

C2013-013

**FRANCHISE AGREEMENT BETWEEN THE CITY OF COTATI AND REDWOOD
EMPIRE DISPOSAL, INC. FOR COLLECTION, DISPOSAL, AND PROCESSING OF
SOLID WASTE, RECYCLABLES AND COMPOSTABLE MATERIALS AND
RELATED ACTIVITIES PURSUANT TO CHAPTER 8.08 OF THE COTATI
MUNICIPAL CODE**

This Franchise agreement for collection, disposal and processing of solid waste, recyclables and compostable materials and related activities is made and entered into this 9th day of April, 2013, by and between the City of Cotati, a California municipal corporation and Redwood Empire Disposal, Inc., a California corporation, corporation no. C3000903, and subsidiary of the Ratto Group of Companies, Inc., a California corporation, corporation no. C2223449, in accordance with Chapter 8.08 of the Cotati Municipal Code and other applicable law.

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BACKGROUND

WHEREAS, the City Council entered into an agreement dated January 1, 1993 with Larry's Sanitary Service, Inc., in which the City granted Larry's Sanitary Service, Inc. the exclusive right to collect and dispose of non-recyclable garbage and rubbish;

WHEREAS, Larry's Sanitary Service, Inc.'s rights in said agreement were assigned to USA Waste of California, Inc. and said agreement was amended, replaced, and superseded by that certain agreement for garbage and rubbish disposal between City and Larry's Sanitary Service, Inc. dated April 26, 2000, as amended on April 9, 2003.

WHEREAS, USA Waste of California, Inc. requested, and after an investigation and in consideration of the request, the City Council, by Resolution 0784 dated December 12, 2007, approved the assignment of the City's solid waste franchise from USA Waste of California, Inc. to Redwood Empire Disposal, Inc. and approved, amended and restated agreement for garbage and rubbish disposal, and authorized the Mayor to execute the amended and restated agreement between City and Redwood Empire Disposal dated December 12, 2007.

WHEREAS

The parties desire to establish a new Franchise agreement to, among other things, establish a new Franchise term, provide for amendment of Franchise rates, and provide for new services to be provided by Contractor to the City and its residents.

In consideration of the mutual promises, covenants, and conditions contained in this Franchise agreement and for other good and valuable consideration, the City and Contractor agree as follows:

SECTION 1 – DEFINITIONS

1. The following definitions apply to terms used in this Franchise agreement.

1.1. "AB 939" means the California Integrated Waste Management Act of 1989 (section 40000 and following of the California Public Resources Code), as such act may be amended, supplemented, superseded, and replaced by successor legislation.

1.2. "Affiliate" means any person, corporation, or other entity directly or indirectly controlling or controlled by another person, corporation or other entity, or under direct or indirect common management or control with such person, corporation, or entity. As between any two (2) or more persons or entities, when ten percent (10%) of one is owned, managed, or controlled by another, they are hereunder Affiliates of one another. In a joint venture, each party to the joint venture shall have his or her own Affiliate.

1.3. "Applicable Law" means all federal, State, and local laws, regulations, rules, orders, judgments, permits, approvals, or other requirements of any governmental body having jurisdiction over the Collection, Disposal, and Processing of all Solid Waste, Recyclables and Compostable Materials subject to this Franchise that are in force on the Effective Date and as they may be enacted, issued, or amended during the Term of this Agreement.

1.4. "Bin(s)" means a container with a hinged lid or lids and wheels serviced by a front-end loading truck with a capacity of 1 to 8 cubic yards.

1.5. "Bulky item(s)" means unwanted household appliances, furniture, tires, carpet, mattresses, and other large items that require special handling due to their size, but that can be collected without the assistance of special loading equipment (such as forklifts or cranes) and without violating vehicle load limits. "Bulky items" does not include abandoned automobiles or boats.

1.6. "Cal Recycle" means the California Department of Resources Recycling and Recovery, formerly known as the California Integrated Waste Management Board (CIWMB).

1.7. "Cart(s)" means industry-standard wheeled containers with lids of approximately 20, 32, 64 and 96 gallon capacity provided by Contractor to customers for collection of solid waste, recyclables, and compostable materials.

1.8. "Change in Law" means any of the following events or conditions that has a material and adverse effect on the performance by the Parties of their respective obligations under this Agreement (except for payment obligations):

A. The enactment, adoption, promulgation, issuance, modification, elimination, or written change in administrative or judicial interpretation of any Applicable Law on or after the Effective Date; or

B. The order or judgment of any governmental body, on or after the Effective Date, to the extent such order or judgment is not the result of willful or negligent action, error or omission, or lack of reasonable diligence of the City or the Contractor, whichever is asserting the occurrence of a Change in Law; provided, however, that the contesting in good faith or the failure in good faith to contest any such order or judgment shall not constitute or be construed as such a willful or negligent action, error or omission, or lack of reasonable diligence.

1.9. "Charge(s)" means amounts that are imposed by Contractor on customers receiving Franchise services and that may not exceed the Maximum rates set by the City limiting charges the Contractor may impose on customers.

1.10. "City" means the City of Cotati, California, as its boundaries exist now or in the future.

1.11. "Collection" or "Collected" means the removal and transportation of solid waste from the place where it was generated to a disposal site and/or the removal and transportation of recyclable or compostable materials from the place where they were generated to a processing facility.

1.12. "Commercial service" means Franchise services provided to any business property upon which business activity is conducted, including but not limited to retail sales, services, construction sites, wholesale operations, and manufacturing and industrial operations, but excluding businesses conducted upon residential property that are permitted under applicable zoning regulations and are not the primary use of the property.

1.13. "Compostable materials" means food scraps and green waste. No discarded material shall be considered to be compostable materials, however, unless it is separated from solid waste and recyclable materials.

1.14. "Composting facility" means a City-authorized facility that processes compostable materials by means of decomposition of organic materials.

1.15. "Construction and demolition debris" means wood, wallboard, ferrous and non-ferrous metals, glass, any fibrous material (including paper, cardboard, newspaper), plastic, concrete and other recyclable and non-recyclable materials generated by residential, commercial and industrial demolition, remodeling and construction activities.

1.16. "Containers" means bins, carts, and debris boxes used to collect solid waste, recyclable material, or compostable materials collection, as well as City-owned containers used for solid waste and recyclables in public locations

1.17. "Contractor" means Redwood Empire Disposal, Inc., a California corporation, corporation no. C3000903, and subsidiary of the Ratto Group of Companies, Inc., a California corporation, corporation no. C2223449, or an assignee or successor approved in accordance with sections 10.10.2 and 10.10.3 of this Franchise agreement.

1.18. "County Operations Agreement" means the agreement between Republic Services, Inc. and the County of Sonoma entitled "Agreement for the Operation of the Central Landfill and County Transfer Stations."

1.19. "Curbside" means the location of a container for pickup, not more than 5 feet from the street curb, or, where no street curb exists, within 5 feet from the outside edge of the street nearest the property's entrance.

1.20. "Customer" means the Person or entity who voluntarily orders, receives, and pays for Franchise services from Contractor.

1.21. "Debris box" means an open-top container serviced by a roll-off truck with a capacity of 6 to 50 cubic yards.

1.22. "Disposal site" means the City-authorized facility for the ultimate disposal of solid waste collected by Contractor within the City. The City designates the Sonoma County Central Landfill as the Disposal site.

1.23. "Diversion" means activities that reduce or eliminate materials Collected from being disposed at a Disposal site, including but not limited to the sale or delivery of materials to a recycler, reuser, Composting facility, Processing facility, or other non-disposal site or facility.

1.24. "Diversion rate" means the tons of material collected by the Contractor within the City that are sold or delivered to a recycler or reuser divided by the total tons of materials collected in the City in the contract year.

1.25. "Effective date" means the date on which all conditions precedent to this Franchise agreement taking effect are satisfied and this Franchise agreement and the rights and obligations under it commence in effect as binding on the parties.

1.26. "Food scraps" means, but is not limited to, all source-separated vegetable waste, fruit waste, grain waste, and dairy waste and, by mutual agreement of the Parties, may include meat waste, fish waste, and other materials.

1.27. "Franchise" means the rights and obligations of a contractor concerning provision of collection, disposal, and/or processing of solid waste, recyclables and/or compostable materials services and/or related activities as a result of award of a contract pursuant to and in accordance with Chapter 8.08 of the Cotati Municipal Code.

1.28. "Franchise agreement" means this contract granting rights to and imposing obligations on Contractor pursuant to and in accordance with Chapter 8.08 of the Cotati Municipal Code, including all exhibits and future amendments.

1.29. "Franchise payment" means a commercially reasonable amount negotiated between Contractor and the City in consideration for the value, benefits, and rights granted pursuant to this Franchise agreement, including, but not limited to, the right to provide Franchise services within the City and to use City rights of way in performing Franchise services.

1.30. "Franchise records" means any and all information concerning or related to the Franchise that the Contractor shall create, maintain, preserve, submit, make available for review or audit, update, or otherwise produce or process as required by this Franchise agreement and/or applicable law or regulations. Franchise records include, but are not limited to, accounting, Franchise services, Franchise payment, customer billing, cash, payroll, capital expenditure, profit/loss, disposal, diversion and any and all other information of Contractor or its affiliates or related entities involved in any way in the performance of the Franchise services or in producing or receiving revenue or incurring or charging expenses resulting from or related to the Franchise services which information the City deems, in its sole discretion, useful for evaluating the Contractor's performance under the Franchise and the Franchise generally.

1.31. "Franchise services" means the activities discussed in Section 4 and specified in Exhibit A that the Contractor is authorized and obligated to perform in accordance with this Franchise agreement.

1.32. "Franchise term" means the term of this Franchise agreement, which commences on the effective date specified in Section 3.2 and expires on June 30, 2023, unless terminated sooner pursuant to the provisions of this Franchise agreement.

1.33. "Green waste" means biodegradable materials that do not exceed 6 inches in diameter and 4 feet in length such as leaves, grass cuttings, weeds, pruning, and wood materials from branches, dead plants, brush, tree trimmings, and dead trees. Larger items such as tree stumps and intact dead trees are bulky items.

1.34. "Gross revenues" means any and all revenues collected from customers by Contractor from the performance of Franchise services, including all future Franchise services as may be authorized by the City, and from any and all activities authorized pursuant to this Franchise agreement.

1.35. "Hazardous substance" means any of the following: (a) any substances defined, regulated or listed (directly or by reference) as "hazardous substances," "hazardous materials," "hazardous waste," "toxic waste," "pollutant" or "toxic substances," or similarly identified as hazardous to human health or the environment, in or pursuant to: (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 USC § 9601 et seq. (CERCLA); (ii) the Hazardous Materials Transportation Act, 49 USC 1802, et seq.; (iii) the Resource Conservation and Recovery Act, 42 USC 6901 et seq.; (iv) the Clean Water Act, 33 USC § 1251 et seq.; (v) California Health and Safety Code §§ 25115-25117, 25249.8, 25281, and 25316; (vi) the Clean Air Act, 42 USC § 7901 et seq.; and (vii) California Water Code § 13050; (b) any amendments, rules or regulations promulgated under or concerning such enumerated statutes or acts currently existing or hereafter enacted; and (c) any other hazardous or toxic substance, material, chemical, waste or pollutant identified as hazardous or toxic or regulated under any other applicable federal, state or local environmental laws currently existing or hereinafter enacted, including, without limitation, friable asbestos, polychlorinated biphenyl's ("PCBs"), petroleum, natural gas and synthetic fuel products, and by-products.

1.36. "Hazardous waste" is defined as set forth in California Code of Regulations, title 14, division 7, chapter 3, article 4, section 17225.32 and Health and Safety Code section 25117, or in CERCLA, and all rules and regulations promulgated thereunder or in successor laws and regulations as may be amended from time-to-time.

1.37. "Household hazardous waste" is defined as set forth in California Code of Regulations, title 14, division 7, chapter 7, article 1.1, section 18502 and successor laws and regulations as may be amended from time-to-time.

1.38. "Infectious waste" means 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 that are identified in Health and Safety Code section 25117.5, as may be amended from time-to-time.

1.39. "Maximum rates" means those rates or charges approved from time-to-time by the City, which set forth the maximum amounts that Contractor may charge customers for services under this Franchise agreement, and which are discussed in section 6 and specified in **Exhibit D** attached hereto.

1.40. "Mobile home park" means any area or tract of land used to accommodate 2 or more mobile homes as single-family residential units, where those homes are located on individual rented or leased lots consistent with Health and Safety Code section 18214(c)(1), as may be amended from time-to-time.

