If any such delivery to the Designated Green Waste Facility would not result in the City receiving credit in calculating its Diversion Rate for having diverted the Green Waste from Disposal in a landfill or transformation facility, another facility must be selected. Collector shall ensure that Green Waste is processed and used in a manner that is classified as Diversion, and that Processing occurs in a manner that results in Residue that does not exceed the amount permitted by Applicable Law, including but not limited to 14 CCR 17868.4.

3.20.4. Collector may, upon written notice to City, use other alternate Disposal Sites, Recycling Facilities, and Green Waste Facilities, provided that such facilities conform to the requirements of this Section 3.20. Collector shall ensure that the Designated Disposal Site, Designated Recycling Facility, and Designated Green Waste Facility are properly permitted and in compliance with Applicable Law at all times during the Term. Collector shall immediately inform City Administrator in writing in the event of any non-compliance, and City, in its sole discretion, shall have the right to require the use of a different Disposal Site or Processing Facility, to be selected by Collector. The City Council may also, in its sole discretion, require the use of a different site at any time during the Term if the Designated Disposal Site, Recycling Facility, or Green Waste Facility is found to not be in compliance with the provisions of Sections 3.20.1, 3.20.2, or 3.20.3 (as the case may be), and the City Council determines that the Designated Disposal Site, Recycling Facility, or Green Waste Facility is not acceptable due to a failure to comply with the terms of this Agreement or a finding by State or federal regulatory agencies that it is not in compliance with Applicable Law, including the Environmental Statutes, and is unable to accept City's Solid Waste, Recyclables, or Green Waste (as the case may be).

3.21. TITLE TO SOLID WASTE, RECYCLABLES, AND GREEN WASTE

It is expressly understood that all Solid Waste and Recyclables collected under this Agreement becomes the property of Collector at the point of Collection, subject to the requirement of delivery of Solid Waste to the Designated Disposal Site, Recyclables to the Designated Recycling Facility, and Green Waste to the Designated Green Waste Facility. At no time does

City obtain any right of ownership or possession of Solid Waste or Recyclables placed for Collection, and nothing in this Agreement shall be construed as giving rise to any inference that City has any such rights. City and Collector agree that, for the purposes of the Uniform Commercial Code and all other laws imposing liability for defective products, it is Collector, and not City that is to be considered the "merchant" of goods recycled pursuant to this Agreement.

3.22. PUBLIC EDUCATION – TRANSITION TO NEW SERVICES

Collector shall develop and implement an initial public education program to explain the transition to automated Collection, maximize participation in the Residential Recycling and Green Waste Collection efforts, and provide information on the availability of Bulky Waste services and other services described in this Article 3. The public education program shall be communicated in English and Spanish. The public education and information program shall include methods of intensive outreach prior to and immediately after the Effective Date. The costs of implementing the initial public education program shall be borne by Collector.

Collector shall submit to the City Administrator, prior to the date set forth in Section 2.4.2, a written public education plan describing the initial public education activities it will undertake. The City Administrator shall, within 15 days of receipt of the plan, concur with or require changes in the plan.

3.23. PUBLIC EDUCATION – THROUGHOUT THE TERM OF THE AGREEMENT

Throughout the Term, Collector shall conduct an ongoing public education program to inform customers of the services available to them (including the Household Hazardous Waste collection program provided by the County of Los Angeles), to encourage participation in the curbside recycling programs, and to promote sound environmental practices. City shall have the right to review and approve all public education and promotion materials prior to distribution by Collector. The public education program shall consist of the following components:

(a) Semi-annually, Collector shall mail a brochure (or newsletter) to all Residential Householders and Commercial/Industrial Business Owners. The brochure shall include information about the solid waste services available to Residential Householders and Commercial/Industrial Business Owners. Collector shall submit a proof copy of the brochure to the City administrator at least 30 day prior to its planned distribution. The City Administrator shall, within 15 days of receipt of the proof copy of the brochure, concur with or require changes to the brochure.

(b) Each year of the Term, Collector shall arrange to have one of its representatives deliver public presentations to schools, civic organizations or other community groups at the direction of the City Administrator. The subject matter of the presentations may include, but not necessarily be limited to, City's waste prevention and recycling programs, the services provided by Collector, and general environmental topics related to waste management. Collector shall be required to deliver at least three (3) but no more than six (6) public presentations per year.

Collector shall submit to the City Administrator each year on or before November 1st a proposed list of public presentations. The City Administrator shall approve the list within 30 days. The

City Administrator shall have the right to modify the list or request Collector to make a public presentation upon at least 21 days written notice prior to the presentation.

(c) All press releases, reports, or other documents prepared by Collector for release to the public, the CIWMB, or any other public agency that materially affect City shall be subject to the prior review (for a period of at least five business days) of the City Administrator. The parties agree that, for purposes of this subsection 3.23(c), any reports or other documents relating to the automated Collection system in the City, or to City's Source Reduction and Recycling Element (SRRE), Household Hazardous Waste Element (HHWE), or Collector's Diversion Rate, materially affect City.

3.24. PUBLIC ACCESS TO COLLECTOR

3.24.1. Collector's office hours shall be, at a minimum, from 8:00 a.m. to 5:00 p.m. Monday through Friday, except Holidays. A responsible and qualified representative of Collector shall be available at Collector's office during office hours for communication with City and the public. Collector shall have the capability to provide customer service in English and Spanish.

3.24.2. Collector shall maintain a toll-free telephone system in operation to assist Residential Householders and Commercial/Industrial Business Owners during the hours of 8:00 a.m. to 5:00 p.m. Monday through Friday, and from 8:00 a.m. to noon on Saturdays. Collector shall install telephone equipment, and have available service representatives sufficient to handle the volume of calls typically experienced on the busiest days. Residential Householders and Commercial/Industrial Business Owners must be able, with reasonable convenience, to reach Collector's office by phone during the hours set forth in this Section. Notwithstanding the above, Collector may use an answering service on Saturdays. Collector shall have a representative, answering service or voice mail system available at the toll-free telephone number during all hours other than the hours set forth herein. Any recording shall provide an additional number to call in the event of an emergency. Collector shall provide the City Administrator the means to contact a representative of Collector directly by telephone on a 24-hour basis in the event of an emergency.

3.25. SERVICE COMPLAINTS AND RESPONSE

3.25.1. Collector agrees to maintain a computer-based log ("Complaint Log") of all oral and written service complaints registered with Collector from Residential Householders, Commercial/Industrial Business Owners, or the public within the City. The Complaint Log shall be maintained in a computerized database format reasonably acceptable to the City Administrator. Collector shall be responsible for the prompt and courteous attention to, and prompt and reasonable resolution of, all Residential Householder complaints. Complaints that cannot be reasonably resolved may be appealed to the City Administrator for final resolution. Collector shall record in the Complaint Log all written and oral complaints, noting the name and address of complainant, date and time of complaint, nature of complaint, name of Collector employee taking the complaint, and the nature and date of resolution. The Complaint Log shall be maintained so that representatives of City upon request may conveniently inspect it. Collector shall deliver a summary of complaints by number and type, and a copy of the Complaint Log

reflecting action to date along with the quarterly reports specified in Section 9.2 or otherwise upon request of City.

3.25.2. Collector shall respond to all complaints from Residential Householders and Commercial/Industrial Business Owners, other than missed pickups, within one business day.

3.25.3. In the event of a missed pickup, Collector shall complete the pickup the same day if the complaint is received by 3:00 p.m., or by 12:00 p.m. the following business day if the complaint is received after 3:00 p.m.

3.26. REPORT OF ACCUMULATION OF SOLID WASTE; UNAUTHORIZED DUMPING

Collector shall direct its drivers to note the addresses of any premises at which they observe significant and ongoing accumulation of Solid Waste that is not being delivered for Collection, and the address or other location description at which Solid Waste has been dumped in an apparently unauthorized manner. Collector shall deliver the address or description to the City Administrator within three (3) working days of such observation.

3.27. PRIVACY

Collector shall strictly observe and protect the rights of privacy of Residential Householders and Commercial Business Owners. Information identifying individual Residential Householders and Commercial/Industrial Business Owners, or the composition or contents of their Solid Waste or Recyclables, shall not be revealed to any person, governmental unit, private agency, or company, unless upon the authority of a court of law, authorized Federal, State, or municipal law enforcement agency, by statute, or upon valid authorization of the Residential Householder or Commercial/Industrial Business Owner. Collector shall not market or distribute mailing lists with the names and addresses of Residential Householders or Commercial/Industrial Business Owners. This provision shall not be construed to preclude Collector from preparing, participating in, or assisting in the preparation of waste characterization studies or waste stream analyses that may be required by City pursuant to the Act. The rights accorded Residential Householders and Commercial/Industrial Business Owners pursuant to this Section shall be in addition to any other privacy rights accorded pursuant to Federal or State law.

3.28. CHANGE IN OPERATIONS OR SERVICE SCHEDULE

Collector shall notify the City Administrator in writing of any proposed material changes in, or to the Collection Services operations (e.g. vehicle routes, equipment type or number), administration (e.g., management and employees), and schedule prior to implementation. Any changes to the Collection operation shall meet the service standards and other terms of this Agreement. In the case of changes to the Collection schedule, Collector must notify all affected Residential Householders or Commercial/Industrial Business Owners at least (14) days prior to any change in the Collection day. Collector shall not permit any Residential Householder or Commercial/Industrial Business Owner to go more than seven (7) days without service in connection with a Collection schedule change.

3.29. MODIFICATION OR CHANGE OF COLLECTION SERVICES: NEW SERVICES

3.29.1. Upon receiving a written request from the City Administrator, Collector shall provide reasonable modification of any Standard Collection Service or Additional Collection Service subject to establishment of appropriate compensation for providing the service. Such a service modification may include, but not be limited to, the addition or deletion of specific residential Recyclables, and any exclusive or non-exclusive services not covered by this Agreement, and that it is qualified to provide.

3.29.2. The implementation of any modified or new service shall be contingent upon City Administrator's approval of a rate acceptable to Collector. If a mutually acceptable rate for a new service requested by City cannot be negotiated between City and Collector within a reasonable time, City reserves the right to solicit other bids and obtain other service provider(s) for any new services. Nothing in this Agreement requires City to request additional services from Collector.

3.30. CONTINGENCY PLAN

Collector shall submit to the City Administrator, prior to the date set forth in Section 2.4.2, a written "Contingency Plan" demonstrating Collector's specific arrangements to provide vehicles and personnel and to maintain uninterrupted service during mechanical breakdowns, and in case of natural disaster, strikes or other emergency, including events described in Section 10.7. The City Administrator shall, within 15 days of plan receipt, concur with, or require changes in the plan.

3.31. COMMUNITY INVOLVEMENT

In consideration of the rights granted by this Agreement, Collector has agreed to and shall provide the following community services:

(a) Collector will donate at least 40 trees per year in the City of San Fernando as part of the Tree City USA activities. Collector will work closely with City staff to identify the most appropriate tree types and specifications for planting within the City.

(b) Collector will provide to City expertise and resources in planned San Fernando garden projects, streetscape projects, and designated tree focus areas through the following procedures: Soil technicians will gather soil samples from growing areas designated by City and send them to a state-certified lab for analysis and testing; laboratory results will be forwarded to a listed PCA Agronomist to provide written recommendations for improving soil quality and matching soil quality (fertility, organics, ph, etc.) to appropriate plantings. As a follow up, petiole (leaf) samples will be analyzed at a state-certified lab to verify that the plant is healthy and receiving all nutritional components. All of the above mentioned activities and services will be funded at Collector's sole expense.

(c) Collector will assist with fund raising for the Memorial Garden by identifying potential donors and directly pursuing donations for the initial development of the Garden. Collector will provide signage to identify plant selections in the garden, donate any needed

compost or wood chips for the garden, and provide and fund expert staff to assist with on-site composting areas.

(d) Collector will provide, at no charge to the City, roll-off containers and bins at City sponsored special events that may arise during the Term that are in addition to the events identified in Exhibit F.

(e) Collector will provide education packets, including but not limited to Recycling by Man & Nature and Grow Your Own Tree Activity Kits, for all private and public elementary schools in San Fernando, to increase awareness of and support for the residential recycling program, as well as to increase understanding of the natural cycles of nature that return plant life to soil. Collector will completely fund the design and printing of these packets and distribute them annually to teachers, with sufficient copies of both the teacher's curriculum guide and the material to be distributed to individual students.

(f) As needed and identified by City staff, Collect will annually provide compost and wood chips for City sites, such as local parks, and planned City garden projects. Collector will also donate compost and wood chips annually to San Fernando schools based on needs identified by school maintenance and landscape staff. In some cases, these donations will be linked with LAUSD and State Education Department Garden programs. At least one day each year, Collector will also offer compost and wood chips to City residents in conjunction with a San Fernando-sponsored community event.

Article 4 - MINIMUM DIVERSION REQUIREMENT

4.1. MINIMUM DIVERSION REQUIREMENT

4.1.1. Beginning with the twelve (12) months ending on December 31, 2003, and for each twelve month period ending December 31st thereafter during the Term, Collector shall annually achieve a Collector's Diversion Rate of at least fifty percent (50%) (the "Minimum Diversion Requirement"). Collector's Diversion Rate shall be calculated based on the total tonnage amounts reported by Collector in its quarterly reports for each of the previous four quarters ending on December 31st. The tonnage amounts used in the calculation of Collector's Diversion Rate shall include Recyclables, Green Waste and Solid Waste collected from Residential Premises, Commercial/Industrial Premises, City Facilities, City Street Receptacles, and City Special Events. Collector may include the Recyclables, Green Waste and Solid Waste it collects from Commercial/Industrial Premises prior to July 1, 2003 in its calculation.