1.41. "Multi-family complex" means any building and/or structure, or portion thereof, located in the City that is used for residential housing that has 4 or more distinct living units.

1.42. "Occupant" means the Person who may or may not hold the legal title to the real property constituting the Premises, including businesses or other entities, and who permanently or temporarily lives or works at the Premises.

1.43. "Organic materials" means materials that shall decompose and/or putrefy. Organic materials include, but are not limited to, vegetable waste, fruit waste, grain waste, non-recyclable paper waste and Green Waste.

1.44. "Owner" means the person with the legal possession of land or a building.

1.45. "Parties" means the City and the Contractor.

1.46. "Person" means any individual, firm, association, organization, partnership, corporation, business trust, joint venture, the United States, the State of California, the County of Sonoma, and special districts.

1.47. "Premises" means any land or building in the City where solid waste, recyclable materials or compostable materials are generated or accumulated or other Franchise services are performed pursuant to this Franchise agreement.

1.48. "Processing" means to prepare, treat, or convert.

1.49. "Processing facility" means a City-authorized plant or site used for sorting, cleansing, treating or reconstituting material collected from customers for the purpose of making such material available for re-use. Activities that may be undertaken at a processing facility include but are not limited to processing compostable materials and recyclable materials.

1.50. "Proposition 26" means amendments to Article XIIC of the California Constitution as approved by the voters November 2, 2010, and any implementing laws and regulations and related case law.

1.51. "Proposition 218" means Articles XIIC and XIID of the California Constitution as approved by the voters November 5, 1996 and any implementing laws and regulations and related case law.

1.52. "Recyclable materials" or "recyclables" means discarded materials from the customer intended for and capable of being recycled, and that are separated, set aside, handled, packaged, offered, and/or otherwise delivered for collection by a customer for recycling. No discarded material shall be considered to be recyclable materials unless it is separated from other waste such as solid waste and compostable materials to the extent required by this Franchise agreement.

1.53. "Recycle, recycled, recycling" means the process of collection, sorting, cleansing, treating and reconstituting recyclable materials that would otherwise be disposed of, and returning them to the economy in the form of raw materials for new, reused, repaired, refabricated, remanufactured, or reconstituted or otherwise useful or marketable products. The collection, transportation, or disposal of solid waste not intended for, or susceptible to, reuse is not recycling.

1.54. "Refuse" means all discarded putrescible and non-putrescible waste in a solid, semi-solid, or liquid form. Refuse does not include:

- 1.54.1.1. hazardous waste or hazardous substances;
- 1.54.1.2. infectious waste;
- 1.54.1.3. abandoned automobiles, boats or any vehicle;
- 1.54.1.4. radioactive waste;
- 1.54.1.5. recyclable materials; or
- 1.54.1.6. compostable materials.

1.55. "Residue" means materials that remain after processing recyclable materials and that cannot be recycled, marketed, or otherwise utilized, including, but not limited to, materials such as rocks, contaminated paper, putrescibles, and other debris. Residue shall not exceed ten percent (10%) by weight of the materials processed for recycling, or as specified in the operating permit of the processing facility and upon written concurrence by the City, and may be disposed of at a disposal facility(ies) authorized by the City.

1.56. "Roll-off container" means an open top container that is normally loaded onto a motor vehicle for transportation to a facility.

1.57. "Single-family residence and/or residential unit" means any building and/or structure, or portion thereof, in the City that is used for residential housing purposes, irrespective of whether residence therein is transient, temporary or permanent, and having 3 or fewer distinct living units.

1.58. "Single stream recycling" means the use of a single container to collect two (2) or more types of recyclables.

1.59. "Solid waste" means solid waste as defined in California Public Resources Code, division 30, part 1, chapter 2, section 40191, as from time to time amended, and regulations promulgated thereunder, and without limitation includes the following:

- (1) refuse
- (2) bulky items
- (3) vehicle parts as defined in California Code of Regulations, title 23, division 3, chapter 15, section 2520(d)(3) and section 2523(c).
- (4) Commercial or Multi-family residential materials segregated for wet-dry collection and processing

Excluded from the definition of solid waste are hazardous waste, infectious waste, recyclable materials kept separate from solid waste for the purpose of recycling, compostable materials kept separate from solid waste for purposes of composting or other processing, construction and demolition debris kept separate from solid waste for the purpose of processing, recycling and composting, and waste that cannot be disposed of in Class III landfills.

1.60. "Source Separated Recyclable Materials" recyclable materials separated from an Occupant's mixed waste at the Occupant's premises with the intention of diversion for a beneficial use and placed in separate collection containers for recycling pursuant to the Recycling Program. Such materials include wood, green waste, metal, glass, plastic, cardboard and office paper. Source Separated Recyclable Materials for the purpose of this definition shall have no more than ten percent (10%) maximum residue that is not Recyclable Materials. For purposes of this definition, Source Separated Recyclable Materials shall not include Construction and Demolition Waste. Material shall be in fact recycled to be considered recyclable.

1.61. "Transfer station" means those facilities defined in Public Resource Code Section 40200.

1.62. "Waste Delivery Agreement" means the agreement between the City of Cotati and Republic Services of Sonoma County, Inc., in which the City agrees to commit its waste to the Sonoma County central landfill for a minimum period of twenty (20) years.

1.63. "Waste Management Agency" means the Sonoma County Waste Management Agency, a joint powers authority formed in April, 1992 by Sonoma County and the nine (9) incorporated cities in Sonoma County to satisfy waste diversion requirements of AB-939. The Waste Management Agency conducts household hazardous waste, composting, wood waste recycling, parks recycling, planning and education programs on behalf of the member jurisdictions.

1.64. "Working days" means Monday through Saturday, excluding holidays, unless otherwise specified.

SECTION 2 – CONTRACTOR REPRESENTATIONS AND WARRANTIES

2. In entering into this Franchise agreement, the City is relying on all of the Contractor's representations contained in this Franchise agreement, expressly including all of Contractor's representations in this section 2. The accuracy of each of the Contractor's representations contained in this section and the satisfaction of each of the conditions set forth in this section are conditions precedent to this Franchise agreement taking effect. If any of the representations contained in this section are inaccurate, false or misleading, and/or, unless and until each of the conditions precedent in this section are fully satisfied, this Franchise agreement shall not become effective, and the rights and obligations it would grant and impose shall not accrue.

2.1. Corporate Status

Contractor is duly organized, validly existing, and in good standing under the laws of the State of California. Contractor is authorized to transact business in the State of California and has the power to own its properties and carry on its business as now owned and operated and as required by this Franchise agreement.

2.2 Corporate Authorization

Contractor has the authority to enter into and perform its obligations under this Franchise agreement. The Board of Directors of Contractor (or the shareholders, if necessary) have taken all actions required by law, articles of incorporation, bylaws or otherwise to authorize the execution of this Franchise agreement. The persons signing this Franchise agreement on behalf of Contractor have authority to do so and this Franchise agreement constitutes a legal, valid, and binding obligation of the Contractor.

2.3 No Conflict

Neither the execution nor the delivery by Contractor of this Franchise agreement nor the performance by Contractor of its obligations hereunder: (i) conflicts with, violates or results in a breach of any law or governmental regulation applicable to Contractor; or (ii) conflicts with, violates or results in a breach of any term or condition of any judgment, order, or decree of any court, administrative agency or other governmental authority, or any agreement or instrument to which Contractor or any of its properties or assets are bound, or constitutes a default thereunder.

2.4 No Litigation

To the best of Contractor's knowledge, after reasonable investigation, as of the effective date of this Franchise agreement, there is no action, suit, or other proceeding at law or in equity or any investigation before or by any court or governmental authority, commission, board, agency or instrumentality decided, pending or threatened against Contractor that is likely to result in a decision, ruling, or finding that would materially and adversely affect the performance by Contractor of its obligations hereunder; adversely affect the validity or

enforceability of this Franchise agreement; or have a material adverse effect on the financial condition of Contractor or its parent company.

2.5 Information Supplied by Contractor

The information supplied by Contractor to the City in connection with the negotiation and execution of this Franchise agreement, and all representations and warranties made by Contractor throughout this Franchise agreement are true, accurate, correct and complete in all material respects on and as of the effective date of this Franchise agreement.

2.6 Agreement to Cooperate

Contractor agrees to cooperate with and assist the City in supporting and defending the legal validity of, and authorization for entering into, this Franchise agreement in the event of any legal challenge thereto brought or made in any manner by a third party. In accordance with section 9, Contractor shall indemnify, hold harmless and defend the indemnitees for any liability related to any challenge to the validity of this Franchise agreement.

2.7 Ability to Perform

Contractor possesses the business, professional, and technical expertise, and equipment, facilities, employees and other resources required to perform its obligations under this Franchise agreement in accordance with its terms.

2.8 Verification of Insurance and Security Document

Contractor shall submit prior to the effective date of this Franchise agreement, and shall maintain, insurance policies and endorsements of insurance coverage in accordance with the requirements of section 9, copies of which endorsements and insurance policies shall be attached hereto as **Exhibit H**. Contractor shall submit a letter of credit or performance bond as set forth more specifically in section 9 in favor of the City, approved by the City Attorney, in the amount of seven hundred thousand dollars (\$700,000) securing the faithful performance of the provisions of this Franchise agreement. A copy of said letter of credit or performance bond is attached hereto as **Exhibit G**.

2.9 Vehicle Information

Contractor shall provide the City with information regarding the size, weight, age, and mechanical condition of each of the vehicles to be used in carrying out the Franchise services, a copy of which vehicle inventory is attached hereto as **Exhibit G**. All said vehicles shall comply at a minimum with Cotati Municipal Code section 8.08.180.

2.10 Payment of City's Attorneys' Fees

Prior to execution of this Franchise Agreement, Contractor shall pay all of the City's attorneys' fees, consultant's fees, and staff time incurred in drafting, reviewing, revising, negotiating and executing this Franchise agreement and the City's attorneys' fees for updating the provisions in the City's Municipal Code governing the provision of solid waste collection and other related services.

Should additional updates to the Cotati Municipal Code be necessary after execution of this Franchise Agreement, said Attorney fees, consultant costs and staff time shall, be paid to City by contractor within thirty (30) days of submittal by the City to Contractor of a statement for the cost of such services. Said costs shall not be passed on to the ratepayer.

SECTION 3 – GRANT OF FRANCHISE

3.1 Grant of Franchise

In accordance with Chapter 8.08 of the Cotati Municipal Code and other applicable law, the City hereby grants to Contractor for the duration of this Franchise agreement the exclusive right to perform the Franchise services described in section 4 and as set forth more fully in **Exhibit A** of this Franchise agreement, including, but not limited to, the collection, transportation, processing and disposal of all solid waste, recyclable and compostable materials generated within the City and placed for collection in receptacles provided by Contractor, except for the following, which are excluded from the Franchise grant:

3.1.1 Collection, hauling or transporting and disposal of solid waste by an Owner or Occupant from the Owner or Occupant's premises subject to authorization of the City Manager. Collection, hauling or transporting and disposal of solid waste by a person other than the Contractor in case of an emergency upon authorization by the City Manager, Chief of Police or health officer as necessary for the immediate protection of public health.

3.1.2 Collection, hauling or transporting and disposal of recyclable materials, compostable materials, and bulky items that are source separated at any premises by an Owner or Occupant of the premises and that are donated to a non-profit, charitable or service organization, or a for-profit entity so long as there no net cost to the Occupant.

3.1.3 Collection, hauling or transporting and disposal of green waste removed from a premises by a gardening, landscaping or tree trimming service provider as an incident to providing such services.

3.1.4 Collection, hauling or transporting and disposal of bulky items removed from a premises by a property maintenance service provider as an incident to providing such services.

3.1.5 Collection, hauling or transporting and disposal of animal waste from slaughterhouses and butcher shops for use in manufacturing tallow, biofuels or other products.

3.1.6 Collection, hauling or transporting and disposal of byproducts of sewage treatment, including sludge, ash, grit and screenings.

3.1.7 Collection, hauling or transporting and disposal of hazardous waste.

3.1.8 Collection, hauling, transporting, recycling or disposal of auto parts, abandoned automobiles, boats or any motor vehicle.

3.1.9 Exceptions as set forth in Cotati Municipal Code section 8.08.150 (A) and (B)

3.2 Term

The rights granted in this Franchise agreement to Contractor shall commence on April 10, 2013 and continue through June 30, 2023. The City may, in its sole discretion, at the end of the Franchise term, either re-negotiate the terms and conditions of the Franchise agreement with the Contractor and provide for a new Franchise term, or request proposals from qualified contractors to provide Franchise services to the City for a new Franchise, or take any other lawful action to arrange for the solid waste collection, transportation, processing, and/or disposal of solid Waste, recyclable and compostable materials generated in the City and/or related services.

First Extension. On or about March 15, 2022, provided the City determines that the Contractor has not failed to meet the performance requirements set forth below, the City may offer the Contractor in writing a five (5) year extension of this Agreement.

Contractor shall provide written notice to the City as to whether Contractor accepts or rejects the City's offer within twenty (20) Work Days of the date of the offer. If Contractor fails to provide such notice to the City within twenty (20) Work Days, the City's offer shall be deemed withdrawn and the City shall have no obligation to extend the term of this Agreement beyond June 30, 2023. If the term of this Agreement is extended, the compensation provisions of section 6 shall not be subject to negotiation. However, the compensation payable to Contractor shall be adjusted annually throughout the extended term as provided in section 6.

3.3 Council Action

The City Council shall adopt a resolution approving of and adopting this Franchise agreement and authorizing execution of this Franchise agreement on behalf of the City prior to or on the effective date of this Franchise agreement.

SECTION 4 – SCOPE OF SERVICES

4.1 General

Contractor shall perform the Franchise services specified in this Franchise agreement, as more particularly set forth in **Exhibit A** and provide all supervision, labor, equipment, materials, supplies and all other items necessary to perform such Franchise services in accordance with the terms of this Franchise agreement and all applicable laws and regulations. The Franchise services shall be performed in accordance with the standards of performance specified in **Exhibit B**.

**4.2 Transport, Processing and Disposal of Solid Waste/Flow Control
Transportation of Materials**

Contractor shall provide for the transportation of all solid waste, recyclable materials, and compostable materials collected under this Franchise agreement. Contractor shall maintain accurate records of the quantities of solid waste, recyclable materials, and compostable materials transported pursuant to this Franchise agreement, and the City-approved site to which such quantities are transported.

4.3 Processing and Disposal of Materials

The City reserves the right to approve the disposal sites and processing facilities selected by the Contractor; and to direct the Contractor to use alternative disposal site(s) or processing facility(ies) for disposal, recycling, composting, or other processing of all materials collected pursuant to this Franchise agreement. Current City approved disposal sites and processing facilities are set forth in Exhibit I. If the City redirects material to an alternate disposal site or processing facility, the rates Contractor may impose on customers shall be adjusted for the differences in the cost of transportation, disposal and/or processing of the material. The Contractor may also propose, subject to City approval, use of an alternate disposal site(s) and/or processing facility(ies). In accordance with section 9, Contractor shall indemnify, defend and hold indemnitees harmless for any liability resulting from Contractor's transportation, processing and/or disposal of solid waste pursuant to this Franchise agreement, including concerning any Contractor-proposed processing facility(ies) and/or disposal site(s).

4.4 Ownership of Materials

Title to solid waste, recyclable materials and compostable materials shall pass to Contractor when such materials are placed in the Contractor's collection vehicle.

4.5 Obligation to Provide Service

The City and Contractor agree, that proper Collection, Disposal, and Processing of Solid Waste, Recyclables, and Compostable Materials is fundamental to the protection of the public health, safety and the well-being of the City. The City's responsibility for ensuring the adequacy of these services in part provides the justification for the granting of a franchise to Contractor. This Franchise creates an obligation that such services are continued to be provided even under difficult, adverse, or unforeseeable circumstances, such as but not limited to, natural disaster, labor unrest, and any period where legal actions, future judicial interpretations of current law, or new laws or regulations impact the effectiveness of portions of this Agreement. In such an event, it shall be the responsibility of Contractor to mitigate any potential damages to other services being provided as much as possible. For example:

4.5.1 Should a court of competent jurisdiction or other regulatory agency set aside, invalidate or stay all or a portion of the Maximum rates approved by the City, Contractor agrees to continue to perform its obligations as otherwise set forth herein, and the City and/or Contractor may take such urgency actions necessary to facilitate Contractor's continuation of service.

4.5.2 Should there be a Change in Law or a new judicial interpretation of Applicable Law, including, but not limited to, Articles XIII C and D of the California Constitution which impacts the Maximum Rates for the Collection services established in accordance with this Agreement, Contractor agrees to meet and confer with the City to discuss the impact of such Change in Law on either Party's ability to perform under this Agreement.

4.5.3 If, as a result of a legal action, Contractor is unable to include Franchise Payments or other governmental fees or charges in the rates it charges Customers for its services, then Contractor agrees, upon direction from the City, to reduce the its rates in an amount corresponding to the disallowed fee or charge, and shall thereafter not be required to remit the amount of the disallowed fee or charge, provided it is not collected from Customers.

4.5.3.1 Nothing herein is intended to imply that California Constitution Articles XIII(C) or (D) apply to the Maximum Rates established for services provided under this Agreement. The foregoing paragraphs are merely intended as a contractual allocation of risks between the Parties.

4.5.3.2 This section shall survive the expiration or earlier termination of this Agreement and shall not be construed as a waiver of rights by the City to contribution or indemnity from third parties.

4.5.3.3 This provision is intended to be consistent with and limited by California Public Resources Code Section 40059.2.

4.5.4 Allocation of Risk. Neither the City nor Contractor shall have the right to obtain payment from the other Party for losses either may sustain due to a court of competent jurisdiction or other regulatory agency invalidating, setting aside, or staying the collection of all or a portion of the Maximum Rates authorized hereunder. Contractor shall bear the risk of any lost profits or losses associated with the cost of providing continued service as a result of such a legal action or ruling, and similarly the City shall bear the loss of payments during any period where Contractor cannot lawfully collect those payment amounts from Customers.

SECTION 5 – BILLING, COLLECTION AND REMITTANCE

5.1 Billing Responsibilities

Contractor is solely responsible for billing and collecting payment for Franchise services provided pursuant to this Franchise agreement. Contractor may not charge any amount for Franchise services in excess of the Maximum Rates authorized by the City Council as set forth in **Exhibit D**, as such Maximum rates may be adjusted from time-to-time.

The Contractor shall bill residential customers quarterly and commercial customers monthly. Contractor shall do its own billing and collecting, without warranty or guarantee by City as to the number of units served.

If, during a month, a Franchise service account is added or deleted, the Contractor's billing shall be pro-rated based on the monthly service charge, which is the service

charge imposed by the Contractor up to the Maximum Rates established in the rate schedule divided by four (4), times the number of actual weeks in the month that Franchise service was provided to the customer. Contractor may charge for special Franchise services as provided in **Exhibit D**, but only after Contractor has provided advance notification of such charges to the customer. Contractor may not bill for services provided to City facilities as set forth in **Exhibit E**, or for special events and City-sponsored events as set forth in **Exhibit A**.

5.2 Methods of Payment

Contractor shall provide and maintain systems and means permitting Customer to pay bills through at least the following methods: cash, checks, credit cards, internet payment service, and/or automatic bank account withdrawal.

5.3 Special Rates

In addition to the Maximum Rates specified in **Exhibit D** limiting charges Contractor may impose on customers, the following shall apply:

5.3.1 Residential Annual Pre-Payment Rate. There shall be a special rate limiting the charges Contractor may impose on residential customers that choose to pay in advance for an entire year of service in response to that customer's first bill for the year. Those residential customers that choose to pay in advance for an entire year of service shall be subject to a special residential customer pre-payment rate reduced by one twelfth (1/12) of the rate that otherwise would apply. Contractor shall identify as an option and explain the residential annual pre-payment rate discount prior to or on the first bills sent to residential customers for Franchise services each year.

5.3.2 Low Income Customer Rate. There shall be a special customer rate limiting the charges the Contractor may impose on residential customers that are currently enrolled in PG&E's CARE Program, and provide proof of that enrollment. Those residential customers that qualify as low income customers shall be subject to a special low income customer rate reduced by twenty percent (20%) of the customer rate that otherwise would apply. Contractor shall identify and explain the low income customer rate discount in each bill sent to residential Customers.

SECTION 6 – MAXIMUM RATES

6.1 Customer Rate

Upon this Franchise agreement taking effect and until a Detailed Rate Review is completed in accordance with section 6.3, the Maximum rates that the Contractor may impose on customers for performance of Franchise services are specified in **Exhibit D**. Charges Contractor may impose on Customers may equal, but not exceed the rates specified in **Exhibit D**. The rate categories specified in **Exhibit D** are the only categories of charges Contractor may impose on customers, and the proceeds from charges imposed by Contractor are the sole compensation Contractor is permitted to receive for performance of Franchise services.

6.2 Adjustments to Contractor's Maximum Rates

No later than October 1 of each year, Contractor shall submit a written request to the City requesting an adjustment in Contractor's Maximum Rates to become effective the subsequent January 1. City shall notify Contractor by December 1 of each year of the adjustment to Contractor's Maximum Rates to become effective the subsequent January 1. Adjustment to Contractor's Maximum Rates shall be made based on the following factors:

6.2.1 The adjustment in rates which shall take effect on each January 1 thereafter shall be a percentage applied to each category of rates in effect for the year ending on the preceding December 31. The adjustment in Maximum Rates shall be based on changes in the two elements of the Maximum Rates:

(1) Seventy percent (70%) of the annual change in the United States Department of Labor Consumer Price Index, All Urban Consumers and All Items for the San Francisco-Oakland-San Jose Area, 1982-84=100, hereinafter referred to as CPI, measured for the previous twelve (12) months ending June of each year, applied as a percentage collection component of the current monthly. The annual change under this paragraph shall not exceed eight percent (8%).

(2) The percentage change in the per ton tip fee at the Approved Disposal Facility between the prior preceding calendar year ending December 31 and the preceding calendar year ending December 31 as applied to disposal element of the current rate.

6.3 Detailed Rate Review

Following the methodology set forth in Exhibit L, Contractor may apply to the City for consideration of special review of rates, or the City may initiate such a review, should one or more of the following occur:

- 6.3.1 Changes to adjust for new services, changes to City Fees, or increases in Contractor's allowable costs occurring after January 1, 2011, that became effective April 10, 2013.
- 6.3.2 Changes in the cost of transporting solid waste due to the City requiring Contractor to use a specified facility.
- 6.3.2 A change in state or local fees that the Contractor shall collect.
- 6.3.3 A change in the scope of Franchise services specified in **Exhibit A**.
- 6.3.4 A material change in applicable law or regulations applicable to performance of the Franchise services that result in a change in cost of providing Franchise services.
- 6.3.5 If Contractor's cost of operations exceed Contractor's Gross revenues.

Should Contractor request a Detailed Rate Review, the City shall have the right to audit or have audited any and/or all costs associated with the Franchise services. A Detailed Rate Review may, in the City's sole discretion, occur in conjunction with a performance review pursuant to section 8.3. The City's costs of performing a Detailed Rate Review, including, but not limited to staff costs, attorneys' fees, consultant fees, and audit costs,

shall be reimbursed by Contractor within thirty (30) days of receipt of City invoices for such costs.

No increase in rates pursuant to this section 6.3 shall take effect unless and until Contractor has fully reimbursed the City for all costs invoiced by the City for such Detailed Rate Review.

Except for the period of April 10, 2013, to December 31, 2013, Contractor shall submit requests for Detailed Rate Review, and any cost, operational data and/or other information required for such review, at least six (6) months prior to the proposed effective date of any rate adjustment, and shall make every effort to have any such increase coincide with a regular rate adjustment.

Contractor bears the burden of justifying to the City's satisfaction that Contractor is entitled to a rate adjustment as a result of Detailed Rate Review. In its sole and exclusive discretion, the City Council may grant some, all or none of the results from the requested Detailed Rate Review.

SECTION 7 – CONTRACTOR PAYMENTS TO THE CITY

7.1 Franchise Payments

In addition to any other fees agreed upon by the parties, Contractor shall pay to the City a Franchise payment of fourteen and three-tenths percent (14.3%) of Contractor's gross collected revenues per annum, effective upon the rate adjustment pursuant to section 6.3.

The calculation of Franchise Payments shall be based on the Gross revenues collected, but exclude any amount of the Vehicle Impact Fee collected as set forth in section 7.2.

7.2 Vehicle Impact Fee

Starting July 1, 2013, and thereafter, Contractor shall pay the City a vehicle impact payment of twelve thousand three hundred dollars (\$12,300) each month to offset the expenses incurred by the City for repairing and maintaining the City's public streets caused by normal and ongoing use of Contractor's collection vehicles. The City reserves the right to change the amount of the Vehicle Impact Fee during the term of this agreement. Fifty percent (50%) of the Vehicle Impact Fee shall be a pass through in the Maximum Rates.