4.1.2. If Collector does not achieve the Minimum Diversion Requirement for any twelve-month period ending December 31st, Collector shall pay to City liquidated damages according to the scale shown in Exhibit I. Payment of these liquidated damages shall be deducted from Collector's monthly revenue received from City over a twelve month period beginning on the following April 1st. City and Collector acknowledge that City procured this Agreement for reasons that include securing performance obligations intended to help City meet its AB 939 diversion requirements. Therefore achievement of the Minimum Diversion Requirement is of the utmost importance to City, which faces fines of up to \$10,000 per day for noncompliance with AB 939. City and Collector further recognize that quantified standards of performance are necessary and appropriate to ensure consistent and reliable Collection service, and if Contractor fails to meet the Minimum Diversion Requirement, it is and will be impracticable and extremely difficult to ascertain and determine the value of the resulting damage to City. Therefore, City and Collector agree that the above liquidated damages represent a reasonable estimate of the amount of such damage, considering all of the circumstances existing on the date of this Agreement. These circumstances include the relationship of the liquidated damages to the range of harm to City that reasonably could be anticipated, and anticipation that proof of actual damages would be costly or inconvenient. In signing this Agreement, City and Collector specifically confirm the accuracy of the statements made above and the fact that each Party had ample opportunity to consult with legal counsel and obtain an explanation of this liquidated damage provision at the time that this Agreement was made.

4.1.3. If Collector falls short of the Minimum Diversion Requirement for any calendar year by ten percentage points (10%) or more (achieves a Collector's Diversion Rate of 40% or less), City may terminate this Agreement for cause according to Section 10.3.



Collector



City

Article 5 – INDEMNIFICATION; INSURANCE; BONDS

5.1. INDEMNIFICATION

5.1.1. Collector shall indemnify, defend and hold harmless City, its officers, agents, employees and volunteers from any and all claims and losses whatsoever occurring or resulting to any and all persons, firms or corporations furnishing or supplying work, services, materials, or supplies in connection with the performance of this Agreement, any and all claims, lawsuits or actions arising from the awarding or execution of this Agreement, and for any and all claims and losses occurring or resulting to any person, firm, corporation or property for damage, injury or death arising out of or connected with Collector's or any of its officers, agents, employees or subcontractors' performance of its obligations pursuant to this Agreement or arising from or attributable to any alleged breach of warranty of merchantability or fitness of purpose or other laws relating to product liability for Recyclables collected and processed pursuant to this Agreement. City shall have the right to approve counsel selected by Collector and such approval shall not be unreasonably withheld. Collector's obligation to indemnify, defend and hold harmless City as stated herein above shall include, but not be limited to, paying all actual legal fees and costs incurred in connection with any such claims, losses, lawsuits or actions. The obligations of Collector pursuant to this Subsection 5.1.1 are not limited by the coverage of any insurance maintained by Collector pursuant to Section 5.2. This provision shall survive the expiration of the Term during which Solid Waste and Recyclables Collection, Processing and Disposal Services are to be provided under this Agreement. THIS PROVISION SHALL SURVIVE THE EXPIRATION OF THE TERM DURING WHICH SOLID WASTE AND RECYCLABLES COLLECTION, PROCESSING AND DISPOSAL SERVICES ARE TO BE PROVIDED UNDER THIS AGREEMENT.

5.1.2. Collector shall indemnify, defend and hold harmless City, its officers, agents, employees and volunteers from any and all claims and losses whatsoever occurring or resulting from: (a) the 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 substance or Hazardous Waste at any place where Collector or any of its officers, agents, employees or subcontractors transfers, stores or disposes of Solid Waste, Green Waste or Recyclables pursuant to this Agreement; or (b) its activities pursuant to this Agreement result in a release of hazardous substances into the environment. The foregoing indemnity is intended to operate as an agreement pursuant to Section 107(e) of CERCLA, codified at 42 U.S.C. Section 9607(e), and California Health and Safety Code Section 25364, to defend, protect, hold harmless and indemnify City. City shall have the right to approve counsel selected by Collector and such approval shall not be unreasonably withheld. Collector's obligation to indemnify, defend and hold harmless City as stated herein above shall include, but not be limited to, paying all actual legal fees and costs incurred in connection with any such claims, losses, lawsuits or actions. In connection with claims, liability, lawsuits or actions arising out of the Environmental Statutes, this clause shall not restrict any rights City has against Collector, including, but not limited to, the right of contribution, pursuant to the Environmental Statutes. The obligations of Collector pursuant to this Subsection 5.1.2 are not limited by the coverage of any insurance maintained by Collector pursuant to Section 5.2. THIS PROVISION SHALL SURVIVE THE EXPIRATION OF THE TERM DURING WHICH SOLID WASTE AND RECYCLABLES COLLECTION,

PROCESSING AND DISPOSAL SERVICES ARE TO BE PROVIDED UNDER THIS AGREEMENT.

5.2. INSURANCE

5.2.1. Collector shall procure and maintain for the Term of this Agreement insurance against claims for injuries to persons, including death, or damages to property which may arise from or in connection with the performance of the work hereunder by Collector, its agents, representatives, employees or subcontractors. Collector shall not perform any work during any period when Collector is not covered by insurance as required by this Subsection. In the event Collector does any work while not covered by the insurance required by this subsection, City may immediately terminate this Agreement without providing the seven day (7) written notice required by Section 10.1.

General Liability and Pollution and/or Environmental Impairment Liability, coverage should be maintained for a minimum of five (5) years after contract completion. The maintenance of claims made against any insurance required of Collector shall not be considered a waiver by City of any other claim or liabilities it may have against Collector.

A. Minimum Scope of Insurance. Coverage shall be at least as broad as:

i. Insurance Services Office Commercial General Liability coverage ("occurrence" form CG 0001.).

ii. Insurance Services Office form number CA 0001 (Ed. 1/78), covering Automobile Liability, code 1 (any auto) and endorsement CA 0025 (mobile equipment, pollution, contractual liability). The Automobile Liability policy shall be endorsed to delete the Pollution and/or the Asbestos exclusion and add the Motor Carrier Act endorsement (MCS-90), TL 1005, TL 1007 and/or other endorsements required by federal or state authorities.

iii. Workers' Compensation Insurance as required by the State of California and Employer's Liability Insurance.

iv. Pollution and/or Environmental Impairment Liability.

B. Minimum Limits of Insurance. Collector shall, through a combination of primary and excess policies, maintain limits no less than:

i. General Liability: \$5,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

ii. Automobile Liability: \$3,000,000 combined single limit per accident for bodily injury and property damage.

iii. Workers' Compensation and Employer's Liability: \$1,000,000 each accident, \$1,000,000 policy limit bodily injury or disease, \$1,000,000 each employee bodily injury by disease.

iv. Pollution and/or Environmental Impairment Liability: \$3,000,000 each occurrence/\$10,000,000 policy aggregate covering liability arising from the release of waste materials and/or irritants, contaminants or pollutants. Collector shall ensure that such coverage shall, if commercially available, without involvement of City, automatically broaden in its form of coverage to include legislated changes in the definition of waste materials and/or irritants, contaminants or pollutants. The policy shall stipulate this insurance is primary and no other insurance carried by City will be called upon to contribute to a loss suffered by Collector hereunder and waive subrogation against City and other additional insureds.

C. Deductible and Self-Insured Retentions. Any deductibles, self-insured retentions or self-insurance programs must be declared to and approved by City, and such approval shall not be unreasonably withheld. If, in the opinion of City, Collector does not have sufficient financial resources to protect City from exposure with respect to any deductibles or self-insured retentions, at the option of City, either the insurer shall reduce or eliminate such deductibles or self insured retentions as respects to City, its officers, officials, employees and volunteers; or Collector shall provide evidence satisfactory to the City Administrator guaranteeing payment of losses and related investigations, claim administration and defense expenses.

D. Other Insurance Provisions.

i. The policies are to contain, or be endorsed to contain, the following provisions:

a. City, its officers, officials, employees and volunteers are to be covered as additional insureds on the general liability and automobile liability policies.

b. Collector's insurance coverage shall be primary insurance as respects to City, its officers, officials, employees, agents and volunteers. Any insurance or self-insurance maintained by City, its officers, officials, employees, agents or volunteers shall be excess of Collector's insurance and shall not contribute with it.

c. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by the insurer except after thirty (30) days prior written notice has been given to City.

d. Collector's insurance shall apply separately to each insured against whom claim is made or suit is brought, except for the limits of the insurer's liability.

ii. Worker's Compensation and Employers Liability Coverage. The insurer shall agree to waive all rights of subrogation against City, its officers, officials, employees and volunteers for losses arising from work performed by Collector for City.

iii. All Coverages. Each insurance policy required by this clause shall be occurrence-based or an alternate form as approved by the City Administrator. Pollution and/or Environmental Impairment Liability policies may be underwritten on a 'claims made' basis. Each insurance policy must be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to City.

E. Acceptability of Insurers. Insurance is to be placed with admitted insurers with a current A.M. Best's rating of no less than A:VII. If Pollution and/or Environmental Impairment coverages are not available from an "Admitted" insurer, the coverage may be written with City's permission, by a non-admitted insurance company, and such permission shall not be unreasonably withheld, so long as the non-admitted company has an A.M. Best's rating of A: X or higher.

F. Verification of Coverage. Collector shall furnish City with certificates of insurance evidencing, or endorsements effecting, coverage required by this clause. The certificates of insurance or endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates of insurance or endorsements are to be on forms provided by, or approved by, City. All certificates of insurance or endorsements are to be received and approved by the City Administrator before work commences.

G. Subcontractors. Collector shall include all subcontractors as insureds under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

H. Other Provisions. Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to City, its officers, officials, agents, employees and volunteers.

5.3. FAITHFUL PERFORMANCE BOND

On or before the date set forth in Section 2.4.2, Collector shall file with City a bond, payable to City, securing Collector's faithful performance of each and every one of its obligations under this Agreement. The principal sum of the bond shall be five hundred thousand dollars (\$500,000). The bond shall be executed as surety by a corporation authorized to issue surety bonds in the State of California, with a financial condition and record of service satisfactory to the City Administrator. The bond shall be in the form attached hereto as Exhibit "H". Alternatively, Collector may deposit a letter of credit or open a certificate of deposit in the name of City to be held to secure Collector's faithful performance. The performance bond shall be issued on an annual basis and maintained in force for the duration of this Agreement. Collector shall pay the premium for the bond.

Article 6 – COMPENSATION AND RATES

6.1. GENERAL

The compensation provided for in this Agreement shall be the full, entire and complete compensation due to Collector for all labor, equipment, materials and supplies, taxes, insurance, bonds, overhead, Disposal, transfer, profit and all other things necessary to perform all of the Collection Services required by this Agreement in the manner and at the times prescribed. Collector shall retain any Recycling Revenues it receives.

6.2. COMPENSATION AND ANNUAL ADJUSTMENT OF RATES

Collector shall provide the services required by this Agreement and be compensated according to the rates shown in Exhibits A.1 and A.2, as those rates may be modified or adjusted in accordance with this Article.

6.3. SCHEDULE OF FUTURE RATE ADJUSTMENTS

Beginning on January 1, 2005 and for all subsequent years of the Agreement, Collector may receive an annual adjustment to the rates shown in Exhibits A.1 and A.2. Collector shall submit its request for rate adjustment in writing, to be received by City in person or via certified mail, by the June 30th prior to the effective date of the rate adjustment. The adjustment request shall be based on the method of adjustment described in Section 6.4. Failure to submit a written request by June 30th shall result in Collector waiving the right to request such an increase for the subsequent year.

6.4. METHOD OF ADJUSTMENTS

6.4.1. Pursuant to Section 6.3, Collector may request an annual adjustment to the rates shown in Exhibits A.1 and A.2 according to the method described below and the formula shown in Exhibit B, subject to review and approval of City. All such adjustments are to be effective January 1, and shall be based on the rates in Exhibits A.1 and A.2, or the rates then in effect, as the case may be.

6.4.2. Rates shall be adjusted according to the following procedures and the example calculations shown in Exhibit B.

Step One – Calculate the annual percentage change in the Consumer Price Index for all Urban Consumers (CPI-U) for the Los Angeles-Riverside-Orange County area. The change in the CPI-U shall be for the twelve-month period ending on the most recent December 31.

Step Two – Multiply the rates based on Exhibits A.1 and A.2 and then in effect by one plus the annual change in the CPI-U.

In the event that the current percentage change in the CPI-U is negative, the existing rates shall not be then adjusted downward as a result. Instead, the rate adjustment shall be held in abeyance until the CPI-U increases in the future to the extent that the cumulative change in the CPI since the last periodic rate adjustment is positive. At that time, the service component of the rates shall

be adjusted based on the cumulative percentage change in the CPI-U since the last periodic rate adjustment.

6.5. EXTRAORDINARY ADJUSTMENTS

6.5.1. Collector or City may request an adjustment to rates at reasonable times other than that required by Section 6.3 for unusual changes in the cost of providing service under this Agreement. Such changes may include a change of the Disposal Site requested by City, changes in State or local government solid waste fees and charges, or changes in state or federal law, rules and/or regulation related to solid waste, recycling and/or organic Collection, handling, transportation and/or disposal. Such changes shall not include a change in the Disposal Site due to the closure or decreased capacity of the Disposal Site, changes in the market value of Recyclables from the values assumed in Collector's proposal, accident claim costs, civil damages, regulatory fines, or higher actual costs due to inaccurate estimates by Collector of its expected cost of operations.

6.5.2. For each such request, Collector shall prepare a schedule documenting the extraordinary costs. Such request shall be prepared in a form acceptable to City with support for assumptions made by Collector in preparing the estimate. City shall review Collector's request and, in City's sole judgment, make the final determination on the appropriate amount of the adjustment, if any.

6.5.3. In the event that Collector requests a rate adjustment on the basis of unusual changes or extraordinary increases or costs of doing business, Collector shall make its financial records available for review and inspection by those of City's employees and designated auditors or accountants necessary to analyze Collector's request for the rate adjustment as described herein. The scope of any such inspection or audit shall be limited to those records needed to evaluate the reasonableness of the requested rate adjustment. Any such inspection of records shall be at Collector's offices, in the presence of Collector's representatives, and at reasonable times.

Article 7 – BILLING AND PAYMENT

7.1. BILLING TO THE CITY FOR STANDARD RESIDENTIAL COLLECTION SERVICE

7.1.1. Collector shall invoice City monthly for Standard Residential Collection Service according to the rate shown in Exhibit A.1 and as that rate may be adjusted according to Article 6. Collector's compensation shall be based on the number of Residential Premises that are billed by City and served by Collector according to Section 7.1.2 below. Collector shall invoice City in arrears by the 10th day of the month following that in which Collector provided service. Collector's invoice shall be paid by City by the 30th day of the month following that in which Collector provided service or 20 days after City's receipt of Collector's invoice, whichever is later.

7.1.2. Collector's compensation shall be based on 4,432 Residential Premises. Any change in this number must be verified and approved by City. Any change to Collector's compensation due to a change in the number of Residential Premises shall not be retroactive. By entering into this Agreement, Collector warrants that Collector:

- has thoroughly investigated and considered the scope of services to be performed;
- has carefully considered how the services should be performed;
- fully understands the difficulties and restrictions attending performance of the services under this Agreement; and,
- has satisfied itself that 4,432 Residential Premises is an accurate figure upon which to base Collector's compensation for the first year of the Agreement. Collector shall not be entitled to an increase in compensation in the first year of this Agreement based upon any under-reporting of Residential Premises.

7.2. BILLING TO RESIDENTIAL HOUSEHOLDERS FOR ADDITIONAL COLLECTION SERVICES

7.2.1. Collector shall invoice those Residential Householders that elect to receive Additional Collection Services based on the rates shown in Exhibit A.1, or as those rates may be adjusted according to Article 6. Collector shall not invoice Residential Householders for any service other than those Additional Collection Services shown in Exhibit A.1. Collector may invoice Residential Householders for additional Solid Waste Carts and Wheel Out Service in advance, and no less frequently than once every three months. Collector's invoice for these services shall be payable by the Residential Householder within 30 days of the invoice date. For any past due amounts, Collector shall notify the Residential Householder of the past due amount once at 30 days and once at 45 days after the invoice date. If Collector's invoice remains unpaid 60 days after the invoice date, Collector may discontinue providing Wheel-out service and/or retrieve its additional Solid Waste Carts. For customers that wish to reinstate their Wheel Out Service or Additional Solid Waste Carts after having their service stopped, Collector may require that those customers provide a security deposit equal to three months of service before their service is reinstated.

7.2.2. For customers that request a Bulky Item Pickup, Collector may charge the Residential Householder that rate shown in Exhibit A.1, as that rate may be adjusted according to Article 6. Collector may invoice Residential Household for this service or may require payment upon delivery of this service. If Collector requires payment on delivery, Collector shall accept checks, money orders, and major credit cards.

7.3. BILLING – COMMERCIAL/INDUSTRIAL BUSINESS OWNERS WITH BIN SERVICE

Collector shall invoice its Commercial/Industrial Business Owners that receive front-end load Bin service monthly in advance on or near the first day of the month. Payment shall be due within 30 days from the invoice date. Collector shall not require Commercial/Industrial Business Owners that receive front-end load Bin service to post security deposits unless the Commercial/Industrial Business Owner has been delinquent on its payments.

7.4. BILLING – COMMERCIAL/INDUSTRIAL BUSINESS OWNERS WITH ROLLOFF SERVICE

For Commercial/Industrial Business Owners, Collector shall invoice monthly or semi-monthly in arrears with payment due within 15 or 30 days from the invoice date. Collector may grant credit to and require security deposits from Commercial/Industrial Business Owners with Rolloff Box service as Collector deems appropriate.

7.5. BILLING – RESIDENTIAL HOUSEHOLDERS WITH ROLLOFF BOX SERVICE

For Residential Household that request Rolloff Box service, Collector shall accept major credit cards for payment. Residential Household that do not use credit cards may be required by Collector to post a security deposit not to exceed the rate for one load or pay for service on a "Cash on Delivery" (C. O. D.) basis.

7.6. DELINQUENT ACCOUNTS

Collector shall make diligent, good faith efforts to collect delinquent payments from Commercial/Industrial customers, and from Residential Household for Additional Collection Services or Rolloff Box service. City is not in any way responsible to assist Collector in collecting delinquent accounts, or in any way responsible to compensate Collector for revenues lost due to delinquent accounts. Collector shall be responsible for collection and bad debt expenses relating to any unpaid amounts.

7.7. PAVEMENT IMPACT FEES

7.7.1. In consideration of the rights granted Collector in this Agreement, and in lieu of any franchise fee, Collector shall pay to City a pavement impact fee equal to 10% of Collector's Gross Receipts (exclusive of Gross Receipts for services provided to Commercial/Industrial Business Owners prior to July 1, 2003). Collector shall remit the pavement impact fee quarterly, in accordance with subsection 7.7.2.

7.7.2. On or before the twentieth (20th) day following the end of each calendar quarter during the Term, Collector shall remit to City the pavement impact fee, accompanied by a statement executed by an officer of Collector that shows the Gross Receipts for that quarter (the

first payment, due April 20, 2003, shall be calculated on the Gross Receipts for the period commencing with the Effective Date and continuing through March 31). If the pavement impact fee is not paid on or before the twentieth (20th) day following the end of the calendar quarter, Collector shall also pay to City a service charge in an amount equal to ten percent (10%) of the amount owing for that quarter. Collector shall pay an additional ten percent (10%) service charge on any unpaid balance for each additional thirty (30) day period the pavement impact fee remains unpaid.

7.8. DISPUTES REGARDING REMITTANCES

7.8.1. No acceptance of any payment by City shall be construed as an accord that the amount is in fact the correct amount, nor shall such acceptance of payment be construed as a release of any claim City may have against Collector for any additional sums payable under the provisions of this Agreement. All amounts paid shall be subject to independent audit and recomputation by City. If, after audit, such recomputation indicates an underpayment, Collector shall pay to City the amount of the underpayment within ten days of receipt of written notice from City that such is the case. In addition, Collector shall pay interest on any underpayment at the highest rate allowed by law. Such interest shall commence accruing on the date the underpayment would have originally been due. If, after audit, such recomputation indicates an underpayment of more than two and one half percent (2.5%), Collector shall reimburse City for all reasonable costs and expenses incurred in connection with the audit and recomputation, within ten days of receipt of written notice from City that such is the case. If, after audit, such recomputation indicates an overpayment, City shall notify Collector in writing of the amount of the overpayment, less costs and expenses incurred in connection with the audit and recomputation. Collector may offset the payment or payments (as appropriate) next due following receipt of such notice by the amount specified therein. In case of dispute between City and Collector regarding any amounts due, Collector shall pay the amount claimed by City as due and notify City in writing at the time of payment as to any portion that is paid under protest, specifying the basis of its claim of overpayment.

7.8.2. If either party disputes any amount remitted pursuant to this Article, the disputing party shall provide the other party with a written objection within fifteen (15) days of receipt of the remittance, indicating the reasons for the disputing party's objection to or disagreement with such amount. If the parties are not able to resolve such dispute within thirty (30) days after the disputing party's objection, either party may pursue further legal action pursuant to Section 10.5. Nothing contained in this Section shall limit City or any authorized officer of City or any other governmental agency from raising a further objection to any amount billed by Collector as a result of an audit conducted pursuant to Section 8.2.

Article 8 – FINANCIAL RECORD KEEPING AND REPORTING

8.1. ACCOUNTING AND RECORDS

Collector shall maintain in its office full, complete and separate financial, statistical and accounting records, pertaining to cash, billing, Disposal, and Processing transactions for City, prepared on an accrual basis, and otherwise in accordance with generally accepted accounting principles. Such records shall be subject to audit and inspection. The Gross Receipts derived from the provision of Collection Services, whether such services are performed by Collector or by a subcontractor or subcontractors, shall be recorded as revenues in the accounts of Collector. Collector shall maintain and preserve all cash, billing, Disposal, and Processing records for a period of not less than three (3) years following the close of each of Collector's fiscal years.

8.2. RIGHT TO INSPECT RECORDS

City and its authorized officers, agents or employees, shall at any reasonable time, and upon providing reasonable notice, have the right to review, inspect, and audit Collector's records and enter Collector's premises for the purposes of such review. City shall have the right to inspect or review Disposal fee charges, compliance with service classifications, income tax returns, payroll tax reports, route maps, specific documents or records required pursuant to this Agreement, or any other similar records or reports of Collector that the City Administrator shall deem, in his or her sole discretion, necessary to evaluate reported information or rate adjustment requests.

**Article 9 – OTHER RECORD KEEPING AND REPORTING
REQUIREMENTS**

9.1. RECORD KEEPING

9.1.1. Collector shall maintain in its City office records of the quantities of (i) Solid Waste collected and disposed under the terms of this Agreement, (ii) Recyclables, by type, collected, purchased, processed, sold, donated or given for no compensation, and Residue disposed, and (iii) Green Waste collected, received, purchased, processed, sold, donated or given for no compensation, and Residue disposed. The records shall be subject to the inspection provisions provided in Section 8.2.

9.1.2. Collector's refusal or failure to file (after written notice requesting Collector to do so) any of the reports required, or to provide required information to City, or the inclusion of any false or misleading statement or representation by Collector in such report, shall be deemed a material breach of this Agreement, and shall subject Collector to all remedies, legal or equitable, which are available to City under this Agreement or otherwise.

9.1.3. All reports and records required under this or any other Article shall be furnished at the sole expense of Collector.

9.2. QUARTERLY REPORTS

9.2.1. Collector shall compile and keep the information described below for each month during the quarter and shall deliver a written report similar in format and content to Exhibit G, signed by an officer of Collector, to the City Administrator on a quarterly basis. Quarterly reports shall be submitted no later than the 25th of the month immediately following the end of the quarter, with the first quarterly report due on or before April 25, 2003. Quarterly reports shall be submitted in hard copy, and shall be also be provided electronically in a format and using software acceptable to City.

9.2.2. Solid Waste Collection Data. The total number of Residential and Commercial/Industrial Premises served, the average number of daily set-outs per week, the Tons of Solid Waste collected, the Disposal Tipping Fee per Ton, and Collector's Disposal Tipping Fee expense.

9.2.3. Recycling Data. The average number of setouts per week and the number of Tons collected.

9.2.4. Green Waste Data. The average number of setouts per week and the number of Tons collected (excluding Rolloff Boxes from City Facilities).

9.2.5. Complaint Log. In addition to the above, Collector shall provide City with a copy of the Complaint Log maintained pursuant to Section 3.25 of this Agreement, including a summary of the type and number of complaints.

9.2.6. Problems and Actions Taken. In addition to the above, Collector shall provide to City a narrative summary of problems encountered with Collection, Disposal, and Processing

activities and actions taken; the report shall indicate the type and number of notification tags left at Residential Householder and Commercial/Industrial Business Owner accounts, instances of property damage or injury, poaching or scavenging, significant changes in operation, market factors, publicity conducted, or needs for publicity; description of processed material loads rejected for sale, reason for rejection and disposition of load after rejection.

9.3. ADVERSE INFORMATION

Collector shall submit to City copies of all pleadings, applications, notifications, communications and documents of any kind, submitted by Collector to, as well as copies of all decisions, correspondence and actions by, any federal, State and local courts, regulatory agencies and other government bodies relating specifically to Collector's performance of services pursuant to this Agreement. Any confidential data exempt from public disclosure under the California Public Records Act, Government Code Section 6250 et. seq., shall be retained in confidence by City and its authorized agents and shall not be made available for public inspection unless otherwise ordered by a court of law.

9.4. ADDITIONAL REPORTING

Collector shall furnish City with any additional reports as may reasonably be required that set forth all information required by City including but not limited to any activities related to this Agreement. These reports shall be prepared and submitted in the form specified by City. Collector shall bear the cost of such additional reporting.

9.5. OTHER RELATED REQUIREMENTS

9.5.1. Waste Characterization Studies. Collector shall cooperate with and assist City in the performance, if and as needed, of periodic waste characterization studies.

9.5.2. Collection Monitoring. Collector shall monitor its Collection of Recyclables and Green Waste to identify occurrences of, and to prevent, contamination of Recyclables and Green Waste. Collector shall allow a person designated by the City Administrator to ride with Collector's supervisor vehicles on any route or routes. The City Administrator will inform Collector at least one week in advance prior to date of route monitoring.

9.6. INSPECTION BY CITY

The City Administrator shall have the right to observe and review Collector's operations and equipment, and to enter Collector's premises for the purposes of such observations and review at any time without prior notification.

Article 10 -- BREACH AND TERMINATION

10.1. DEFAULT AND NOTICE

10.1.1. All terms and specifications of this Agreement are material and binding, and failure to perform any portion of the work described herein shall be considered a breach of this Agreement. Subject to the extensions of time set forth in Section 10.7, and to the notice provisions of Section 10.1.2, failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement. The party who so fails or delays must immediately commence to cure, correct, or remedy such failure or delay and shall complete such cure, correction or remedy with reasonable diligence during the cure period.

10.1.2. Neither party may exercise any rights or remedies upon a default by the other party, unless and until such default continues for a period of seven (7) days after written notice thereof from the non-defaulting party. If the nature of the default is such that more than seven (7) days are reasonably required for its cure, then the defaulting party shall not be deemed to be in default if it has commenced a cure within the seven (7) day period and thereafter diligently prosecutes such cure to completion within thirty (30) days after receipt of written notice thereof, except that no such additional time to cure shall be allowed for failure to pay any amount due to City under this Agreement, or if the nature of the default is such that the health, welfare, or safety of the public is endangered as determined by the City Administrator. The notice of default shall specify the default complained of by the injured party. In the event of any conflict between the cure periods set forth in this Section 10.1.2 and any shorter cure periods set forth in a specific Section of this Agreement, the cure periods set forth in the specific Section shall control.