Starting January 1, 2014, and thereafter, the Vehicle Impact Fee shall be adjusted annually using Seventy percent (70%) of the annual percentage change in the Consumer Price Index (All Urban Consumers) in accordance with the adjustment method specified by the City. Contractor shall send the collected fee to the City on a monthly basis in accordance with procedures and terms and conditions described in section 7.5.

7.3 Other Fees

In addition to any other fees agreed upon by the parties, Contractor shall pay to the City the following fees (which shall not be passed through to Customers):

- 7.3.1 One hundred fifty thousand dollars (\$150,000) one-time franchise extension fee upon execution of this Franchise agreement
- 7.3.2 Fifty thousand dollars (\$50,000) for each year of Franchise Agreement.

First payment of two hundred thousand dollars (\$200,000) (one-time franchise extension fee of one hundred fifty thousand dollars (\$150,000) and annual fee of fifty thousand dollars (\$50,000)) shall be made payable upon execution of this Franchise Agreement and subsequent payments shall be paid between July 1st – 31st of the following years.

7.4 Future Fees

The City may set and recover from the Contractor fees to recover future City costs for solid waste services and programs and related services and programs. For example, if the City becomes subject to program fees of the Waste Management Agency not included in disposal surcharges applicable to use of Sonoma County disposal sites, the City may set and recover from the Contractor such fees, which fees shall be paid monthly by Contractor pursuant to section 7.5.

7.5 Monthly Franchise Statement and Payment

By the final day of each month this Franchise agreement is in effect, Contractor shall prepare and submit to the City a monthly revenue statement and payment. The monthly revenue statement shall include the following information and calculations supporting the monthly Franchise payment:

- 7.5.1 **Gross Revenues** received by the Contractor in the month immediately preceding the revenue statement.
- 7.5.2 **Franchise Payment.** The monthly statement shall specify, and the Contractor shall pay at the same time the monthly Franchise statement is due, the Franchise payment of fourteen and three tenths percent (14.3%) of the Contractor Gross Revenues collected.
- 7.5.2 **Vehicle Impact Fee Payment.** The monthly statement shall specify, and the Contractor shall pay at the same time the monthly Franchise statement is due, the Vehicle Impact Fee in the amount as set forth in section 7.2.
- 7.5.3 **Liquidated Damages.** Any liquidated damages the City has incurred and the Contractor is obligated to pay to the City in accordance with section 10.6 and **Exhibit C** for the month immediately preceding the monthly Franchise statement.
- 7.5.4 **Other Payments.** Any other payments due to the City, including, but not limited to, the cost of performance reviews, audits and other fees described in section 8.5.

7.6 Acceptance of Franchise Payment Not a Waiver

City's acceptance of Franchise payments of Contractor may not be construed as an accord that the Franchise payment amount is correct, or as a release by City of any claim it may have for any additional amounts due under the Franchise agreement.

7.7 Disputes Regarding Payments Due the City

If the City disputes any monthly Franchise payment, the City shall submit such dispute and the reason for the dispute to the Contractor in writing. In case of a dispute between Contractor and the City regarding amounts due, the Contractor shall pay the amount claimed by the City as due within ten (10) days of receipt of written notice by the City. Contractor shall notify the City in writing at the time of payment as to any payment or part of a payment that the Contractor disputes. Contractor shall continue to timely pay all amounts due the City while the Franchise remains in effect, even while payment disputes exist between the City and Contractor. If the City and Contractor are unable to resolve disputed Franchise payments within thirty (30) days following written notice from the City or the Contractor of the dispute, the City and the Contractor shall agree to mediate the dispute with the costs of the mediation split evenly among the parties and each party bearing its own attorney's fees. The results of audits, performance reviews and other inquiries into Contractor's performance and Franchise costs may be used to resolve Franchise payment disputes. Should the matter not be resolved during mediation, the parties have any and all remedies allowed by law.

7.8 Failure to Timely Pay Franchise Payments

If Contractor fails to timely pay any Franchise payment, including disputed payments, in accordance with this Franchise agreement, and upon written notice from the City, fails to cure such failure within thirty (30) days from the date of the City's notice, then the City may treat that failure as a material breach of the Franchise agreement, subject to the remedies in section 10.

SECTION 8 – RECORD KEEPING, REPORTING AND PERFORMANCE REVIEWS

8.1 Record Keeping

8.1.1 General

Contractor shall create, maintain and preserve all Franchise records for the Franchise term and for five (5) years after the Franchise agreement's expiration or earlier termination. Franchise records and data shall be maintained in logical order and organized and stored in a manner that permits efficient access to and retrieval of particular Franchise records. Upon the City's request, Franchise records shall be promptly retrieved by Contractor and provided to the City.

8.1.2 Accounting Records

Contractor shall maintain full, complete, accurate financial, statistical and accounting records pertaining to cash, billing and provision of all Franchise services and all activity under the Franchise, prepared on an accrual basis in accordance with generally accepted accounting principles. Gross revenues from provision of Franchise services or otherwise from or related to the Franchise, shall be recorded as revenues in accounts of Contractor, though for purposes of calculating Franchise payments, only Gross revenues that are actually received by Contractor shall be considered.

8.1.3 Compliance with Records Requirements of AB-939 and Other Government Records Requirements

Contractor shall collect data and keep sufficient and accurate records and prepare reports as necessary to comply with all the requirements of AB-939 and all other federal, state and local laws and regulations applicable to the Franchise and Contractor's performance of the Franchise services.

8.1.4 Franchise Services Records. Contractor shall maintain records of:

- 8.1.4.1 Franchise services, customer billings, and collections
- 8.1.4.2 Weight and volume of material collected by type (solid waste, recyclable material, and compostable materials), and by service type (residential cart collection, commercial cart and bin collection, debris box)
- 8.1.4.3 All collection and disposal routes used in the performance of the Franchise services
- 8.1.4.4 Facilities and equipment used in the performance of Franchise services, and related costs
- 8.1.4.5 Personnel engaged in the performance of Franchise services and all labor and personnel costs
- 8.1.4.6 Facilities and equipment operations, maintenance and repair activities and related costs
- 8.1.4.7 Tonnage of solid waste, recyclable materials and compostable materials and the site or disposal site where such materials were delivered
- 8.1.4.8 Tonnage of recyclable materials and compostable materials collected and diverted from disposal
- 8.1.4.9 Diversion rate
- 8.1.4.10 Recyclable materials sales revenue
- 8.1.4.11 Franchise services revenue by service category (residential, commercial cart and bin collection, debris box)
- 8.1.4.12 Franchise revenue from other than Franchise services;
- 8.1.4.13 End use and markets for recovered materials.
- 8.1.4.14 All authorized Contractor collection and disposal routes for other agencies which use Cotati streets shall be provided to City annually by April 1st of each year.

8.2 Reporting

8.2.1 General

Unless otherwise specified, quarterly reports shall be submitted within 45 calendar days after the end of the applicable quarter and annual reports shall be submitted by no later than April 1 of the year immediately following the year subject to the report. Quarterly and annual reports shall be provided electronically in a format acceptable to the City. At City's request and with reasonable notice, Contractor shall provide with greater frequency the information contained in quarterly and annual reports.

8.2.2 Cal Recycle Annual Reports

Contractor shall prepare annual reports in accordance with applicable Cal Recycle annual reporting requirements for submission to the City for review and comment and Contractor revision as needed prior to submission to Cal Recycle. Annual

Cal Recycle reports shall be submitted in draft form to the City at least 60 prior to the date such reports are due to be submitted to Cal Recycle in order to permit review and if necessary revision prior to its submission to Cal Recycle.

8.2.3 Quarterly City Reports

Quarterly reports to the City shall include a summary by month of:

- 8.2.3.1 The prior quarter's Gross revenues, Franchise payments, liquidated damages, and any other payments to the City
- 8.2.3.2 Public education and information activities undertaken during the prior quarter, including distribution of bill inserts, collection notification tags, community information and events, tours and other informational and promotional activities related to the provision of Franchise services.
- 8.2.3.3 Amounts of solid waste collected, diverted and disposed of from single-family residences, multi-family complexes and commercial properties from the prior quarter.
- 8.2.3.4 Gross tons of recycled material, and compostable material and construction and demolition debris collected and recycled/diverted/composted daily on average by material type for single-family residences, multi-family complexes and commercial properties from the prior quarter.
- 8.2.3.5 A copy of the prior quarter's customer service log as described in **Exhibit A**, with a summary of the type and number of complaints and their resolution and copies of a written record of all calls related to missed pickups and responses to such calls. The quarterly complaint log shall include names, addresses and phone numbers and reasons for complaints.
- 8.2.3.6 Account information for the prior quarter in a table format showing the number of customers and service levels by service type.
- 8.2.3.7 A summary narrative of any problems encountered with collection and processing activities and actions taken in response during the prior quarter; the type and number of non-collection notices left at customer locations for the prior quarter; a list of instances of property damage or injuries incurred related to the Franchise during the prior quarter; and any significant changes in operations during the prior quarter.
- 8.2.3.8 A list for the prior quarter of all loads in excess of the manufacturer's recommendations or limitations imposed by state or local laws or regulations governing weight and other restrictions for vehicles and roads, showing vehicle number, date of occurrence, load weight, loaded vehicle weight, and the manufacturer's and regulatory weight restrictions.

8.2.3.9 An updated complete inventory for the prior quarter of equipment used by Contractor to provide all Franchise services and a list of Contractor's officers and members of its board of directors.

8.2.4 Annual City Reports

Annual reports to the City shall include a summary of quarterly reports as specified in section 8.2.3 above.

8.2.5 Additional Reporting

The Contractor shall also promptly provide the City with any additional reports as the City may reasonably require.

8.3 Performance Reviews

The City, in its sole discretion, may require performance reviews in accordance with this provision. Although the Contractor may make recommendations concerning the selection of contractors for conducting performance reviews, the City shall select such contractors in the City's sole discretion. The Contractor shall pay the cost of performance reviews as another payment in accordance with section 7.5.4 above. Contractor shall cooperate fully with each performance review and provide all operational, financial and other information deemed helpful by the City or its contractor conducting the performance review within thirty (30) days of a request for such information. Prior to conducting a performance review, City or Contractor may request a conference to establish the scope of the performance review. If a performance review identifies non-compliance with the Franchise agreement, the City may recover liquidated damages for such non-compliance, and exercise any of its remedies under section 10 of the Franchise agreement or applicable law. In its sole and exclusive discretion, the City may require that the Contractor take prescribed measures to cure any non-compliance identified in the performance review, and may require amendments to the Franchise agreement to avoid such non-compliance in the future. The City may conduct or have conducted 2 performance reviews at Contractor's expense during the Franchise term; with and additional performance review conducted during the first extension. Any performance review that identifies non-compliance with the Franchise agreement shall not be counted in the total number of performance reviews the City may conduct or have conducted at Contractor expense during the Franchise term.

8.4 Audit

The City, its auditors and any and all other City agents and/or authorized representatives and any other authorized government agencies shall have the right during regular business hours and upon seventy-two (72)-hours' notice to inspect, review and copy all Franchise records of the Contractor. The Contractor may make recommendations as to consultants and their services, but the City shall, in its sole discretion, select a qualified independent firm to perform audits. Contractor agrees to make appropriate Contractor representatives available to meet with the City, its auditors, agents and/or authorized representatives or other authorized government agency to produce, review, discuss and verify any Franchise records and to fully cooperate with any audit conducted by or on behalf of the City or any other government agency.

8.5 Audit Costs

Contractor shall pay all costs associated with audits conducted by or on behalf of the City relating to Contractor's requests for rate increases, changes to the Franchise payment, amendments to rate calculations, or any other changes to the Franchise sought by Contractor. Such audit costs shall be paid by the Contractor to the City as another payment included in Contractor's monthly Franchise payments. The City may also conduct, at Contractor's expense, up to seven (7) audits during the Franchise term to:

- 8.5.1 Verify customer bills and billing rates have been properly calculated.
- 8.5.2 Determine the accuracy of seventy percent (70%) of CPI calculations and rate adjustments based on them.
- 8.5.3 Verify that Franchise payments required to be paid the City under this Franchise agreement have been properly calculated and paid.
- 8.5.4 Verify Contractor's compliance with the Franchise agreement reporting requirements.
- 8.5.5 Verify Contractor's compliance with the performance standards of the Franchise agreement.
- 8.5.6 Verify the Diversion percentages reported by the Contractor.
- 8.5.7 Verify all Liquidated Damages have been received.

Any audit that identifies non-compliance with the Franchise agreement shall not be counted in the total number of audits the City may conduct or have conducted at Contractor expense during the Franchise term.

8.6 Reconciliation of Contractor Franchise Payments Following Audit

If an audit conducted under this Franchise agreement indicates that any Contractor Franchise payment has been less than the amount required under the Franchise agreement, the Contractor shall reimburse the City for the full amount of the underpayment, as well as all costs associated with the audit, in accordance with section 8.5, within ten (10) days of receipt of written notice by the City. If an audit conducted under this Franchise agreement indicates that any Contractor Franchise payment has been greater than the amount required under the Franchise agreement, the City shall provide the Contractor written notice of the overpayment(s), and the Contractor may apply the amount of the overpayment(s) as a credit against the Franchise payment due immediately following the City's notice.

SECTION 9 – INDEMNITY, INSURANCE, SECURITY

9.1 Indemnification

To the maximum extent permitted by law, Contractor shall, at its own expense, indemnify, defend with counsel acceptable to the City (which acceptance shall not be unreasonably withheld), and hold harmless the City and its officers, officials, employees, agents and volunteers ("indemnitees") from and against any and all liability, loss, damage, claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, civil penalties and fines, judgments, rulings, or other disposition by a body of competent jurisdiction, expenses and costs (including, without limitation, claims, expenses, attorneys' fees and costs and fees of litigation) (collectively, "liability")

of every nature, whether actual, alleged or threatened arising out of, resulting from or in any way connected with the Franchise, including, but not limited to:

- 9.1.1 Contractor's performance of the Franchise services
- 9.1.2 The Contractor's failure to comply with any of the terms of the Franchise agreement
- 9.1.3 Any non-compliance of the Franchise, the Franchise agreement or the Franchise services with AB-939, Public Resources Code section 40000 et seq.
- 9.1.4 Any irregularity, illegality, voidness or other defect in the award of the Franchise agreement to Contractor and/or the procurement process that led to the authorization and execution of the Franchise agreement with Contractor, and/or any related legislation of the City, and/or any related legal challenge brought by a third party
- 9.1.5 Any repair, cleanup, disposal 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 wastes at any place where the Contractor transports, stores or disposes of solid waste pursuant to this Franchise agreement. The foregoing indemnity is also intended to operate as an agreement pursuant to section 107(e) of CERCLA, 42 U.S.C. section 9607(c) and California Health and Safety Code section 25364, to defend, insure, protect, hold harmless and indemnify the City from liability
- 9.1.6 Any violation or alleged violation concerning or related to the Franchise, the Franchise Agreement, the Maximum rates, the Franchise payments, the Franchise services, or otherwise related to the Franchise of any requirement of any federal, state or local law, ordinance, statute, regulation, regulatory permit or constitutional provision, including, but not limited to, Proposition 218 and Proposition 26.

Except as otherwise provided in the Franchise Agreement, Contractor waives any and all rights to express or implied indemnity against the indemnitees concerning any liability of the Contractor arising out of or in connection with the Franchise or Contractor's failure to comply with any of the terms of the Franchise agreement.

Contractor's obligation to indemnify, defend and hold harmless under this provision shall not be excused because of the Contractor's inability to evaluate liability, or because Contractor evaluates liability and determines that the Contractor is not or may not be liable.

Contractor shall respond within thirty (30) calendar days to any tender for defense and indemnity by the City, unless the time for responding has been extended by an authorized representative of the City in writing.

The City may, at the City's option and sole discretion, elect not to tender defense of the City to liability under this section 9.1 to Contractor and may instead elect to defend City against any liability under this section using the City's own attorneys, and upon notice of such election to the Contractor, Contractor shall pay to City City's costs and expenses incurred, including, but not limited to, the reasonable attorneys' fees and other costs of defense and the cost of any penalties,

finances, judgments, rulings, or other disposition by a body of competent jurisdiction concerning such liability. The Contractor shall pay such costs as an "other" payment included in Contractor's monthly Franchise payments.

Notwithstanding the foregoing, the City and Contractor shall each bear their own legal fees and costs associated with the defense of any action challenging the constitutionality of the Maximum Rates established hereunder and, except as otherwise provided in section 4.5, the City and Contractor shall not indemnify one another against any liability arising under any such action except to the extent that liability is apportioned by a court in which case each party shall bear the liability assigned to it.

9.2 Insurance

9.2.1 General

Before the Franchise agreement takes effect, Contractor, at its own cost and expense, shall: procure "occurrence coverage" insurance of the kinds and in the amounts specified below against claims for injuries to persons or damages to property that may arise from or in connection with the Franchise or the performance of the Franchise services by the Contractor or its agents, representatives, employees, or contractors, and submit to the City certificates of insurance and endorsements evidencing insurance coverage that meet the requirements of this section 9.2. Contractor shall maintain the insurance policies and coverage amounts required by this section throughout the Franchise term. Contractor may not allow any contractor or affiliate to commence work on the Franchise services until Contractor and/or the contractor/affiliate has obtained all insurance required by the Franchise agreement for the contractor(s)/affiliate(s) and submitted certificates of insurance and endorsements evidencing such coverage to the City. Failure to maintain the insurance coverage required or other failure to comply with the requirements of this section 9.2 shall be an event of default subject to the remedies in section 10 of this Franchise agreement.

9.2.2 Workers' Compensation Insurance

Contractor shall, at its sole cost and expense, maintain statutory workers' compensation insurance and employer's liability insurance for any and all persons employed directly or indirectly by Contractor. The statutory workers' compensation insurance and employer's liability insurance shall be provided with limits of not less than one million dollars (\$1,000,000) per occurrence. The insurance shall be endorsed to waive all rights of subrogation against the City and its officials, officers, employees, and volunteers for loss arising from or related to the Franchise or the Franchise services.

9.2.3 General Commercial and Automobile Liability Insurance

Contractor, at its own cost and expense, shall maintain commercial general and automobile liability insurance for the term of this Franchise agreement in an amount not less than ten million dollars (\$10,000,000) per occurrence, combined single limit coverage for risks associated with Franchise services. If a

commercial general liability insurance or an automobile liability form or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the Franchise services or the general aggregate limit shall be at least twice the required occurrence limit. Such coverage shall include, but shall not be limited to, protection against claims arising from bodily and personal injury, including death resulting therefrom, and damage to property resulting from activities contemplated under this Franchise agreement, including the use of owned and non-owned automobiles. 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, TI 1007 and/or other endorsements required by federal or state authorities.

9.2.4 Required commercial general coverage shall be at least as broad as Insurance Services Office Commercial General Liability occurrence form CG 0001 (ed. 11/88) or Insurance Services Office form number GL 0002 (ed. 1/73) covering comprehensive General Liability and Insurance Services Office form number GL 0404 covering broad form comprehensive general liability. Automobile coverage shall be at least as broad as Insurance Services Office Automobile Liability form CA 0001 (ed. 12/90) Code 1 (“any auto”). No endorsement may be attached limiting the coverage.

9.2.5 Pollution, Environmental Impairment

Contractor, at its own cost and expense, shall maintain for the Franchise term pollution, environmental impairment liability in an amount not less than three million dollars (\$3,000,000) each occurrence/ten million dollars (\$10,000,000) policy aggregate covering liability arising from the release of waste materials and/or irritants, contaminants or pollutants. Such coverage shall, if commercially available, without involvement of the 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 the City shall be called upon to contribute to a loss suffered by the Contractor hereunder and waive subrogation against the City and other additional insureds. Any deductible or self-insured retention under the required professional liability insurance may not exceed one hundred fifty thousand dollars (\$150,000) per claim.

9.2.6 Endorsements

9.2.6.1 Insurance coverage required pursuant to the Franchise Agreement shall include or be endorsed to include the following:

The City and its officers, officials, employees, agents, and volunteers shall be covered as additional insureds with respect to each of the following:
liability arising out of activities, work or operations performed by or on behalf of Contractor in carrying out the Franchise services, including materials, parts or equipment furnished in connection with such work or operations, products and completed operations of Contractor; premises owned, occupied, or used by Contractor; pollution, including asbestos pollution; and automobiles and

equipment owned, leased, or used by the Contractor. The coverage shall contain no special limitations on the scope of protection afforded to City or its officers, officials, employees, agents, or volunteers.

9.2.6.2 Required insurance coverage shall be primary insurance with respect to the City and its officers, officials, employees, agents and volunteers. No insurance or self-insurance maintained by the City may be called upon to contribute to a loss under the coverage.

9.2.6.3 Any failure of Contractor to comply with reporting provisions of the policy shall not affect coverage provided to City and its officers, officials, employees, agents, and volunteers.

9.2.6.4 Required insurance coverage may not be suspended, voided, canceled, reduced in coverage or in limits, except after thirty (30) days' prior written notice has been given to the City.

9.3 Other Provisions

9.3.1 All insurance required under this section 9.2 shall be placed with insurers with a Best's rating of no less than A:VII unless otherwise approved by the City.

9.3.2 Any deductibles or self-insured retentions shall be declared to and approved in writing by the City. At the option of the City, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its officers, officials, employees, agents, and volunteers, or the Contractor shall provide evidence satisfactory to the City guaranteeing payment of losses and related investigations, claim administration and defense expenses. Notwithstanding the foregoing, the City may elect not to accept any deductibles or self-insured retentions offered by Contractor.

9.3.3 Contractor shall furnish the City with original certificates and amendatory endorsements affecting coverage required by this section.

9.3.4 Contractor shall include all contractors and affiliates that perform any Franchise services or provide any equipment, employees or materials to Contractor in the performance of any Franchise services as insureds under its policies or shall furnish separate certificates and endorsements for each such contractor or affiliate. All coverages for contractors and affiliates are subject to all of the requirements in this section.

9.4 Security Document

9.4.1 Within five (5) Business Days of the City's notification to Contractor that the City has executed this Agreement, Contractor shall deposit with the City an irrevocable letter of credit in the amount of seven hundred thousand dollars (\$700,000). The letter of credit must be issued by an FDIC insured banking institution chartered to do business in the State of California, consistent with the Uniform Customs and Practice for Documentary Credits, then-current revision or similar uniform convention approved by the City, in the City's name, and be callable at the discretion of the City. The letter of credit shall be

structured so that, in the event funds are drawn by the City, the balance of seven hundred thousand dollars (\$700,000) is restored within two (2) Business Days.

9.4.2 In the alternative, before the Franchise agreement becomes effective, Contractor shall file with the City a bond payable to the City, securing the Contractor's faithful performance of each and every one of its obligations under the Franchise agreement. The City may recover from the Contractor's surety as much of the penal sum of the bond as necessary to reimburse the City for costs, damages, expenses, attorneys' fees, staff costs and any other damages incurred by the City in providing or obtaining substitute Franchise service in the event the Contractor fails in the performance of any of the Franchise services and/or the City exercises its right to perform Franchise services as set forth in section 10.5 of the Franchise agreement due to the Contractor's failure in performance of the Franchise services. The principal sum of the bond shall be seven hundred thousand dollars (\$700,000). The bond shall be executed by an official authorized to bind the Contractor and by an attorney in-fact authorized to bind the surety. The bond surety shall be a corporate surety admitted to issue surety bonds in the State of California, with financial condition and record of service satisfactory to the City in accordance with applicable law. The performance bond shall be renewed as necessary to remain in force without lapse throughout the Franchise term, including any extensions. Failure to maintain the performance bond in effect without lapse throughout the Franchise term shall be an event of default subject to the remedies in section 10 of the Franchise agreement. The bond premium and any renewal premium shall be paid by the Contractor.

SECTION 10 – BREACH, DEFAULT, TERMINATION AND LIQUIDATED DAMAGES

10.1 Events of Breach

All provisions of this Agreement are considered material. In addition to Contractor's failure to perform any obligation of this Agreement, each of the following shall also constitute an Event of Breach, which Contractor shall have the right to cure.

10.1.1 Failure to Maintain Coverage. Contractor fails to provide or maintain in full force and effect the Workers' Compensation, liability, or indemnification coverage as required by this Agreement.

10.1.2 Violations of Applicable Law. Contractor violates Applicable Law relative to this Agreement, including any orders or filings of any regulatory body having authority over Contractor relative to this Agreement, provided that Contractor may contest any such orders or filings by in good faith, in which case no breach or default of this Agreement shall be deemed to have occurred upon final resolution of the contest or appeal in favor of Contractor.