10.1.3. Delay in giving a notice of default shall not constitute a waiver of any default nor shall it change the time of default. Any failures or delays by either party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies, nor deprive either party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

10.2. NOTICE, RESPONSE, RESOLUTION AND APPEAL

10.2.1. Notice; Response. If the City Administrator determines that Collector's performance pursuant to this Agreement may not be in conformity with the provisions of this Agreement, the Act (including, but not limited to requirements for Diversion, source reduction and Recycling as to the waste stream subject to this Agreement), or any other Applicable Law, including but not limited to, the laws governing transfer, storage or Disposal of Solid Waste or Hazardous Waste, the City Administrator may advise Collector in writing of such suspected deficiencies, specifying the deficiency in reasonable detail (the "Notice of Deficiencies"). The City Administrator, in any Notice of Deficiencies, shall set a reasonable time within which Collector is to correct the deficiencies and respond. Unless the circumstances necessitate correction and response within a shorter period of time, Collector shall correct the deficiencies to the satisfaction of the City Administrator and respond to the Notice of Deficiencies within seven (7) days from the effective date of the Notice (as determined pursuant to Section 2.2). Collector

may request additional time to correct deficiencies; City shall not unreasonably deny any such request. The parties understand and agree that the Notice of Deficiencies described in this Section 10.2.1 constitutes the "notice of default" required of City by Section 10.1.2.

10.2.2. Review by City Administrator: Notice of Appeal. The City Administrator shall review any written response from Collector and decide the matter or refer the matter to the City Council for consideration pursuant to this Section. If the City Administrator's decision is adverse to Collector, the City Administrator may order remedial actions to cure any deficiencies, or invoke any other remedy in accordance with this Agreement and, in the event the City Administrator determines that there has been a material breach and that termination is the appropriate remedy, terminate this Agreement. The City Administrator shall promptly inform Collector of the City Administrator's decision. In the event the decision is adverse to Collector, the City Administrator shall inform Collector, in writing, of the specific facts found and evidence relied on, and the legal basis in provisions of this Agreement or other laws for the City Administrator's decision and any remedial action taken or ordered. An adverse decision by the City Administrator shall be final and binding on Collector unless Collector files a "Notice of Appeal" with the City Clerk (with copies to the City Administrator and City Attorney) within seven (7) days of receipt of the notification of the adverse decision by the City Administrator.

In any "Notice of Appeal" to the City Council, Collector shall state all of its factual and legal contentions, citing provisions of this Agreement or other laws to support its contentions. Within twenty-one (21) days of the effective date of the Notice of Appeal, Collector shall deliver to the City Clerk three (3) copies of all relevant affidavits, documents, photographs and videotapes that Collector may choose to submit.

10.2.3. City Council Hearing. If a matter is referred by the City Administrator to the City Council, or an adverse decision of the City Administrator is appealed to the City Council by Collector, the City Council will set the matter for a hearing and act on the matter. The City Clerk shall give Collector thirty (30) days written notice of the time and place of the hearing. At the hearing, the City Council shall consider the administrative record, including the following:

- (a) A staff report by the City Administrator, summarizing the proceedings to date and outlining the City Council's options;
- (b) The City Administrator's written Notice of Deficiencies;
- (c) Collector's response to the Notice of Deficiencies;
- (d) The City Administrator's written notification to Collector of adverse decision;
- (e) Collector's Notice of Appeal to the City Clerk.

No new legal issues may be raised, or new evidence submitted by Collector at this or at any further point in the proceedings, absent a showing of good cause. Collector's representatives and other interested persons shall be provided a reasonable opportunity to be heard.

10.2.4. City Council Determination. Based on the administrative record, the City Council shall determine by resolution whether the decision or order of the City Administrator should be upheld. A tie vote of the City Council shall be regarded as upholding the decision of the City Administrator. If, based upon the administrative record, the City Council determines that the performance of Collector is in breach of any Agreement Term or any provision of any applicable federal, State or local statute or regulation, the City Council, in the exercise of its discretion, may order Collector to take remedial actions to cure the breach or impose any other remedy in accordance with this Agreement, including but not limited to termination. Subject to judicial review, the decision or order of the City Council shall be final and binding.

10.2.5. Continued Performance by Collector. Collector's performance under this Agreement is not excused during the period of time prior to a final determination as to whether or not Collector's performance is in material breach of this Agreement, or the time set by City for Collector to discontinue a portion or all of its services pursuant to this Agreement.

10.3. TERMINATION FOR CAUSE

10.3.1. City reserves the right to terminate this Agreement in the event that Collector fails to cure any default within the applicable cure periods, including but not limited to the following:

- (a) if Collector violates any material provision of any Applicable Law;
- (b) if Collector fails to maintain the insurance required by Section 5.2, or fails to pay to City any monies due City pursuant to this Agreement, and fails to remedy such default within five (5) days after written notice thereof from City;
- (c) there is a seizure or attachment (other than a prejudgment attachment) of, or levy affecting possession on, the operating equipment of Collector, including without limit its vehicles, maintenance or office facilities, or any part thereof of such proportion as to impair Collector's ability to perform under this Agreement and which cannot be released, bonded, or otherwise lifted within forty-eight (48) hours excluding weekends and Holidays;
- (d) Collector fails to provide reasonable assurances of performance as required under Section 10.8;
- (e) Collector fails to notify City in a timely manner of any receipt of notice of violation or official communication from those regulatory agencies regulating Solid Waste, Recyclables, and Green Waste Collection, transportation, Processing or Disposal activities.
- (f) If Collector violates any orders or filings of any regulatory body having jurisdiction over Collector relative to this Agreement, provided that Collector may contest any such orders or filings by appropriate proceedings conducted in good faith, in which case no breach of this Agreement shall be deemed to have occurred until a final decision adverse to Collector is entered;
- (g) if Collector ceases to provide Collection service as required under this Agreement over all or a substantial portion of the area within the City, for a period of two days or more, for any reason within the control of Collector, including labor disputes;

(h) if Collector fails to make any payment required under this Agreement and/or refuses to provide City with required information, reports, and/or records in a timely manner as provided for in this Agreement;

10.3.2. Notwithstanding Section 10.1, and in addition to the provisions of Section 2.4.2, City reserves the right to terminate this Agreement, without the need to provide Collector an opportunity to cure, in the event of any of the following:

(a) if Collector practices, or attempts to practice, any fraud or deceit upon City, or practiced any fraud or deceit or made any misrepresentations in the negotiations which preceded the execution of this Agreement;

(b) if Collector has received three (3) or more written notices of default in any twelve (12) month period, irrespective of whether or not the act or omission set forth in the notice was corrected or remedied within the time set forth in the notice, but excluding written notices of default where, after investigation, the City Administrator or City Council has determined that no default occurred.

(c) if Collector falls short of meeting the Minimum Diversion Requirement by more than ten (10) percentage points as described in Section 4.1

10.4. LIQUIDATED DAMAGES

10.4.1. All time limits and acts required to be done by this Agreement are essential elements of this Agreement. Should Collector fail to perform or complete the work required to be done at the time set forth in this Agreement, it is mutually understood and agreed that the public will necessarily suffer damages and that such damages, from the nature of the default in performance will be extremely difficult and impractical to fix. City finds, and Collector agrees, that as of the time of the execution of this Agreement, it is impractical, if not impossible, to reasonably ascertain the extent of damages which will be incurred by City as a result of a material breach by Collector of its obligations under this Agreement. The factors relating to the impracticability of ascertaining damages include, but are not limited to, the fact that: (i) substantial damage results to members of the public who are denied services or denied quality or reliable service; (ii) such breaches cause inconvenience, anxiety, frustration and deprivation of the benefits of this Agreement to individual members of the general public for whose benefit this Agreement exists, in subjective ways and in varying degrees of intensity which are incapable of measurement in precise monetary terms; (iii) services might be available at substantially lower costs than alternative services, and the monetary loss resulting from denial of services or denial of quality or reliable services is impossible to calculate in precise monetary terms; and (iv) the termination of this Agreement for such breaches, and other remedies are, at best, a means of future correction and not remedies which make the public whole for past breaches.

10.4.2. In the event that Collector fails to perform Collection Services hereunder such that there is a complete or near complete cessation in Collection Services, the City Council may, in its discretion, assess liquidated damages not to exceed the sum of Five Thousand Dollars (\$5,000.00) per day, for each calendar day that service is not provided by Collector in

accordance with this Agreement. The liquidated damages schedule set forth in Section 10.4.4 shall not apply in the event of such a complete or near complete cessation of services.

10.4.3. In the event that Collector fails to fully implement and make operational all services and programs required by this Agreement, including but not limited to the semi-automated or automated Collection of Solid Waste, Recyclables, and Green Waste from Residential Premises, on or before the dates set forth in Section 2.7, and for each day thereafter that all such services and programs are not fully implemented and operational in accordance with this Agreement, the City Council may, in its discretion, assess liquidated damages not to exceed the sum of Two Thousand Dollars (\$2,000.00) per day. The liquidated damages schedule set forth in subsection 10.4.4 shall not apply in the event of such a failure to timely implement the services and programs required by this Agreement.

10.4.4. The City Administrator may impose the following liquidated damages upon Collector, in addition to any other available remedies City may have.

Occurrence	Payment per Occurrence
a. For each failure to prepare, submit for approval, and mail the educational brochure to all Residential Householders according to Section 3.23.1(a):	\$5,000.00
b. For each failure to submit a proposed list of public presentations by November 1st, or for each failure to deliver a public presentation according to Section 3.23.1(b):	\$1,000.00
c. For each failure to collect Solid Waste which has been properly delivered for Collection, from an established Residential Householder or Commercial/Industrial Business Owner account on the scheduled Collection day:	\$50.00
d. For each occurrence of excessive noise in violation of Section 7.B of Exhibit C:	\$50.00
e. For each occurrence of discourteous behavior:	\$100.00
f. For each occurrence of collecting Solid Waste, Recyclables or Green Waste during unauthorized hours:	\$200.00
g. For each failure to respond to a Residential Householder or Commercial/Business Owner complaint within the applicable time period:	\$50.00

- h. For each failure to have Collection workers dressed in suitable and acceptable uniform clothing and badge or other method of identification (per employee per day): \$50.00
- k. For each failure to maintain any Collection vehicle in accordance with the specifications in this Agreement after twenty-four (24) hours notification by City Administrator (per vehicle per day used in performance of this Agreement): \$200.00
- l. For each failure to notify the City Administrator of material operational changes (each day): \$200.00
- m. Failure to submit timely reports. Any report shall be considered late until such time City receives a materially correct and complete report. For each business day a report is late: \$100.00
- n. For each use of drivers in the City that do not have at least one year of experience working for Collector and at least three years of Solid Waste Collection driving experience (excluding drivers that worked in the City for City's previous contractor). For each driver per day: \$100.00
- o. For each use of drivers in the City that are not members of a union, or are not paid a living wage. For each driver per day: \$100.00

10.4.5. Commencing January 1, 2004, and each January 1 thereafter, the amounts set forth in subsections 10.4.2 and 10.4.4 shall automatically increase by the percentage increase in the Consumer Price Index for the preceding twelve (12) month period.

10.4.6. City may determine the occurrence of events giving rise to liquidated damages through the observation of its own employees or representatives, by Collector's reports, or by investigation of Residential Householder or Commercial/Industrial Business Owner or resident complaints. The actual cost of investigation by the City Administrator of any failure or violation may be assessed in addition to the above schedule of liquidated damages, computed at the then current rate per hour of staff time plus any direct costs. If City equipment is used to pick up misses or respond to complaints, all direct costs plus staff time (including overhead) shall be charged to Collector.

City finds, and Collector acknowledges and agrees, that the above-described liquidated damages provisions represent a reasonable sum in light of all of the circumstances. These liquidated damages sums shall be applicable to each calendar day of delay during which Collector has been found by the City Council or City Administrator (as the case may be) to be in breach of this Agreement. If the City Council or City Administrator, as the case may be, assesses such liquidated damages, the City Administrator shall so notify Collector in writing and

send a copy of the notice to the City Director of Finance. Collector shall have the right to appeal the City Administrator's determination pursuant to the procedures set forth in Section 10.2 for appeal of a decision of the City Administrator regarding a notice of default. Any such appeal must be made within ten (10) days after the City Administrator has notified Collector of his/her determination to levy liquidated damages. The decision of the City Council shall be final and binding.



Collector



City

10.4.7. If liquidated damages are assessed, City shall withhold them from the next payment(s) due Collector pursuant to Section 7.1.

10.4.8. Separate from or in addition to assessing liquidated damages pursuant to Sections 10.4.2 or 10.4.3, City may also at its sole discretion promptly secure, or direct Collector to promptly secure, at Collector's sole expense, substitute services, satisfactory to City, for when Collector is in breach, upon the same terms and conditions as provided in this Agreement.

10.5. INSTITUTION OF LEGAL ACTIONS

In addition to any other rights or remedies, either party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement, including but not limited to injunctive relief, except that there shall be no right to terminate this Agreement except as set forth in Article 10 and Section 2.4.2 of this Agreement. Both parties recognize and agree that in the event of a breach under the terms of this Agreement by Collector, City may suffer irreparable injury and incalculable damages sufficient to support injunctive relief to enforce the provisions of this Agreement and to enjoin the breach thereof. Should City institute any action for damages, however, any such claim for damages shall be offset by the amount of liquidated damages assessed pursuant to Sections 10.4.2 and 10.4.3, and paid to City by Collector, to the extent such liquidated damages apply to the matter for which the action was filed.

10.6. CUMULATIVE RIGHTS

City's rights to terminate this Agreement or to impose liquidated damages are in addition to any other rights of City upon a failure of Collector to perform its obligations under this Agreement.

10.7. ENFORCED DELAY; EXTENSION OF TIME

10.7.1. In addition to specific provisions of the Agreement, performance by any party hereunder shall not be deemed to be in default, in the event they are prevented from so performing by reason of floods, earthquakes, other "Acts of God", war, civil insurrection, riots, and other similar catastrophic events that are beyond the control of and not the fault of the party claiming excuse from performance hereunder, which such party could not have avoided by exercising due diligence and care and regarding which such party shall use all reasonable efforts that are practically available to it in order to correct such condition.