10.1.3 Failure to Notify of Violation. Contractor fails to notify the City in writing within five (5) working days of Contractor's receipt of any notice of violation or other official communication from any agency having regulatory authority over the Franchise, the Franchise agreement, Contractor, or Contractor's operations where such

communication may impair Contractor's ability to perform its obligations under the Franchise agreement.

10.1.4 Failure to Pay or Report. Contractor fails to make any payments to the City required under this Agreement, and/or refuses to provide the City with required information, reports, and/or records in a timely manner as provided for in this Agreement.

10.1.5 Seizure or Attachment of Equipment

Seizure or attachment (other than a pre-judgment attachment) of, or levy affecting possession of, Contractor's operating equipment or facilities, including, but not limited to, Contractor's vehicles, maintenance or office facilities, or any part thereof so as to impair Contractor's ability to perform its obligations under the Franchise agreement and that cannot be released, bonded or otherwise lifted within five (5) working days.

10.2 Contractor Rights to Remedy Breach

The City shall promptly or as soon as practicable provide Contractor written notice of an Event of Breach. Upon written notice, Contractor shall have thirty (30) days to cure the breach. However, if Contractor demonstrates that (a) the breach is curable; and (b) thirty (30) days is insufficient to cure the breach, then Contractor shall receive a reasonable extension of time agreed to by the City in order to cure the breach.

10.3 Events of Default

Each of the following shall constitute an Event of Default under this Franchise Agreement, which Contractor shall have no right to cure:

10.3.1 Failure to Cure Breach

If Contractor fails to cure an Event of Breach as provided above in section 10.2

10.3.2 Repeated Pattern of Breach

A pattern of breaches of this Agreement over time such that the combination of breaches constitutes a material failure by Contractor to perform its obligations, even if each individual breach is later cured.

10.3.3 Failure to Perform

Any failure to perform Contractor's obligations under the Franchise Agreement, including, but not limited to:

- 10.3.3.1 Any act or omission by Contractor that violates the terms, conditions, or requirements of this Franchise Agreement.
- 10.3.3.2 Failure to provide collection services required under the Franchise agreement for a period of five (5) consecutive working days or more for any reason within the control of Contractor or, in the event of a labor dispute or strike, within seven (7) consecutive working days.
- 10.3.3.3 Any unexcused termination of any Franchise service or suspension of operations by Contractor.

10.3.4 Misrepresentation or False Warranty

After the Franchise agreement becomes effective, any representation, disclosure, assurance or warranty made to the City by Contractor in connection with or as an inducement to entering into the Franchise agreement or any future amendment to the Franchise agreement, that proves to be false or misleading in any material respect as of the time such representation or disclosure is made.

10.3.5 Contractor Debt

The Contractor filing a voluntary petition for debt relief under any applicable bankruptcy, insolvency, debtor relief, or other similar law now or later in effect, or consenting to the appointment of or taking possession by a receiver, liquidator, assignee (other than as a part of a transfer of equipment no longer useful to Contractor or necessary for performance of the Franchise agreement), trustee (other than as security for an obligation under a deed of trust), custodian, sequestrator (or similar official) of Contractor for any part of Contractor's operating assets or any substantial part of Contractor's property, or any general assignment for the benefit of Contractor's creditors, or failure to pay Contractor's debts as they become due or any action in furtherance of any of the foregoing.

10.3.6 Court Order or Decree

Any decree or order for relief of any court or tribunal having competent jurisdiction over the Contractor in any involuntary case brought under any bankruptcy, insolvency, debtor relief or similar law now or later in effect, or Contractor's consenting to or failure to oppose any such proceeding, or any such court or tribunal entering a decree or order appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Contractor or for any part of the Contractor's operating equipment or assets, or ordering the winding up or liquidation of the affairs of Contractor.

10.3.7 Failure to Provide Performance Assurances

Contractor's failure to provide reasonable assurances of performance under the Franchise agreement as required under section 10.9.

10.3.8 Assignment Without Approval

Any purported assignment, subcontracting or other transfer or delegation of rights or obligations under the Franchise agreement without first complying with the requirements of section 10.10.2 and 10.10.3 of the Franchise agreement.

10.3.9 Failure to Maintain Diversion Goals

Failure to achieve or maintain the City's AB 939 Diversion goals or other AB 939 requirements under Exhibit B, and subject to the rights of the parties under section 11, below.

10.3.10 Criminal Activity. Contractor, its officer, managers, or employees are found guilty of criminal activity related directly or indirectly to performance of this Agreement or any other Agreement held with the City.

10.3.11 Fraud or Deceit. Contractor practices, or attempts to practice, any fraud or deceit upon the City.

10.4 Termination Upon Event of Default

10.4.1 Upon the occurrence of one or more event of default, and subject to Contractor's right to cure, the City may terminate the Franchise agreement upon ten (10) working days' prior written notice to Contractor of the City's intent to terminate the Franchise agreement. The notice shall include a brief description of the event(s) of default justifying termination.

10.4.2 Within five (5) working days after the date of the City's notice of intent to terminate the Franchise Agreement due to event(s) of default, the Contractor may submit to the City a written request for an informal hearing before the City Council to dispute the existence of event(s) of default. The City shall schedule an informal hearing before the City Council within twenty-five (25) working days of receipt of the Contractor's written request, and termination of the Franchise agreement shall be stayed pending issuance of the City Council determination regarding the existence of one or more events of default. At the hearing, the Contractor may present evidence in writing and through testimony of its employees and others relevant to the event(s) of default. The only subject matter considered at the informal hearing before the City Council shall be information regarding the existence of one or more event of default.

10.4.3 Failure by the Contractor to submit a written request for a hearing within five (5) working days after the City's notice of intent to terminate the Franchise agreement due to event(s) of default shall constitute Contractor failure to exhaust administrative remedies regarding termination of the Franchise agreement and shall irrevocably waive Contractor's right to dispute or oppose termination of the Franchise agreement. If Contractor fails to timely request a hearing, termination of the Franchise agreement due to event(s) of default shall require no hearing or proceeding to become effective, and termination shall become effective on the date given in the notice of intent to terminate.

10.4.4 The City shall provide Contractor with a written explanation of the City Council's determination regarding the existence of one or more events of default under the Franchise agreement. The City Council's determination regarding whether one or more events of default exist under the Franchise agreement shall be final.

10.4.5 If a hearing has been requested and following the hearing the Council finds that an event of default exists, termination of the Franchise agreement shall become effective on the date of notice of the City Council's determination in the event that Contractor fails or refuses to cure such default as provided herein. Upon termination of the Franchise agreement due to event(s) of default, the Franchise agreement and all of its terms shall cease to be in effect, except for such terms or provisions of the Franchise agreement that by its terms survive termination, and all obligations and liabilities of the City to the Contractor under the Franchise agreement shall cease and be fully discharged. Upon termination of the Franchise

agreement due to event(s) of default, the City may recover from the Contractor and the performance bond surety all direct and indirect costs incurred by the City due to the event(s) of default, including, but not limited to, the City's cost of obtaining substitute Franchise services, and the City may negotiate with other contractors for the provision of the Franchise services.

10.4.6 Upon determination by the City Council that Contractor has defaulted hereunder, Contractor shall have the right to cure such default. For a monetary default, Contractor shall have five (5) business days to cure such default. For a non-monetary default, Contractor shall either cure such default within ten (10) business days or, if a cure is not reasonably possible within such ten (10)-day period, Contractor shall commence the cure of such breach and pursue such cure diligently until the breach is cured. Contractor shall in any event accomplish such cure within ninety (90) days of City's determination of a default hereunder.

10.5 City's Right To Perform or Have Performed the Franchise Services

10.5.1 General. In addition to any and all other legal or equitable remedies, in the event that Contractor, for any reason whatsoever, fails, refuses, or is unable to provide any Franchise service for a period of five (5) consecutive working days (seven (7) consecutive working days in the case of labor dispute), and if, as a result thereof, solid waste accumulates in the City to such an extent, in such a manner, or for such a time that the City finds in its sole discretion that such accumulation endangers or menaces the public health, safety or welfare, then the City shall have the right, but not the obligation, without payment to Contractor, upon twenty-four (24) hours' prior notice to Contractor during the period of such accumulation, to perform or have performed the Franchise services in accordance with this section 10.5.1. Notice of Contractor's failure, refusal or neglect to provide Franchise services may be given orally by telephone to Contractor and written confirmation of such oral notification shall be sent to Contractor within 24 hours of the oral notification.

10.5.1.1 City may perform, or have performed, Franchise services pursuant to this section with the City's own or other personnel without liability to Contractor; and/or

10.5.1.2 City may use any of Contractor's land, equipment, facilities and other property useful in providing Franchise services to perform or have performed the Franchise services.

10.5.2 Contractor cooperation. In the event of Contractor's failure to perform Franchise services pursuant to this section 10.5, to help mitigate any damages that the City and the public may suffer, Contractor agrees to the following:

10.5.2.1 Contractor shall fully cooperate with the City to effect the transfer of possession of property to the City for the City's use to perform or permit performance of the Franchise services.

10.5.2.2 Contractor shall, if the City so requests, and to the extent feasible, keep in good repair and condition all such property, provide all

motor vehicles with fuel, oil and other service, and provide such other service as may be necessary to maintain said property in operational condition for provision of the Franchise services.

- 10.5.2.3 The City may immediately engage all or any personnel necessary or useful for performing any or all of the Franchise services, including, if the City so desires, employees previously or then employed by Contractor. Contractor further agrees, if the City so requests, to furnish the City the services of any or all management or office personnel employed by Contractor whose services are necessary or useful for performing Franchise services, including billing and collection for such services.
- 10.5.2.4 The City agrees that the City assumes responsibility for the proper and normal use of equipment and facilities while in the City's possession for performance of the Franchise services pursuant to this section 10.5.
- 10.5.2.5 The Contractor agrees that the City's exercise of its rights under this section 10.5 does not constitute a taking of private property for which compensation shall be paid; shall not create any liability on the part of City to Contractor; and does not exempt Contractor from or excuse the Contractor's obligations under section 9, which are meant to apply to circumstances arising under this section 10.5, provided that Contractor is not required to indemnify City against claims and damages arising from the active negligence or willful misconduct of City or its officers, officials, employees, agents, or volunteers acting under this section 10.5.

10.5.3 Duration of the City's Possession

The City has no obligation to acquire or maintain possession of Contractor's property and/or continue its use in providing any Franchise services for any period of time and may, at any time, in its sole discretion, relinquish possession to Contractor. The City's right to retain temporary possession of Contractor's property, and to perform or have performed the Franchise services, shall continue until Contractor can demonstrate to the City's satisfaction that it is ready, willing, and able to resume performance of the Franchise services, or for one hundred eighty (180) days, whichever occurs first.

10.5.4 Forfeiture of Bonds

In addition to all other remedies available to the City under this Agreement, in the event of a breach of any of the material terms or conditions of this contract by Contractor, the parties mutually agree that the amount of damages which shall be incurred by the City as a result thereof would be difficult to ascertain and therefore, the total amount of said seven hundred thousand dollars (\$700,000) bond may be retained by City for the costs, expenses and damages incurred by the City in providing for garbage service by reason of the failure of Contractor to perform under the Agreement.

10.6 Liquidated Damages

The Parties recognize that, as of the time of execution of the Franchise Agreement, it is impractical and extremely difficult to reasonably ascertain the damages that the City and its residents shall suffer if Contractor fails to perform its obligations under the Franchise agreement in accordance with the Franchise agreement terms. The Parties agree that the liquidated damages amounts specified in **Exhibit C** represent a reasonable estimate of the amount of the damages the City and the public shall suffer for the specified breaches, without prejudice to the City's right to treat uncorrected non-performance as an event of default. Liquidated damages are paid as damages, and not as a penalty. The City may request, and the Contractor shall provide, at Contractor's sole expense and by any reasonable time requested by the City, any information in Contractor's possession pertaining to potential incident(s)/non performance subject to liquidated damages.

10.6.1 Prior to assessing liquidated damages, the City shall give Contractor written notice of its intent to do so. The notice shall include a brief description of the incident(s)/non-performance giving rise to the damages. Contractor shall have the right to cure its performance within five (5) days of Contractor's receipt of such notice in which case the City shall not assess liquidated damages against Contractor provided that if Contractor commits an identical breach within six (6) months of having cured its performance of a prior breach, then Contractor shall be subject to liquidated damages for such breach regardless of Contractor's cure of such breach.