10.7.2. None of the following are to be considered an excuse from performance, and Collector shall be obligated to continue to provide service notwithstanding the occurrence of any or all of such events: (a) general economic conditions, interest or inflation rates, or currency fluctuation or changes in the cost of fuel, commodities, supplies or equipment; (b) changes in the financial condition of Collector or any of its subcontractors affecting their ability to perform their obligations; (c) the consequences of errors, neglect or omissions by Collector, or any subcontractor; (d) failure of any subcontractor or supplier to furnish labor, materials, service or equipment; (e) equipment failure; (f) changes in market prices for, or the unavailability of markets for, the sale or purchase of Recyclables; (g) the availability of any Disposal site or Processing facility; (h) labor unrest, including but not limited to strike, work stoppage or slowdown, sickout, picketing, or other concerted job action conducted by Collector's, employees or directed at Collector, or a subcontractor. In the case of labor unrest or job action directed at a third party over whom Collector has no control, however, the inability of Collector to make Collections due to the unwillingness or failure of the third party to provide reasonable assurance of the safety of Collector's employees while making Collections or to make reasonable accommodations regarding Container placement and point of delivery, time of Collection, or other operating circumstances to minimize any confrontation with pickets or the number of persons necessary to make Collections, shall, to that limited extent, excuse performance. The foregoing excuse shall be conditioned on Collector's cooperation in making Collection at different times and in different locations.

10.7.3. Notwithstanding anything to the contrary in this Agreement, an extension of time for any such cause shall be for the period of time reasonable in light of the enforced delay. The extension of time shall commence to run from the time of the commencement of the cause, so long as the party claiming the extension has notified the other party in writing of the nature of the matter constituting the enforced delay within two (2) days after such party has notice of such cause, giving the other party notice of the facts constituting such cause and asserting its claim to excuse under this Section 10.7. If the matter constituting the enforced delay is so catastrophic that Collector is not able to provide the required notice within two (2) days, notice may be delayed until it may practically be provided, for a period of time not to exceed ten (10) days.

10.7.4. The partial or complete interruption or discontinuance of Collector's services caused by one or more of the events described in this Section 10.7 and constituting an excuse from performance shall not constitute default by Collector under this Agreement. Notwithstanding the foregoing, however, (i) the existence of an excuse from performance shall not affect City's rights under Section 10.6 and (ii) if Collector is excused from performing its obligations hereunder for any of the causes listed in this Section 10.7 for a period of thirty (30) days or more, other than as the results of third party labor disputes where service cannot be provided for reasons described earlier in this Section 10.7, City shall nevertheless have the right, in its sole discretion, to terminate this Agreement by giving ten (10) days notice, in which case the provisions of Section 10.4.8 shall apply.

10.7.5. Notwithstanding any other provision of this Agreement, the City Administrator, in his or her sole discretion, may authorize the extension of any of the time periods set forth in this Agreement, for a period not to exceed sixty (60) days. No such extension shall be valid unless in writing and signed by the City Administrator.

10.8. RIGHT TO DEMAND ASSURANCES OF PERFORMANCE

If Collector is (i) the subject of any labor unrest including work stoppage or slowdown, sickout, picketing or other concerted job action; (ii) appears in the reasonable judgment of City to be unable to regularly pay its bills as they become due; or (iii) is the subject of a civil or criminal investigation, charge, or judgment or order entered by a federal, state, regional or local agency for violation of a law relating to performance under this Agreement, and City Council believes in good faith that Collector's ability to perform under this Agreement has thereby been placed in substantial jeopardy, City may, at its option and in addition to all other remedies it may have, demand from Collector reasonable assurances of timely and proper performance of this Agreement, in such form and substance as the City Council believes in good faith is reasonably necessary in the circumstances to evidence Collector's continued ability to perform under this Agreement. If Collector fails or refuses to provide satisfactory assurances of timely and proper performance in the form and by the date required by City, such failure or refusal shall be a basis for termination for cause pursuant to Section 10.3.

10.9. CITY'S RIGHT TO PERFORM UPON DEFAULT

10.9.1. City's Right to Perform. In addition to any and all other legal or equitable remedies, in the event that Collector, for any reason whatsoever, fails, refuses or is unable to perform any Collection Service at the time and in the manner provided in this Agreement, and if, as a result thereof, should Solid Waste accumulate in the City to such an extent, in such a manner, or for such a time that the City Administrator should find that such accumulation endangers or menaces the environment, public health, safety or welfare, then City shall have the right, but not the obligation, without payment to Collector upon twenty-four (24) hours prior notice to Collector during the period of such emergency as determined by City Administrator or his/her designee, to do either one or both of the following: (i) cause to be performed such services with other personnel without liability to Collector; (ii) to take possession of any or all of Collector's land, equipment and other property used or useful in providing one or more of the Collection Services and to provide one or more of the Collection Services. Should City take possession of Collector's equipment and other property pursuant to this Section 10.9, City shall exercise reasonable, ordinary care in the use of the equipment and property.

10.9.2. Notice. Notice of Collector's failure, refusal or neglect to perform one or more Collection Services may be given orally by telephone to Collector at its principal office and shall be effective immediately. Written confirmation of such oral notification shall be sent to Collector within twenty-four (24) hours of the oral notification.

10.9.3. Collector's Cooperation. Collector further agrees that in such event:

(a) It shall fully cooperate with City to affect the transfer of possession of property to City for City's use.

(b) It shall, if City so requests and to the extent feasible, keep in good repair and condition all of such property, provide all motor vehicles with fuel, oil and other service, and provide such other service as may be necessary to maintain the property in operational condition.

10.9.4. Not a Taking by City. City's exercise of its contractual rights under this Section 10.9: (i) does not constitute a taking of private property for which compensation must be paid; (ii) shall not create any liability on the part of City to Collector; and (iii) does not exempt Collector from the indemnity provisions of Section 5.1, which are meant to extend to circumstances arising under this Article 10, provided that Collector is not required to indemnify City against claims and damages that are solely caused by the established active negligence or willful misconduct of City officers, employees, agents, or volunteers acting under this Section 10.9. City shall not effect a permanent taking of Collector's property pursuant to this Section 10.9.

10.9.5. Possession of Collector's Property. City's right to retain temporary possession of Collector's property, and to provide one or more Collection Services shall continue until Collector can demonstrate to City's satisfaction that it is ready, willing and able to resume such services. City has no obligation to maintain possession of Collector's property or continue its use in performing one or more Collection Services for any period of time and may, at any time, in its sole discretion, relinquish possession to Collector.

Article 11 - ASSIGNMENT

11.1. ASSIGNMENT OF AGREEMENT

Collector shall not assign, sell, subcontract or otherwise delegate authority to perform any portion of this Agreement, including but not limited to a sale, exchange or other transfer of substantially all of Collector's assets dedicated to service under this Agreement to a third party, without the prior express written consent of City. In the event of any assignment duly authorized by City, the assignee shall assume the liability of Collector, by written instrument in form reasonably acceptable to the City Administrator and City Attorney.

11.2. TRANSFER OF STOCK OR INTEREST

No sale, gift, or transfer of stock or other interest of Collector, including but not limited to any reorganization, consolidation, merger recapitalization, stock issuance or re-issuance, voting trust, pooling agreement, escrow arrangement, liquidation or other transaction to which Collector or any of its shareholders is a party, which would result in a change of Control of Collector, shall be made without prior written approval of the City Council. Violation of this provision shall be a breach of this Agreement and grounds for termination by City without the need for compliance with the notification requirements of Section 10.1. This Section 11.2 shall not apply to the transfer of stock by bequest or interstate succession.

11.3. BANKRUPTCY

If Collector shall at any time during the Term become insolvent, or if proceedings in bankruptcy shall be instituted by or against Collector, or if Collector shall be adjudged bankrupt or insolvent by any court, or if a receiver or trustee in bankruptcy or a receiver of any property of Collector shall be appointed in any suit or proceeding brought by or against Collector, or if Collector shall make an assignment for the benefit of creditors, then and in each and every such case, this Agreement shall immediately cease, terminate, and be canceled upon written notice by City and without the necessity of suit or other proceeding.

11.4. REQUIREMENTS OF COLLECTOR

If Collector requests City's consideration of and consent to an assignment, City may deny or approve such request in its complete discretion. City need not consider any request by Collector for consent to an assignment unless and until Collector has met the following requirements:

- (a) Collector shall pay to City the transfer fee described in Section 11.5.
- (b) Collector shall furnish City with audited financial statements of the proposed assignee's operations for the immediately preceding five (5) operating years.
- (c) Collector shall furnish City with satisfactory proof that the proposed assignee has the demonstrated technical capability to perform all Collection Services, including: (i) that the proposed assignee has at least 10 years of experience in the provision and management of Solid Waste and Recyclables Collection Services on a scale equal to or exceeding the scale of operations conducted by Collector under this Agreement; (ii) in the last five (5) years, the

proposed assignee has not suffered any significant citations or other censure from any State, federal or local agencies and the assignee has provided City with a complete list of such citations and censures; (iii) the proposed assignee has at all times conducted its operations in an environmentally safe and conscientious fashion; (iv) the proposed assignee conducts its Solid Waste and Recyclables Collection Services in accordance with sound Solid Waste and Recyclables practices, and in full compliance with all federal, State and local laws regulating the Collection and Disposal of Solid Waste including hazardous substances; and (v) any other information required by City to ensure the proposed assignee can fulfill the terms of this Agreement in a timely, safe and effective manner.

11.5. APPLICATION AND TRANSFER FEE

Any application for an assignment transfer shall be made in a manner prescribed by the City Administrator. The application shall include a transfer fee in the amount of Twenty-Five Thousand Dollars (\$25,000) to cover the cost of all direct and indirect administrative expenses including consultants and attorneys, necessary to adequately analyze the application and to reimburse City for all direct and indirect expenses. In addition, Collector shall reimburse City for any and all additional costs related to the assignment requested and not covered by the transfer fee. Bills shall be supported with evidence of the expense or cost incurred. Collector shall pay such bills within (30) days of receipt. The transfer fees are over and above any other fees specified in this Agreement.

11.6. TRANSITION

If City consents to an assignment, Collector shall cooperate with City and subsequent Collector(s) or subcontractor(s) to assist in an orderly transition, including but not limited to Collector providing route lists and billing information.

Article 12 – MISCELLANEOUS PROVISIONS

12.1. INDEPENDENT CONTRACTOR

Collector is, and shall at all times remain as to City, a wholly independent contractor. Collector shall have no power to incur any debt, obligation, or liability on behalf of City or otherwise act on behalf of City as an agent. Neither City nor any of its agents shall have control over the conduct of Collector or any of Collector's employees, except as set forth in this Agreement. Collector shall not, at any time, or in any manner, represent that it or any of its agents or employees are in any manner employees of City. Collector shall be solely responsible for the acts and omissions of its officers, employees, subcontractors and agents. Collector or its officers, employees, subcontractors and agents shall obtain any rights to retirement benefits, workers' compensation benefits, or any other benefits that accrue to City employees by virtue of their employment with City.

12.2. FEES AND GRATUITIES

Collector, its officers, agents or employees are prohibited from requesting, soliciting, demanding, or accepting, either directly or indirectly, any compensation or gratuity other than as set forth in this Agreement for the Collection of Solid Waste, Green Waste and Recyclables otherwise required to be collected under this Agreement. Nor shall Collector, its officers, agents or employees provide, directly or indirectly, accept any gifts or gratuities to any City employee. Notwithstanding the foregoing, employees of Collector may accept gifts freely offered by Residential Householders.

12.3. GOVERNING LAW

This law of the State of California shall govern this Agreement. In the event of litigation between the parties, venue in State trial courts shall lie exclusively in Los Angeles County. In the event of litigation in a United States District Court, exclusive venue shall lie in the Central District of California.

12.4. ATTORNEY'S FEES

Should legal action be brought by either party to enforce any provision of this Agreement, the prevailing party in such action shall be entitled to reasonable attorneys' fees, court costs, and other litigation expenses including, without limitation, expenses incurred for preparation and discovery, expert witness fees, and expenses relating to appeals, if any. The entitlement to recover such fees, costs and expenses shall accrue upon the commencement of the action regardless of whether the action is prosecuted to final judgment.

12.5. SUBCONTRACTING

Collector shall not engage any subcontractors for Collection of Solid Waste, Recyclables, or Green Waste without the prior written consent of City.

12.6. AGREEMENT AS COLLATERAL

Collector shall only use this Agreement as collateral to secure any loan if proceeds of the loan are used exclusively for the provision of services under this Agreement and only upon prior written consent of the City Administrator. Collector shall not create an encumbrance or lien against this Agreement without the prior written consent of the City Administrator.

12.7. BINDING ON SUCCESSORS

The provisions of this Agreement shall inure to the benefit to and be binding on the successors and permitted assigns of the parties.

12.8. TRANSITION TO THE NEXT COLLECTOR

One (1) year prior to the conclusion of the term, and in order to assist with the competitive bid process, Collector shall provide City with such information as may reasonably be requested, including, but not limited to, route maps, account names and phone numbers, and level of service provided. Failure to provide full cooperation may at City's sole discretion preclude Collector from participating in any competitive bid process.

12.9. PARTIES IN INTEREST

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

12.10. WAIVER

The waiver by either party of any breach or violation of any provisions of this Agreement shall not be deemed to be a waiver of any breach or violation of any other provision nor of any subsequent breach or violation of the same or any other provision. The subsequent acceptance by either party of any monies that become due hereunder shall not be deemed to be a waiver of any preexisting or concurrent breach or violation by the other party of any provision of this Agreement.

12.11. CONDEMNATION

In addition to its rights under Section 10.9, City fully reserves the rights to acquire Collector's property utilized in the performance of this Agreement, by purchase or through the exercise of its power of eminent domain.

12.12. CAPTIONS

The captions in this Agreement are for convenience of reference only and are not intended to be used in the construction of this Agreement nor to alter or affect any of its provisions.

12.13. REFERENCE TO LAWS

All references in this Agreement to laws shall be understood to include such laws as they may be subsequently amended or recodified, unless otherwise specifically provided.

12.14. REFERENCE TO DAYS

All references to days herein are to calendar days, including Saturdays, Sundays and Holidays, except as otherwise specifically provided.

12.15. INTERPRETATION

This Agreement shall be interpreted and construed reasonably and neither for nor against either party, regardless of the degree to which either party participated in its drafting. Each of the parties has received the advice of legal counsel prior to signing this Agreement. Each party acknowledges no other party or agent or attorney has made a promise, representation, or warranty whatsoever, express or implied, not contained herein concerning the subject matter herein to induce another party to execute this Agreement. The parties agree no provision or provisions may be subject to any rules of construction based upon any party being considered the party drafting this Agreement.

12.16. AMENDMENT

This Agreement may not be modified or amended in any respect except by a writing signed by the parties.

12.17. SEVERABILITY

If any non-material provision of this Agreement is for any reason deemed to be invalid and unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Agreement that shall be enforced as if such invalid or unenforceable provision had not been contained herein. Notwithstanding the foregoing, however, the provisions of this Agreement reserving to City the right and power to require the use of the Designated Disposal Site and the Designated Green Waste Processing Facility shall not be deemed to be severable from the other provisions hereof. In the event such provisions are held in any legal proceeding which is binding upon City to be null, void, in excess of City powers or otherwise invalid or unenforceable, and Collector as a result thereof, utilizes a Disposal site other than the Designated Disposal Site, this entire Agreement may at City's sole discretion terminate without any liability of City to Collector.

12.18. ENTIRE AGREEMENT

This Agreement is executed in three (3) duplicate originals, each of which is deemed to be an original. This Agreement includes fifty-seven (57) pages of text and nine (9) Exhibits, each of which is incorporated herein by reference, as follows:

Exhibit A.1	Schedule of Monthly Rates- Residential
Exhibit A.2	Schedule of Monthly Rates- Commercial/Industrial
Exhibit B	Example Rate Adjustment
Exhibit C	Performance Standards
Exhibit D	City Facilities
Exhibit D.1	Map of City Facilities
Exhibit E	City Street Receptacles
Exhibit F	Special Event Solid Waste and Recycling Collection Service
Exhibit G	Example Quarterly Report
Exhibit H	Form of Performance Bond
Exhibit I	Scale of Liquidated Damages for Failure to Meet Minimum Diversion Requirement

This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, represents the full and entire Agreement between the parties regarding the matters covered herein, and supersedes all negotiations or previous agreements between the Parties regarding all or any part of the subject matter hereof.

12.19. COUNTERPARTS

This Agreement may be executed in counterparts each of which shall be considered an original.

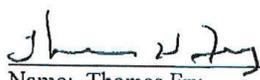
Executed as of the day first above stated:

For City of San Fernando



Cindy Montañez
Mayor

For Collector



Name: Thomas Fry
Title: President

Approved as to Form:



Michael Estrada
City Attorney

Exhibit A.1 – Schedule of Monthly Rates- Residential

Rates Paid by City Directly to Collector:

Description	Rate
Standard Residential Collection Service Rate	\$13.49 per Residential Premises Unit per month

Rates for Additional Collection Services Billed by Collector to Residential Householders:

Description	Rate
Additional Solid Waste Cart pursuant to Section 3.5	\$6.00 per cart per month
Additional Recycling or Green Waste Cart(s) pursuant to 3.6	\$6.00 per cart per month
Wheel Out Service	\$20.00 per Residential Premises Unit per month
Collection of Bulky Waste	\$35.00 per pickup

Rates for Rolloff Loads in Excess of the Minimum Amount set forth in Exhibit D

Description	Rate
Rolloff Haul Charge	\$90.00 per load
Solid Waste Tipping Fee	\$30.00 per ton
Construction and Demolition Tipping Fee	\$30.00 per ton
Green Waste Tipping Fee	\$30.00 per ton
Clean Wood Waste Tipping Fee	\$30.00 per ton
Mixed rock, dirt, asphalt, or concrete (generally collected in a 10 yard Debris Box)	\$10.00 per ton

**Exhibit A.2
Schedule of Monthly Rates
Commercial and Industrial Service**

Monthly Rates per Bin for Commercial Front-end Load Service

Bin Size	Number of Pickups per Week					
	1	2	3	4	5	6
1.5 yd.	\$56.30	\$75.07	\$98.84	\$117.61	\$141.38	\$191.38
2 yd.	\$60.00	\$86.80	\$115.26	\$135.72	\$165.72	\$207.00
3 yd.	\$62.50	\$92.50	\$127.50	\$157.50	\$187.50	\$217.50
4 yd.	\$83.28	\$121.99	\$160.70	\$199.41	\$238.12	\$294.42
5 yd.	\$91.49	\$134.90	\$178.30	\$233.70	\$298.10	\$375.49
6 yd.	\$99.71	\$161.87	\$224.04	\$314.21	\$374.38	\$434.01

Extra pickups \$30.00 per bin

Flat Rates per Load for Rolloff Service

Service Description	Flat Rate per Load
10 yard Low-boy Rolloff Box	\$195.00
25 yard Open Top Rolloff Box	\$267.00
40 yard Open Top Rolloff Box	\$286.00
40 yard Compactor	\$324.00

(a) Includes disposal or processing charges up to a maximum of 7 tons. An additional charge of \$30.00 per ton shall be charged for each ton, or portion thereof, over 7 tons.

Exhibit B – Example Rate Adjustment

Service	Current Rate	ANNUAL CHANGE IN CPI(A)	Adjusted Monthly Rate
Standard Residential Collection Service Rate per month	\$ 13.49	3.0%	\$ 13.90
Additional 90 gallon Solid Waste cart per month	\$ 6.00	3.0%	\$ 6.18
Wheelout Service per month	\$ 20.00	3.0%	\$ 20.60
Bulky Waste in excess of Two per Year	\$ 35.00	3.0%	\$ 36.05
Monthly Rate for 3yd. Bin once per Week	\$ 62.50	3.0%	\$ 64.38
Flat Rate per Load for 40 yd. Rolloff	\$ 286.00	3.0%	\$ 294.58
Additional Rolloff Load	\$ 90.00	3.0%	\$ 92.70

(a) Consumer Price Index for All Urban Consumers for Los Angeles-Riverside-Orange County area.

Exhibit C – Performance Standards

1. Collector Standards

- A. Services are to be completed in thorough and professional manner that constitutes litter-free, reliable, timely, courteous and high-quality service.
- B. Collector shall at all times perform its duties using best industry practice for comparable operations.
- C. Personnel shall conduct themselves in a courteous, workmanlike manner.
- D. Personnel shall dress in clean, uniform shirts with suitable identification.
- E. Color and appearance of Collection vehicles, Containers, employee uniforms, and public education materials provided by Collector shall be designed to provide a standard representation of Collector. If subcontractors are included, a distinct but uniform appearance of the subcontractor equipment, vehicles, and personnel is allowed.

2. Collection Containers

- A. Collector shall provide Containers for storage of materials that shall be designed and constructed to be watertight and prevent the leakage of liquids. All Containers with a capacity of 1 cubic yard or more shall meet all applicable federal regulations on Solid Waste Container safety. All Containers provided by Collector shall be constructed of rigid, durable materials with a minimum five (5) year life expectancy warranted by the manufacturer.
- B. The Containers shall be clearly labeled to indicate their designation for Collection of Solid Waste, Green Waste or Recyclables and shall list the types of materials to be stored in the Container for Collection.
- C. Collector shall be responsible for distributing all Containers to Residential Householders and Commercial/Industrial Business Owners in accordance with the provisions of this Agreement.
- D. Collector shall repair, clean, paint, and replace Containers as needed to maintain a clean, attractive, functional, new-like condition. Collector's employees shall immediately notify the route supervisor of the presence of any graffiti on Containers. All graffiti shall be removed immediately regardless of whether Collector is notified to do so by City.

3. Collection Vehicles

A. General

Collector shall provide a fleet of Collection vehicles sufficient in number and capacity to efficiently perform the work required by this Agreement in strict accordance with its terms. Collector agrees to maintain each piece of equipment used by it in the performance of this Agreement in good order and repair. Collector shall have available on service days sufficient backup vehicles and qualified operators to respond to complaints and emergencies.

B. Vehicle Identification

Collector's name, phone number, and vehicle identification number must be visibly displayed on both sides of all vehicles in letters and figures consistent with the requirements of Section 27901 of the California Vehicle Code.

C. Cleaning and Maintenance

i. General.

Collector shall maintain all of its properties, facilities, and equipment used in providing service under this Agreement in a safe, neat, clean and operable condition at all times, and well and uniformly painted, to the satisfaction of the City Administrator. Vehicles shall be maintained in such a manner that no leakage of fluids from the collected materials occurs.

ii. Cleaning.

Vehicles used in the Collection shall be thoroughly washed at a minimum of once per week, and thoroughly steam cleaned on a regular basis so as to present a clean appearance and minimize odors. All vehicles shall be painted on a regular schedule to maintain a clean, professional, new-like appearance, although the City Administrator may require the painting of any vehicle that does not present a satisfactory appearance at any time. The vehicles shall be painted in a uniform manner; although Solid Waste, Recycling, and Green Waste vehicles may have different painting schemes. All graffiti shall be removed immediately. City may inspect vehicles at any time to determine compliance with sanitation requirements.

iii. Maintenance.

Collector shall inspect each vehicle daily to ensure that all equipment is operating properly. Vehicles which are not operating properly shall be taken out of service until they are repaired and do operate properly. Collector shall also perform all scheduled maintenance functions in accordance with the manufacturer's specifications and schedule. Collector shall keep accurate records of all vehicle

maintenance, recorded according to date and mileage, and shall make such records available to City upon request.

iv. Repairs.

Collector shall repair, or arrange for the repair of, all of its vehicles and equipment, including dents, leaks, and other body damage, for which repairs are needed because of accident, breakdown or any other cause so as to maintain all equipment in a neat, safe and operable condition. If an item of repair is covered by a warranty, Collector shall obtain warranty performance. Collector shall maintain accurate records of repair, which shall include date/mileage, nature of repair and the signature of a maintenance supervisor, or his designee, that the repair has been properly performed.

v. Age of Vehicles.

Collector's fleet of vehicles shall comply with applicable provisions of the California Vehicle Code. The City Administrator has the right to inspect Collector's fleet of vehicles, not more often than annually, to ascertain whether they remain in full compliance with Chapter 70 of the City Code and applicable provisions of the California Vehicle Code. Collector shall immediately remove from service any vehicle that, in the reasonable discretion of the City Administrator, is not in full compliance with of Chapter 70 of the City Code and applicable provisions of the California Vehicle Code.

Each Collection vehicle shall be under seven (7) years of age unless specifically authorized in writing by City.

D. Inventory

Collector warrants that it shall provide an adequate number of vehicles and equipment for the Collection, Disposal, and transportation services for which it is responsible under this Agreement. Collector shall furnish City a written inventory of all vehicles, including Collection vehicles, used in providing service, and shall update the inventory annually. The inventory shall list all vehicles by manufacturer, ID number, date of acquisition, type, capacity and decibel rating.

E. Storage.

Collector shall arrange to store all vehicles and other equipment in safe and secure location(s) in accordance with applicable zoning regulations.

F. Dual Fuel Vehicles.

Pursuant Rule 1193 of the South Coast Air Quality Management District, Collector shall use Dual Fuel Vehicles or Alternative Fuel Vehicles for its Collection operations in the City.

G. **Cameras and Audio**

All vehicles in Collector's fleet shall be equipped with backup cameras. All vehicles acquired during the term of this Agreement shall be equipped with two-way audio systems including a microphone that enables the driver to hear noises behind the vehicle, and a speaker that enables the driver to broadcast to persons behind the vehicle.

H. **Vehicle Signs**

All Collector's vehicles used in the City shall have signs with City's name, seal and recycling logo. All vehicle signs are subject to approval by the City Administrator.

4. Operation

- A. All vehicles must be registered with the Department of Motor Vehicles of the State of California and inspected by the California Highway Patrol at the frequency required by the State. Vehicles shall be operated in compliance with the California Vehicle Code and all applicable safety and local ordinances.
- B. Collector shall not load Collection vehicles in excess of the manufacturer's recommendations or limitations imposed by state or local weight restrictions on vehicles.
- C. Collector shall use all reasonable means to minimize the backing up of Collection vehicles.

5. Collection Schedule

- A. If the day of Collection on any given route falls on a Holiday, Collector shall provide Collection service for such route on the next workday following such Holiday. In the event the holiday schedule of the Designated Disposal Facility, Designated Recycling Facility, or Designated Green Waste Processing Facility are different than the Holidays stated herein, the holiday schedule will be adjusted upon prior written notice to the City Administrator.
- B. Collection Services shall not start before 6:30 a.m. or continue after 5:00 p.m., six days per week excluding Sunday. Collector shall not provide Collection Services on Sundays. Collection service hours are subject to change by City Council in the exercise of its reasonable discretion. For the first regularly scheduled Collection after Christmas Day, Collector shall collect and dispose of the material in the Green Waste Cart as Solid Waste if the Residential Householder uses the Green Waste Cart for Solid Waste Disposal.

6. Collection Routes.

- A. Collection routes shall be established and maintained in such a manner as to provide uniform and efficient Collection Services.
- B. Collector shall submit route plans to the City Administrator for informational purposes at the start of this Agreement, one year prior to the end of this Agreement, at the end of this Agreement and, at end of the contract term and whenever there is a significant routing change. The route plans shall include, but not be limited to, the following information:
 - i. the course each vehicle follows;
 - ii. the properties served;
 - iii. approximate starting and ending time for each route; and
 - iv. the day of week the route will be served.
- C. Materials collected shall not be mixed in Collector's Collection equipment with any materials collected from another municipality, unless Collector accurately accounts for such mixed loads in its reporting to City and the Designated Green Waste Processing Facility, Recycling Facility, and Disposal Site, and any applicable reports prepared by Collector.

7. Collection Requirements

A. Care of Private Property

Reasonable care shall be used by Collector's employees in handling all Collection Containers and enclosures, and all damage caused thereto by the negligence or carelessness of Collector's employees shall be promptly adjusted with the owner thereof. All Collection Containers after emptying thereof by Collector's employees shall be returned to within 5 feet of the location from which the same were picked up by Collector's employees, upright with lids properly secured, and Collector's employees shall use all reasonable means to ensure same are not deposited in a manner that blocks any driveway, sidewalk, or street. Collector shall ensure that its employees close all gates opened by them in making Collections, unless otherwise directed by the Residential Householders or Commercial/Industrial Business Owners, and avoid crossing landscaped areas and climbing or jumping over hedges and fences. City shall refer complaints about damage to private property to Collector. Collector shall repair all damage to private property caused by its employees.