10.6.2 Within five (5) working days after the date of the City's notice of intent to assess liquidated damages, the Contractor may submit to the City a written request for a meeting with the City Manager to dispute or oppose the assessment. The City shall schedule a meeting within twenty-five (25) working days of receipt of the Contractor's written request. At the meeting, the Contractor may present evidence in writing and through testimony of its employees and others relevant to the incident(s)/non-performance. Failure by the Contractor to submit a written request for a meeting within five (5) working days after the City's notice of intent to assess liquidated damages shall constitute Contractor failure to exhaust administrative remedies regarding imposition of liquidated damages and shall irrevocably waive Contractor's right to dispute or oppose assessment of liquidated damages specified in City's notice to the Contractor. If Contractor fails to timely request a meeting, assessment of liquidated damages shall require no meeting or proceeding to become effective.

10.6.3 The City shall provide Contractor with a written explanation of its determination on each incident(s)/non-performance prior to authorizing the assessment of liquidated damages. The decision of whether to assess liquidated damages shall be made by the City Manager and shall be final. The City may assess liquidated damages for each calendar day or event of non-compliance with the Franchise Agreement.

10.6.4 Liquidated damages assessed by the City shall be identified in Contractor's monthly Franchise payment statement and paid as liquidated damages in the monthly Franchise payment immediately following notice of assessment by the City. If Contractor does not identify assessed liquidated damages in the monthly Franchise payment statement and pay assessed liquidated damages in the monthly franchise payment immediately following notice of assessment by the City, in its sole discretion, the City may treat such failure as an event of default subject to the remedies in this section 10.

10.7 City's Remedies Cumulative; Injunctive Relief, Specific Performance

The City's rights to terminate the Franchise agreement and to take possession of Contractor's property are not mutually exclusive, and the City's termination of the Franchise agreement shall not constitute an election of remedies. Instead, all remedies provided in the Franchise agreement shall be in addition to any and all other legal and equitable rights and remedies the City may have under law rule or regulation. Due to the nature of the Franchise services and the protection to the public from potential harms of Solid waste afforded by performance of the Franchise services, the need for compliance with the Franchise agreement to protect the public health, safety and welfare from potential harms of Solid waste, the practical difficulties, delay, expense, and threat to the public that may result from non-compliance with the Franchise agreement and/or the need to obtain substitute performance of the franchise services by another contractor, the remedy of damages for event(s) of default is inadequate, and the City may seek and be granted by a tribunal of competent jurisdiction injunctive relief and/or specific performance as a remedy for harms that may result from event(s) of default.

10.8 Excuse of Performance

10.8.1 The Contractor shall be excused from performing Franchise services or Contractor obligations under the Franchise agreement to the extent the Contractor is actually prevented from performing by reason of flooding, earthquakes, tsunami, war, civil insurrection, riot, or other similar catastrophic event beyond the control of and not the fault of the Contractor. Labor unrest, including, but not limited to, strike, work stoppage or slowdown, sickout, picketing, or other concerted job action conducted by Contractor's employees or directed at Contractor, or a contractor or supplier of Contractor, shall not excuse Contractor's performance, and Contractor shall be obligated to continue to perform in accordance with the Franchise agreement, and to provide Franchise services notwithstanding such labor unrest. Further, even where catastrophic events beyond the Contractor's control and not the fault of Contractor may excuse performance of the Franchise services or other Contractor obligations under the Franchise agreement in accordance with this provision, Contractor agrees, in such event, to the maximum reasonable extent, to make arrangements to provide alternate collection and disposal services to protect the public health, safety and welfare.

10.8.2 As soon as possible, and no later than within twenty-four (24) hours of occurrence of an event that the Contractor believes excuses Contractor performance, Contractor shall provide City notice of such event describing the facts the

Contractor believes excuse performance, and the particular services and/or other performance the Contractor believes are excused, and the approximate length of time the Contractor believes such performance is excused. Such notice shall be by telephone, facsimile, email, overnight delivery or courier. If such notice is by telephone, Contractor shall provide the City written notice within twenty-four (24) hours of the telephone notice. Contractor shall comply with the emergency plans of the City and Sonoma County in the event of a declared disaster.

10.8.3 The partial or complete interruption or discontinuance of Contractor's performance caused by one or more of the events described in this section 10.8 and that may excuse Contractor performance shall not constitute an event of default. However, upon occurrence of an event or events excusing Contractor performance, the City may perform or have performed Franchise services in accordance with section 10.5, and if Contractor is excused from performing for a period of thirty (30) working days or more the City may, in its sole discretion, terminate the Franchise agreement in accordance with section 10.4.

10.9 City Right to Demand Performance Assurances

If Contractor is the subject of any labor unrest, including work stoppage or slowdown, sick-out, picketing or other concerted job action; or appears in the reasonable judgment of the City to be unable to regularly pay its bills as they become due, or is the subject of a civil or criminal judgment or order for violating an environmental law, and for such reasons or others the City Manager concludes in good faith that Contractor's ability to perform in accordance with the Franchise agreement is in doubt, the City may, at its option and in addition to all other remedies it may have, demand from Contractor reasonable assurances of timely and proper performance of the Franchise services and any and all other Franchise agreement obligations, in such form and substance as the City Manager determines in good faith is reasonably necessary under the circumstances to evidence continued ability to perform in accordance with the Franchise agreement. If Contractor fails or refuses to provide satisfactory assurances of Contractor performance in the form and by the date required by the City, such failure or refusal shall be an event of default subject to the remedies in section 10.

10.10 Assignment of Franchise

10.10.1 City Consent. Contractor understands and agrees that the Franchise services are vital to the City and its residents and businesses, and that the City has relied on Contractor's representation of its experience and financial and other resources in authorizing Contractor to provide Franchise services under the Franchise agreement. Except as permitted in accordance with this section 10.10, Contractor may neither assign its rights nor delegate, subcontract, or otherwise transfer its obligations under the Franchise agreement to any other person or entity without the prior written consent of the City. Any such purported assignment made without the prior written consent of the City shall be void and constitute an event of default. City shall have no obligation whatsoever to consider any proposed assignment of any part of the Franchise agreement if at any time while the Contractor seeks such assignment an uncured event of default exists.

10.10.2 Assignment Requirements. If Contractor applies to the City for consent to assign the Franchise, the City may deny or approve such request in the City's sole discretion, subject to applicable law. Contractor assignment requests, to be considered by the City, shall, at a minimum, comply with the following, in addition to providing any additional information reasonably requested by the City to assist in the City's consideration of the request:

10.10.2.1 Contractor shall pay the City its costs incurred for staff time, consultant fees and attorneys' fees incurred to evaluate the suitability of any proposed assignee, and to review, draft and finalize any documentation required to approve and implement any assignment.

10.10.2.2 Contractor shall furnish the City with audited financial statements of the proposed assignee's operations for the immediately preceding five (5) operating years.

10.10.2.3 Contractor shall furnish the City with satisfactory proof that the proposed assignee has the demonstrated technical capability to perform all Franchise services and any other information required by the City to ensure the proposed assignee can fulfill the terms of the Franchise agreement in a timely, safe, and effective manner, including:

10.10.2.3.1 That the proposed assignee has at least ten (10) years of solid waste management experience on a scale equal to or exceeding the scale of operations required to perform the Franchise agreement;

10.10.2.3.2 That, in the last five (5) years, the proposed assignee has not received any citation, fine, penalty, censure or other sanction from any local, state, federal, or local government agency, or, if so, that the Contractor has provided the City with a complete list and copies of such sanctions

10.10.2.3.3 That the proposed assignee has at all times conducted its operations in an environmentally safe and conscientious fashion; and

10.10.2.3.4 That the proposed assignee conducts its solid waste management practices in full compliance with all applicable federal, state, and local laws and regulations governing the collection, transportation, processing, and disposal of solid waste, recyclable materials and compostable materials, including hazardous substances as identified in Title 32 of the California Code of Regulations, as may be amended from time-to-time.

10.10.2.4 The City reserves the right to approve a requested assignment conditioned on an increase in the required security document, the levels, kinds, or types of required insurance, or on any other change in the Franchise agreement

terms that the City believes is necessary or appropriate to adequately provide for the performance of the Franchise services and protect the public.

10.10.3 Assignment Application Payments

10.10.3.1 To be considered, assignment applications shall include an assignment deposit in the amount of one hundred fifty thousand dollars (\$150,000). Contractor shall reimburse the City within thirty (30) days of receipt of the City's invoice for any and all costs incurred, including the cost of staff time and consultant fees, related to the assignment application and City's analysis of the assignment application. City shall retain the assignment deposit until the City's analysis of the assignment analysis is concluded. The City may apply the assignment deposit to assignment costs incurred by the City for which payment is not timely received from the Contractor. In such event, the City shall invoice the Contractor for the amount it shall submit to the City to restore the deposit balance of one hundred fifty thousand dollars (\$150,000). The City may elect to cease analyzing the assignment application in the event Contractor fails to timely pay City's invoices or restore the deposit balance. Any amount remaining in the assignment deposit upon completion of the City's assignment analysis, after payment by the Contractor and/or deduction by the City of all costs incurred by the City related to the assignment, shall be credited to the Contractor.

10.10.3.2 Contractor payments for assignment costs are in addition to and not in lieu of any other fees, charges or amounts Contractor is required to pay the City pursuant to the Franchise agreement.

10.10.4 Transition. Any approval to assign the Franchise is conditioned on Contractor cooperating with the City and assignee(s) to produce an orderly transition of the Franchise services without interruption, which cooperation shall include, but not be limited to, Contractor providing route lists, customer account and billing information, equipment inventories, and other information and assistance reasonably necessary to effect an orderly transition in Franchise services.

SECTION 11 – MISCELLANEOUS PROVISIONS

11.1 Amendment to Franchise Agreement

The Franchise agreement may only be amended by a writing signed by representatives authorized to bind the City and the Contractor. The City and Contractor understand and agree that future changes in the law and/or regulations applicable to or governing the performance of the Franchise services, including, but not limited to AB 939, and applicable provisions of the Cotati Municipal Code, or material changes in the volume or content of the waste stream including Solid waste, Recyclable Materials, Green waste, or Food scraps may require amendments to some of the terms, conditions or obligations under the Franchise agreement. In the event any future change in law and/or regulations applicable to or governing the performance of the Franchise services requires changes in the Franchise agreement or obligations of the Contractor, then the City and Contractor agree to enter into good faith negotiations regarding amendment of the Franchise Agreement to accommodate such changes in the waste stream,

applicable law or regulations or to accommodate the public welfare. Such good faith negotiations may include reasonable and appropriate compensation adjustment for any increase or decrease in the Franchise services or other Franchise obligations. The City and the Contractor agree not to unreasonably withhold agreement on such amendments.

11.2 Parties to Meet Annually

The City and Contractor agree to meet annually between July 1 and September 30, on the request of either party, to discuss customer service and any other topics of mutual concern arising out of the Franchise agreement.

11.3 Relationship of the Parties

The Parties agree that Contractor shall perform the Franchise services as an independent contractor and not as an employee or agent of the City. Persons employed or utilized by Contractor in the performance of the Franchise services shall not be employees or agents of the City.

11.4 Compliance with Law

In performing the Franchise services, Contractor shall at all times, at its sole cost, comply with all applicable federal, state and local laws and regulations now in force and as they may be enacted, issued, or amended during the Franchise term, including, but not limited to, all permit requirements applicable to personnel, facilities, land, and equipment, used to provide Franchise services, and all ethical laws, rules and regulations applicable to the Contractor and its performance of the Franchise services, including, but not limited to, the gift and other limits and restrictions contained in the Political Reform Act, California Government Code section 81000 and following, the implementing regulations of the Fair Political Practices Commission in Title II, section 18109 and following of the California Code of Regulations, and the City of Cotati's Conflict of Interest Code, all as from time to time amended.

Notwithstanding the above, neither Contractor nor its employees or agents shall provide, directly or indirectly, any gifts or gratuities to any City employee or representative, with the exception, in Contractor's sole discretion, of small holiday gifts of nominal value.

11.5 Governing Law and Venue

The laws of the State of California and other applicable law shall govern the rights, obligations, duties and liabilities of the Parties to and the interpretation of the Franchise agreement. Any action or proceeding that is initiated or undertaken to enforce or interpret any provision, performance, obligation or covenant set forth in this Franchise agreement shall be brought in a state court in Sonoma County or in the United States District Court for the Northern District of California. Each party consents to service of process in any manner authorized by California law.