B. Noise

All Collection operations shall be conducted as quietly as possible and shall conform to applicable federal, State, county and City noise level regulations,

including the requirement that the noise level during the stationary compaction process not exceed 75 decibels at a distance of 25 feet from the vehicle measured at an elevation of 5 feet above ground level using the "A" scale of a standard sound level meter at slow response, or Applicable Law, whichever is more stringent. City may conduct random checks of noise emission levels to ensure such compliance. Collector shall promptly resolve any complaints of noise to the satisfaction of the City Administrator.

C. Record of NonCollection

When any materials placed for Collection are not collected by Collector, Collector shall provide notice to the Residential Householder or Commercial/Industrial Business Owner, at Collector's cost. The notice shall provide Collector's phone number and indicate the reasons for Collector's refusal to collect the materials placed in the Collection Containers giving reference to the Section of the appropriate City ordinance or to the Section of this Agreement which has been violated, and which gives grounds for Collector's refusal. This information shall either be in writing via a tag at least 2 inches x 6 inches in size, or by means of a check system. Collector shall maintain, at Collectors place of business, a logbook or electronic database listing all occurrences of non-Collection. The logbook or database shall contain the names and date and manner of disposition of each case. Such log shall be kept so that it may conveniently be inspected by representatives of City upon request.

At the end of each service day, Collector will send to City via e-mail a list of addresses that have been notified of non-Collection including any comments and corrective actions.

In the event Collector does not collect materials placed for Collection because they contain Hazardous Materials, Collector's employee shall remain on site until the arrival of a route supervisor. The route supervisor shall notify City and remain on site until City personnel arrive on site and arrangements for the proper disposition of the Hazardous Materials have been made.

D. Load Checking

Collector is responsible for inspecting all materials prior to Collection for Hazardous Waste or other unacceptable materials. Collector is not responsible for the Collection of Hazardous Waste or other unacceptable materials. Collector is responsible for controlling contamination levels of the Recyclables and Green Waste through public education efforts, random inspection of setouts, and tagging of improper setouts at a level that minimizes contamination.

8. Litter Abatement

A. Minimization of Spills

Collector shall use due care to prevent materials placed in the Collection Containers from being spilled or scattered during the Collection or transportation process. If any material is spilled during Collection, Collector shall promptly clean up all spilled materials. Each Collection vehicle shall carry a broom and a shovel at all times for this purpose. Collector shall not transfer loads from one vehicle to another on any public street, unless it is necessary to do so because of mechanical failure or accidental damage to a vehicle.

B. Cleanup

During the Collection transportation process, Collector shall clean up litter in the immediate vicinity of any storage area (including the areas where Collections Bins are delivered for Collection) of any materials that escape from the Collection vehicle or Collection Containers as a result of Collector's service. In the event that litter not caused by Collector's service is in the vicinity of the storage area, Collector is required to clean up this litter whether or not Collector has caused the litter on a one-time basis and shall discuss the spillage directly with the Residential Householder or Commercial/Industrial Business Owner responsible and shall report such instances to City. Collector shall work with the Residential Householder or Commercial/Industrial Business Owner to resolve the spillage problem. City will attempt to rectify such situations with the Residential Householder or Commercial/Industrial Business Owner if Collector has already attempted to do so without success.

C. Covering of Loads

All materials shall be contained or covered during transportation to the Disposal or Processing site. No material shall be transported to the Disposal site or Processing facility in vehicle hoppers.

D. Oil or Other Vehicle Fluid Spills

Collector is responsible for cleaning up all oil or vehicle fluid spills immediately and must notify City within 24 hours of each such spill. All vehicles must carry an acceptable absorbent material to use in the event of spills. Repair for damages caused by oil or other vehicle spills shall be at Collector's expense. Collector will follow the spill procedures below:

- Driver will determine cause and source of spill.
- Each driver or shop employee is responsible for having enough absorbent in their vehicle to contain or prevent any hydraulic fluid or oil from entering a storm drain or sewer and to clean up small spills as they occur.

- Driver will contain or stop the leak and clean it up without endangering self.
- Driver will immediately notify dispatch or supervisor.
- Driver will not leave the spill until either a supervisor or spill response personnel arrive at the scene.
- Driver will keep all people, cars, or other vehicles from walking or driving through the spill.
- Driver or spill response personnel will take whatever action possible to prevent the spill from entering any storm drain, grates, or other entry points.

9. Personnel

A. General

Collector shall furnish such qualified drivers, mechanical, supervisory, clerical and other personnel as may be necessary to provide the Collection Services required by this Agreement in a safe and efficient manner.

All Collector employees must be able to read, write and speak English with sufficient proficiency to enable them to successfully meet and adhere to all of the terms of this Agreement.

B. Driver Qualifications

All drivers shall be trained and qualified in the operation of Collection vehicles and must have in effect a valid license, of the appropriate class with appropriate endorsements, issued by the California Department of Motor Vehicles. All Collection vehicle drivers shall also complete an in-house training program provided by Collector which includes education on the use of all vehicles in the Collection fleet, Collection programs, and route information as well as Residential Householder service practices and safety information.

C. Identification Badge

Collector shall require its drivers, and all other employees who come into contact with the public, to wear a clean uniform shirt with an identification badge or other means of identifying the employee, as approved by the City Administrator.

D. Safety Training

Collector shall provide suitable operational and safety training for all of its employees who utilize or operate vehicles or equipment for Collection or who are otherwise directly involved in such services. Collector shall train its employees involved in Collection to identify, and not to collect, Hazardous Waste or infectious waste.

E. No Gratuities

Collector shall not permit its employees to demand or solicit, directly or indirectly, any additional compensation or gratuity from members of the public for the Collection Services under this Agreement.

F. No Discrimination

Collector shall not discriminate during the performance of this Agreement against any employee or applicant for employment because of the employee's or applicant's race, religion, national origin, ancestry, sex, age, disability, marital status, or sexual orientation. Collector understands and agrees that if it violates this no discrimination provision, City may terminate this Agreement, and Collector shall further be barred from performing any services for City, unless a showing is made satisfactorily to City that discriminatory practices have been terminated and that reoccurrence of such action is unlikely.

G. Employee Appearance and Conduct

All employees, while engaged in Collection Services within the City, shall be attired in suitable and acceptable uniform shirts that are subject to approval by City. Collector shall use its best efforts to assure that all employees present a neat appearance and conduct themselves in a courteous manner. Collector shall regularly train its employees in Residential Householder courtesy, shall prohibit the use of loud or profane language, and shall instruct Collection crews to perform the work as quietly as possible. If any employee is found not to be courteous or not to be performing services in the manner required by this Agreement, Collector shall take all appropriate corrective measures.

H. Provision of Field Supervision

Collector shall designate one qualified employee as supervisor of field operations. The field supervisor shall devote whatever time is necessary, but not less than 50 percent of his time, in the field checking on Collection operations, including timely response to complaints.

I. General Supervision

The Collection Services shall be under the general supervision of the City Administrator. All orders, directions and instructions to Collector, not inconsistent with the terms of this Agreement, shall be promptly complied with by Collector. City reserves the right to inspect Collector's equipment used to perform its obligations under this Agreement at any time without prior notice.

J. All of Collector's employees that serve in the City shall be covered by a collective bargaining agreement or be paid a living wage. All of Collector's employees that serve in the City shall have a minimum of three years of Solid Waste Collection driving experience and a minimum of one year of employment with Collector.

This driving experience requirement shall not apply to drivers that worked in the City for the City's previous contractor.

10. Corporation Yard, Recyclables and Green Waste Processing and Marketing

A. General Operations and Maintenance Standards

Collector covenants to comply with Collector's performance obligations throughout the Term and to perform Collector's performance obligations with respect to corporation yard and Recyclables and Green Waste Processing and marketing services in accordance with accepted practice for comparable facilities, sound management and operations practice, the facility's operation and maintenance manual, plans and specifications, permits, Applicable Law (including OSHA standards), provisions hereof, and covenants, conditions and restrictions pertaining to the site.

Collector shall be responsible for maintaining and renewing all necessary permits, licenses, and clearances necessary to provide the transportation and Processing of Recyclables and Green Waste and corporation yard operation. Collector shall maintain and renew permits, however, Collector shall not be responsible for any delays in maintaining or renewing, or failure to maintain or renew the permits if Collector has exercised due diligence in maintaining and/or renewing the permits, and such failure is caused by any action or inaction of the issuing or renewing authority.

B. Maintenance and Repair

Collector shall maintain the facilities and sites in good working order and repair, including maintaining spare parts inventory and performing periodic maintenance in accordance with the operations and maintenance manual, manufacturer's recommendations, accepted practice for comparable facilities, and sound management and operations practice. Collector shall maintain the aesthetic appearance of the facilities and sites in a clean and neat manner in accordance with the plans and specifications, with due regard for reasonable control of odors, dust, and noise.

C. Safety

Collector shall conduct facility operations in a safe manner, in accordance with Applicable Law, requirements of insurance carried, and standard industry practices in the waste management and materials recovery industry.

D. Right to Enter and Inspect Facility

City and its designated representative shall have the right, but not the obligation to enter, observe, and inspect the corporation yard and Recyclables and Green Waste Processing facilities during regular business hours; meet with the facilities' managers or their representative at any time, and meet with other employees upon

request, which request shall not be unreasonably denied. Upon City request, Collector shall make personnel available to accompany City employees on inspections. Collector shall ensure that its employees cooperate with City and respond to City's reasonable inquiries. Collector shall make operational and business records other than financial records available to City during receiving hours upon City request.

E. Tours of Facilities

Upon 24 hours request of City, Collector shall provide tours of the facilities. Such tours shall not unreasonably disrupt facility operation. City shall not be charged for labor, overhead, overtime, or any other costs associated with such tours. As part of such tours, Collector shall distribute an educational brochure, printed on recycled paper, on conservation, Recycling, and general Solid Waste management programs.

F. Personnel

Collector shall engage and train qualified and competent employees, including managerial, supervisory, clerical, maintenance, and operating personnel, in numbers necessary and sufficient for facility operations and to perform Collector's obligation under this Agreement. Collector shall train such staff to perform their work in a safe and efficient manner in accordance with the health and safety plan in the facility's operations and maintenance manual.

G. Recovery Standards

Collector shall use reasonable business efforts to maximize the recovery of delivered materials in a manner acceptable to receive Diversion credit under the Act.

H. Finished Product Standard

The processed Recyclables and Green Waste shall maintain physical and chemical specifications such as to: (a) achieve the results required under the applicable marketing plan; and (b) comply with all Applicable Laws, ordinances, regulations, and permit conditions.

I. Transportation of Residue

If Collector operates the Recycling Facility or the Processing Facility, Collector shall transport and deliver all Residue to the Disposal facility within 48 hours after its delivery to the facility and in no event longer than required by Applicable Law. Collector shall select routes from the facility to the Disposal facility that minimize inconvenience and disturbance to the public and comply with permits and Applicable Law. Collector shall enclose or cover all vehicles transferring Residue from the facility to prevent spillage.

EXHIBIT D – CITY FACILITIES

This Exhibit describes the services that Collector shall provide to City Facilities. The location of each of these facilities can be found on the map entitled "Exhibit D.1 Map of City Facilities and City Street Receptacles." For each of the rolloff services described below, the Collection schedule will be determined by the operational needs of City, and City personnel will periodically call Collector with requests for service. Solid Waste and Recyclables from San Fernando Recreation Park, Las Palmas Park, Pioneer Park, and Layne Park will be collected and transported by City personnel to the Public Works Yard for Collection by Collector.

Map

Ref. Solid Waste Collection:

1F. City Hall (117 Macneil Street):

Collector shall collect Solid Waste from one (1) locked 3-yard bin located at 120 Macneil (across the street from City Hall, in the parking lot behind the building) at least three times per week on Monday, Wednesday and Friday. The lock and keys shall be provided by Collector.

2F. Police Department (910 First Street):

Collector shall collect Solid Waste from one (1) 3-yard bin at least three times per week on Monday, Wednesday and Friday.

3F. Public Works Yard (543 Glenoaks Blvd.):

Collector shall provide Collection and disposal service for up to the following number of maximum rolloff loads per month. For loads that exceed these maximum number of loads, Collector may charge City the Solid Waste Tipping Fee per ton plus the Rolloff Haul service charge per load shown on Exhibit A.1.

- 40-yard rolloff box – sixteen (16) loads per month.
- 30-yard rolloff box for sweeper spoils – four (4) loads per month.

On an as needed, unlimited basis, Collector shall provide Collection and disposal service to a 50-yard rolloff box used to contain Bulky Waste collected by City.

Recyclables Collection:

1R. City Hall (117 Macneil Street):

Collector shall collect commingled Recyclables from one (1) each locked 3-yard bin at least once per week on Tuesday. The bin is located at 120 Macneil (across the street from City Hall, in the parking lot behind the building). The lock and keys shall be provided by Collector.

2R. Police Department (910 First Street):

Collector shall collect commingled Recyclables from one (1) each locked 3-yard bin at least once per week on Tuesday.

3R. Public Works Yard (543 Glenoaks Blvd.):

Collector shall collect commingled Recyclables from one each 3-yard bin at least once per week. Collector shall provide Collection and disposal of construction and demolition material from a 10 yard low-boy rolloff for up to nine (9) loads per month. For loads that exceed nine (9) per month, Collector may charge City the Construction and Demolition Tipping Fee plus the rolloff service charge per load shown on Exhibit A.1.

Green Waste Collection:

1W. Public Works Yard (543 Glenoaks Blvd.):

Collector shall provide Collection and disposal service for up to the following number of maximum Green Waste rolloff loads per month. For loads that exceed these maximum number of loads, Collector may charge City the Green Waste Tipping Fee plus the rolloff service charge per load shown on Exhibit A.1.

- 40-yard Green Waste rolloff box – four (4) loads per month.
- 15-yard Green Waste rolloff box (used by City's landscape contractor) – four (4) loads per month.

Exhibit E - City Street Receptacles

Reference #'s refer to locations on the map enclosed as Exhibit D.1

#	Location Description						Qty
1	N/W	corner	Seventh	&	Maclay		1
2	S/W	corner	Seventh	&	Maclay	(975 Maclay on Seventh)	1
3	N/W	corner	Maclay	&	Glenoaks	(on Maclay)	1
4	N/E	corner	Glenoaks	&	Maclay	(on Glenoaks)	1
5	S/E	corner	Glenoaks	&	Maclay	(on Glenoaks)	1
6	S/E	corner	Maclay	&	Glenoaks	(on Maclay)	1
7	S/W	corner	Glenoaks	&	Griswold	(704 Glenoaks)	1
8	N/W	corner	Glenoaks	&	Arroyo	(on Glenoaks)	1
9	S/E	corner	Glenoaks	&	Arroyo	(456 Glenoaks)	1
10	S/W	corner	Maclay	&	Fifth	(on Maclay)	1
11	N/E	corner	Maclay	&	Fourth	(on Maclay)	1
12	S/W	corner	Maclay	&	Fourth	(on Maclay)	1
13	E/B	Truman	(before Mission)				1
14	W/B	Truman	(After Mission)				1
15	E/B	Truman	(Between Maclay & Brand)				1
16	N/E	corner	Truman	&	Maclay	(on Truman)	1
17	N/W	corner	Truman	&	Brand	(on Truman)	1
18	S/E	corner	Brand	&	Truman, Parking Lot 2N	(This is a two level parking lot with two receptacles on each level)	4
19	S/W	corner	Truman	&	Wolfskill	(on Truman)	1
20	711	Block	Truman				1
21	1100	Block	Celis		(North side)		1
22	301	S.	Mclay		(on Celis)		1
23	N/W	corner	Mission	&	Truman	(on Mission)	1
24	East	Side	Mission		(between Celis & Pico)		1
25	West	Side	Mission		(between Celis & Pico)		1
26	501	S.	Brand				1
27	502	S.	Brand				1
28	S/W	corner	S. Brand	&	Celis	(on S. Brand)	1
29	302	S.	Brand				1
30	218	S.	Brand				1
31	120	S.	Brand				1
32	S/E	corner	S. Brand	@	Truman		1
33	N/E	corner	Truman	&	Hubbard	(on Truman)	1
34	N/E	corner	Hubbard	&	San Fernando	(on San Fernando)	1
35	806	San	Fernando Road				1
36	803	San	Fernando Road				1
37	N/E	corner	San Fernando Road	&	S. Brand	(on SF Road)	1

EXHIBIT E – CITY STREET RECEPTACLES

Reference #'s refer to locations on the map enclosed as Exhibit D.1

#	Location Description						Qty
38	820	San	Fernando Road				1
39	901	½ San	Fernando Road				1
40	900	San	Fernando Road				1
41	912	San	Fernando Road				1
42	913	San	Fernando Road				1
43	1012	San	Fernando Road				1
44	1015	San	Fernando Road				1
45	1016	San	Fernando Road				1
46	101	San	Fernando Road				1
47	1033	San	Fernando Road				1
48	1040	San	Fernando Road				1
49	1048	San	Fernando Road				1
50	1049	San	Fernando Road				1
51	1102	San	Fernando Road				1
52	1101	San	Fernando Road				1
53	1123	San	Fernando Road				1
54	1122	San	Fernando Road				1
55	1140	San	Fernando Road				1
56	1135	San	Fernando Road				1
57	1147	San	Fernando Road				1
58	1148	San	Fernando Road				1
59	1203	San	Fernando Road				1
60	N/E	corner	S. Brand	&	O'Melveny	(on Brand)	1
61	S/W	corner	Mission	&	O'Melveny	(on Mission)	1
62	N/E	corner	Mission	&	O'Melveny	(on Mission)	1
63	S/E	corner	Mission	&	Mott	(on Mission)	1
64	N/E	corner	Mission	&	Griffith	(on Mission)	1
65	N/W	corner	Mission	&	Griffith	(on Mission)	1
66	N/E	corner	Mission	&	Hewitt	(on Mission)	1
67	N/W	corner	Mission	&	Hollister	(on Mission)	1
68	S/E	corner	Glenoaks	&	Harding	(on Glenoaks)	1
69	N/W	corner	Workman	&	Truman	(on Truman)	1
70	S/E	corner	Kalisher	&	Pico	(on Kalisher)	1
71	N/E	corner	Kalisher	&	Kewen	(on Kalisher)	1
72	N/E	corner	Hubbard	&	Alley of Second St.	(on Hubbard)	1
73			Between Second	&	First St.	(on Hubbard)	1
74	S/E	corner	Seventh	&	Orange Grove		1

Exhibit F - Special Event Solid Waste & Recycling Collection Service

The following is a schedule of the services that are to be provided by Collector at City sponsored Special Events. At each event, according to the schedule below, Collector shall provide an adequate number of cardboard receptacles (lined with plastic bags), and 3 yard bins. The cardboard receptacles will be distributed and retrieved by Collector, and serviced by City's crews. Collector shall furnish the 3 yard bins, and service them once each day of the respective event.

Event	Duration	Expected Attendance	Services to be Provided by Collector	
			Provide cardboard receptacles	Number of 3 yard bins to furnish and service
Cesar Chavez (March)	1 day	3,000	4	1 bin
Heritage Days (June)	7 days	2,000 per day	4	1 bin
Fourth of July	1 evening	10,000	4	2 bins
Summer Concerts (August)	4 evenings	3,000 per evening	4	None
El Grito (September)	1 evening	700	4	None
Menudo Cook-off (October)	3 days	3,000 per day	4	None
Christmas Tree Lighting	1 evening	200	4	None

EXHIBIT G – EXAMPLE QUARTERLY REPORT

		January	February	March	Quarter Total
AMOUNTS COLLECTED:					
	Solid Waste				
1	SF Residential				
2	Commercial/MFR				
3	Rolloff				
4	Total Solid Waste Collected				
	Recyclables				
5	SF Residential				
6	Commercial/MFR				
7	Rolloff				
8	Total Recyclables Collected				
	Greenwaste				
9	SF Residential				
10	Commercial/MFR				
11	Rolloff				
12	Total Greenwaste Collected				
	All Collected Materials Combined				
13	SF Residential				
14	Commercial/MFR				
15	Rolloff				
16	Total Material Collected				
SOLID WASTE PROCESSED AND LANDFILLED:					
17	Solid Waste Direct Hauled to Landfills				
18	Solid Waste Processed at MRF				
19	Total Solid Waste Collected (a)				
20	Material Diverted from Solid Waste at MRF (b)				
COLLECTOR'S DIVERSION RATE:					
21	Total Recyclables Collected (c)				
22	Total Greenwaste Collected (d)				
23	Material Diverted from Solid Waste at MRF (e)				
24	Total Material Collected and Recycled (f)				
25	Collector's Diversion Rate (g)				

- (a) Sum of lines 17 and 18. Must agree with amounts on line 4 above.
- (b) Portion of amounts on line 18 that are recovered as recyclable material.
- (c) Must agree with amounts on line 8 above.
- (d) Must agree with amounts on line 12 above.
- (e) Must agree with amounts on line 20 above.
- (f) Sum of lines 21 through 23
- (g) Amounts on line 24 divided by amounts on line 16, expressed as a percent.

Exhibit H -- Performance Bond

Company's Faithful Performance Bond

KNOW ALL MEN BY THESE PRESENTS:

That _____, a California _____, as PRINCIPAL, and _____, a Corporation organized and doing business by virtue of the laws of the State of California, and duly licensed for the purpose of making, guaranteeing, or becoming sole surety upon bonds or undertakings required or authorized by the laws of the State of California, as SURETY, are held and firmly bound to City, hereinafter called OBLIGEE, in the penal sum of two hundred thousand (\$200,000.00) lawful money of the United States, for the payment of which, well and truly to be made, we and each of us hereby bind ourselves, and our and each of our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH THAT:

WHEREAS, the above bounden PRINCIPAL has entered into a contract, entitled "Agreement to Provide Solid Waste and Recyclables Collection, Processing, and Disposal Service" with City, to do and perform the following work, to wit: collect, Process and Dispose of Solid Waste, Recyclables and Green Waste generated within City, in accordance with the contract.

NOW, THEREFORE, if the above bounden PRINCIPAL shall well and truly perform, or cause to be performed each and all of the requirements and obligations of said contract to be performed by said PRINCIPAL, as in said contract set forth, then this BOND shall be null and void; otherwise it will remain in full force and effect.

And the said Surety, for value received hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the contract or to the work to be performed thereunder or the specifications accompanying the same shall in any wise affect its obligations on this BOND, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the contract or to the work or to the specifications.

IN WITNESS WHEREOF, said PRINCIPAL and said SURETY have caused these presents to be duly signed and sealed this _____ DAY OF _____, 2001

a California Corporation

By: _____
(PRINCIPAL)

SURETY

By: _____
(ATTORNEY IN FACT)

Exhibit I
Scale of Liquidated Damages for
Failure to Meet Minimum Diversion Requirement

If Collector's Diversion Rate		Then Liquidated Damages as a percent of Total Revenue will be:
Is at least:	But does not Exceed:	
49%	50%	.25%
48%	49%	.50%
47%	48%	.75%
46%	47%	1.00%
45%	46%	1.25%
44%	45%	1.50%
43%	44%	1.75%
42%	43%	2.00%
41%	42%	2.50%
40%	41%	3.00%
39%	40%	3.50%
38%	39%	4.00%
37%	38%	4.50%
36%	37%	5.00%
35%	36%	5.50%
34%	35%	6.00%
33%	34%	7.00%
32%	33%	8.00%
31%	32%	9.00%
30%	31%	10.00%
29%	30%	11.00%
28%	29%	12.00%
27%	28%	13.00%
26%	27%	14.00%
25%	26%	15.00%

EXHIBIT 4

**CITY OF SAN FERNANDO
ADOPTED BUDGET
FY 2002-2003**

DIVISION Bus Shelter/Stop Maintenance	DIVISION NO. 313
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NARRATIVE

The City of San Fernando has 40 bus stop locations. Of these bus stop locations, 30 are equipped with palm-style bus benches with concrete waste receptacles. City crews clean and remove graffiti from all of these bus stop locations.

The City was previously receiving advertising revenues per an agreement with Eller Media Company (EMC), for advertising panels at select locations throughout the City. This agreement expired in November and Public Works staff successfully negotiated the purchase of these twenty (20) advertising shelters for a total price of \$20.

In FY 02-03 the City will no longer receive advertising revenue from these shelters, however they are now City property and the City is free to use the advertising space as desired. City crews will assume responsibility for all the maintenance associated with these additional twenty (20) shelters, resulting in an increase of \$5,000 for replacement parts, and miscellaneous equipment.

PERSONNEL	ACTUAL 2000-2001	BUDGETED 2001-2002	ESTIMATED 2001-2002	ADOPTED 2002-2003
Maintenance Worker I	0.00	0.00	0.00	0.00
Maintenance Worker II	0.35	0.35	0.35	0.35
PW Field Supervisor	0.05	0.05	0.05	0.05
Total	0.40	0.40	0.40	0.40

APPROPRIATIONS				
Personnel Services	\$ 19,340	\$ 21,850	\$ 21,850	\$ 23,699
Operating Expenses	2,860	2,700	2,700	8,000
Capital Outlay	4,740	5,000	5,000	5,000
Total	\$ 26,940	\$ 29,550	\$ 29,550	\$ 36,699

SOURCE OF FUNDS					
07	Prop A	\$ 20,540	\$ 23,050	\$ 25,550	\$ 36,699
01	General Fund	0	0	0	0
18	Retirement	0	0	0	0
01-3742	Advertising Revenue	6,400	6,500	4,000	0
Total		\$ 26,940	\$ 29,550	\$ 29,550	\$ 36,699

**CITY OF SAN FERNANDO
ADOPTED BUDGET
FY 2004-2005**

DIVISION Bus Shelter/Stop Maintenance	DIVISION NO. 313
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NARRATIVE

The City of San Fernando has 40 bus stop locations. Of these bus stop locations, 30 are equipped with palm-style bus benches with concrete waste receptacles. City crews empty waste receptacles, clean and remove graffiti from all of these bus stop locations.

The City was previously receiving advertising revenues per an agreement with Eller Media Company (EMC), for advertising panels at select locations throughout the City. This agreement expired in November of 2001 and Public Works staff successfully negotiated the purchase of these twenty (20) advertising shelters for a total price of \$20. City crews continue to utilize the advertisement panels to display posters encouraging residents to participate in the City special events and to remind them to recycle.

As of FY 2003-2004, the City no longer receives advertising revenue from these shelters. In FY 2004-2005 the City will continue to utilize these shelters for City-related advertisements. City crews will continue responsibility for all the maintenance associated with these additional twenty (20) shelters, such as the replacement of damaged plastic back panels with steel panels that have air holes. One shelter was rebuilt by City Crews following an auto accident.

PERSONNEL	ACTUAL 2002-2003	BUDGETED 2003-2004	ESTIMATED 2003-2004	ADOPTED 2004-2005
Maintenance Worker	0.00	0.00	0.00	0.15
PW Field Supervisor	0.05	0.05	0.05	0.10
Total	0.05	0.05	0.05	0.25

APPROPRIATIONS					
Personnel Services	\$	20,938	\$	26,350	\$ 26,350 \$ 17,893
Operating Expenses		2,134		4,000	4,000 4,000
Capital Outlay		0		5,000	5,000 5,000
Total	\$	23,072	\$	35,350	\$ 35,350 \$ 26,893

SOURCE OF FUNDS					
07	Prop A	\$ 19,077	\$ 35,350	\$ 35,350	\$ 26,893
01	General Fund	0	0	0	0
18	Retirement	0	0	0	0
01-3742	Advertising Revenue	3,995	0	0	0
	Total	\$ 23,072	\$ 35,350	\$ 35,350	\$ 26,893

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250-5874**

<http://www.sco.ca.gov>