11.6 Dispute Resolution

In the event of any dispute arising under the Franchise agreement, the City and Contractor shall continue performance of their respective obligations under the Franchise agreement and shall attempt to resolve such disputes in a cooperative manner, including, but not limited to, negotiating in good faith. By agreement of the City and the Contractor, any unresolved dispute arising under the Franchise agreement may be submitted to non-binding mediation before a

recognized mediator and that is mutually acceptable to the Parties. Should the matter not be resolved during mediation, the parties have any and all remedies allowed by law. The Costs of the mediation shall be split equally among the parties with each party bearing its own attorney's fees.

11.7 Non-Discrimination

Contractor shall not discriminate against any employee of Contractor or applicant for employment because of race, religion, creed, color, national origin, ancestry, disability, sex, sexual orientation, or age. Contractor shall take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, religion, creed, color, national origin, ancestry, disability, sex, sexual orientation, or age.

11.8 Binding on Successors

All of the terms, covenants and conditions contained in the Franchise agreement shall continue and bind all successors-in-interest of Contractor.

11.9 Transition to Next Contractor

One (1) year prior to the conclusion of the Franchise term, and any extensions thereof, or if the City chooses to terminate this Franchise agreement as a result of an uncured event of default, Contractor shall provide the City with such information as may reasonably be requested to assist in the competitive bidding process and/or the smooth transition to the next contractor. If the City awards a Franchise agreement to a new contractor, Contractor shall cooperate with the City and new contractor to ensure an orderly transition of the Franchise services without service interruption. If the Contractor fails to fully cooperate with a contractor transition in accordance with this provision, Contractor agrees that City may recover the costs incurred due to such failure of cooperation from the Contractor or its surety, and that in addition, the City, may, in its sole discretion, declare the Contractor ineligible to be considered for award of future competitive procurements of the City for a period of five (5) years from the City's declaration of ineligibility.

11.10 Survival

The following provisions shall survive the expiration or earlier termination of the Franchise agreement:

11.11 Parties in Interest

Nothing in the Franchise Agreement is intended to confer or confers any rights on any persons other than the parties to the Franchise agreement and their successors and permitted assigns.

11.12 Waiver

Waiver by either party of any breach or violation of any provisions of the Franchise agreement shall not waive and 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 which become due under the Franchise agreement shall not be deemed to be a waiver of any preexisting or concurrent breach or violation by the other party of any provision of the Franchise agreement.

11.13 Notice to Parties

All notices under the Franchise agreement shall be in writing, and delivered in person to the addressee's normal place of business, or sent by registered mail, or other commercial courier where date and place of delivery can be confirmed, postage prepaid.

Notices required to be given to City shall be addressed as follows:

City of Cotati
Attn: City Manager
201 West Sierra Avenue
Cotati, CA 94931

Notices required to be given to Contractor shall be addressed as follows:

Redwood Empire Disposal
Attn: James Salyers, or other City approved contract manager
P.O. Box 1916
Santa Rosa, CA 95402

11.14 City Free to Negotiate with Third Parties

The City may, at any time, investigate all options for the provision of the Franchise services. Without limiting the generality of the foregoing, the City may solicit proposals from Contractor and from third parties for the provision of any or all Franchise services and may negotiate and execute agreements for such services that shall take effect upon the expiration, or earlier termination of the Franchise agreement due to the City's exercise of its right to terminate the Franchise agreement due to an event of default.

11.15 Section Headings

The section headings in the Franchise agreement are for convenience of reference only and are not intended to be used in the construction of this Franchise agreement, nor to alter or affect any of the Franchise agreement provisions.

11.16 References to Laws

All references in the Franchise agreement to laws shall be understood to include such laws as they may be subsequently amended or recodified, unless otherwise expressly provided.

11.17 Interpretation/Drafting

The Franchise 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 the Franchise agreement. Each party acknowledges no other party or agent or attorney has made any promise, representation, or warranty whatsoever, express or implied, not contained in the Franchise agreement concerning the Franchise agreement subject matter to induce another party to execute the Franchise agreement. The parties agree no provision or provisions shall be subject to any rules of construction based upon any party being considered the party "drafting" the Franchise agreement.

11.18 Integration

The Franchise agreement represents the entire and integrated agreement between the City and Contractor and supersedes all prior negotiations, representations or agreements, whether written or oral. If a discrepancy, disagreement, ambiguity, inconsistency or difference in interpretation of terms arises as between terms or provisions of the Franchise agreement and any exhibit(s) made a part of the Franchise agreement, this Franchise agreement term or provision shall control and shall be deemed to reflect the intent of the parties with respect to the subject matter hereof.

11.19 Recovery of Attorneys' Fees

If a party to the Franchise agreement brings any action, including an action for declaratory relief, to enforce or interpret any term of the Franchise agreement, the prevailing party or the non-defaulting party, as the case may be, shall be entitled to recover its reasonable attorneys' fees in addition to any other relief to which that party may be entitled. The court may set such fees in the same action or in a separate action brought for that purpose.

11.20 Severability

Every provision of the Franchise agreement is intended to be severable. If a court of competent jurisdiction shall hold any provision of the Franchise agreement invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired.

11.21 Counterparts

The Franchise agreement may be executed in counterparts, each of which shall be considered an original.

11.22 Exhibits

Each of the exhibits listed below is attached hereto and incorporated herein and made a part hereof by this reference.

11.23 Time

Time is of the essence in this Franchise agreement and of each provision hereof.

11.24 Corporate Guaranty

Upon Contractor's execution of this Agreement, Contractor shall provide to City a fully executed corporate guaranty, in the form attached hereto as Exhibit J and incorporated by reference herein, by THE RATTO GROUP OF COMPANIES, INC. as guarantor of Contractor's performance of all terms and conditions of this Agreement. The corporate guaranty shall bind THE RATTO GROUP OF COMPANIES, INC. to perform each and every term and condition of this Agreement in the event of Contractor's failure. Said corporate guaranty shall be executed by a corporate officer duly authorized by the corporation to fully bind THE RATTO GROUP OF COMPANIES, INC. to perform each and every term and condition of this Agreement and shall remain binding throughout the term of this Agreement.

11.25 Compliance with Ordinance

Contractor agrees to comply with all terms and conditions of all applicable ordinances now in effect or hereafter enacted by the City.

11.26 Citizens Third Party Beneficiaries

The parties agree that all citizens of City, at any and all times during the term or any extension hereof, shall be considered third party beneficiaries hereunder, and any such citizen or citizens shall have the right to enforce or otherwise act upon this Agreement in such manner as may be allowed by law.

IN WITNESS WHEREOF, the City and Contractor have executed this Franchise agreement as of the day and year first above written.

CITY OF COTATI

REDWOOD EMPIRE DISPOSAL, INC.


Dianne Thompson, City Manager

By: 

Its: President

ATTEST:


Tami Taylor, Deputy City Clerk



Louis Ratto

APPROVED AS TO FORM:

4/8/13


Robin Donoghue, City Attorney

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LIST OF EXHIBITS

- A. SCOPE OF FRANCHISE SERVICES
- B. STANDARDS OF PERFORMANCE
- C. LIQUIDATED DAMAGES
- D. MAXIMUM RATES
- E. CITY FACILITIES
- F. LIST OF VEHICLES USED BY CONTRACTOR WITHIN THE CITY
- G. LETTER OF CREDIT OR SECURITY DOCUMENT
- H. INSURANCE CERTIFICATES
- I. CITY APPROVED DISPOSAL SITES/PROCESSING FACILITIES
- J. CORPORATE GUARANTY
- K. COMMERCIAL/MULTI FAMILY/RESIDENTIAL OUTREACH PROGRAM
- L. DETAILED RATE REVIEW METHODOLOGY

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**EXHIBIT A -- SCOPE OF FRANCHISE SERVICES SOLID WASTE, RECYCLABLE
MATERIALS AND COMPOSTABLE MATERIAL COLLECTION,
TRANSPORTATION AND DISPOSAL**

Contractor shall, unless a waiver has been granted or the property is unoccupied, collect, transport, process and dispose of all Solid Waste, recyclable and Compostable Materials generated within the City and placed for Collection in receptacles provided by Contractor as follows:

1. Single-Family Residential Solid Waste

Contractor shall provide weekly Solid Waste Collection services in Carts at the curb of each Single-Family Residential Unit within the City using semi-automated or automated Collection vehicles.

2. Multi-Family Solid Waste

Contractor shall provide weekly Solid Waste Collection services to Multi-Family Complexes and Mobile Home Park Customers. Contractor shall give the Customers the options of Carts to each Residential Unit within the complex; or Bin service, with one or more Bins that are shared by Residential Units. If Cart service is provided, Contractor shall bill and collect rates for each Residential Unit separately if requested by the property Owner or Occupant. Bins shall be picked up from one or more on-site locations designated by the property Owner or Occupant for Multi-Family Complexes and Mobile Home Parks and shall be accomplished in a manner that does not impede traffic.

3. Commercial Solid Waste

Contractor shall provide Collection of Solid Waste generated by commercial Customers with container sizes to serve the needs of the Customer. Contractor shall offer the Customers the options of Carts or Bins. Contractor and the Customer may negotiate for Contractor to provide other services to the Customer at rates not to exceed those set forth in **Exhibit D**.

4. Debris Box and Construction and Demolition Debris

Contractor shall provide permanent or temporary Debris Boxes for regular and on-call Customers. Contractor shall arrange, on an on-call basis, to provide Debris Box Customers with Containers sized to appropriately service the Customer's needs. Contractor is responsible for collecting the Debris Box and transporting it to the disposal facility or construction and demolition Processing Facility. Contractor shall conform with receiving and unloading standards of the facility where the materials are transported.

Debris box services are limited to the Collection of Debris Box Solid Waste and Construction and Demolition Debris. Source Separated Recyclable Materials generated by a Customer receiving Commercial service that are sold to a third party by such Customer for an amount that is greater than the cost of transporting the materials to the purchaser, net of all direct and indirect payments and charges from the Customer to the purchaser (including affiliates and contractors of the purchaser) associated with such materials including, but not limited to, equipment rental, management fees, cleaning fees, maintenance fees, and any other costs or charges of any nature are not subject to the exclusivity of this Franchise. Contractor shall

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charge Customers no more than the maximum service rates established in the rate schedule attached to this Franchise agreement as **Exhibit D**, which Maximum rates may be adjusted under the terms of this Franchise agreement.

5. Recyclable Materials

Contractor shall collect fully commingled (Single Stream) recyclables in industry-standard wheeled Carts from all Customers. Single-family residential Customers may request up to 2 Recycling Carts at no additional cost. Contractor shall provide additional Collection of commercial recyclables upon request of any commercial Customer. Recyclable Collection services shall be provided weekly on the same day as Solid Waste Collection and shall be provided using semi-automated or automated Collection vehicles. Recyclable materials collected from all single-family residential Customers, multi-family and Mobile Home Park Solid Waste Customers that receive Cart service shall be collected Curbside. Recyclables collected from commercial Customers and multi-family and Mobile Home Park Customers that receive Bin service shall be collected from one or more on-site locations designated by the property Owner or Occupant. Contractor shall maintain minimum contamination levels of the Recyclable Materials . If Contractor identifies Bins or Carts from specific properties that are contaminated with materials that are not recyclable, Contractor shall provide written notice to the property Owner or Occupant that they are improperly disposing of material and contaminating the load. The notice shall contain educational materials and corrective suggestions, along with notice that future occurrences shall be subject to contaminated load charges as set forth in **Exhibit D**. All notices shall be in English and Spanish. Repeated contamination of Recyclable Materials may result in the removal of Carts or Bins from the property.

Contractor shall be responsible for collecting the recyclables and transporting them to a City-approved Processing Facility. Contractor shall also be responsible for ensuring the Recyclable Materials are properly processed, marketed and sold and shall use its best efforts to divert as much recyclable material as possible, but not less than the minimum required by AB 939, or any of the applicable federal, state, or local law or regulation or regional Diversion requirement. If Contractor chooses to consolidate the Recyclable Materials to reduce transportation costs, Contractor shall be responsible for securing and operating a staging area for temporary storage, consolidation, and loading of materials into transfer vehicles for hauling to the Processing Facility.

6. Compostable Materials

Contractor shall collect Compostable Materials and Food Scraps as defined in this Franchise agreement for Single-Family residences, Multi-Family Complexes, Mobile Home Park Customers and commercial Customers. With the exception of commercial Food Scrap Collection , Contractor shall not be entitled to additional compensation to provide these services. Contractor shall instruct Single-Family residences, Multi-Family Complexes (individual residents and/or complex managers as appropriate), Mobile Home Park Customers and commercial businesses in the proper preparation of materials and the proper

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placement of compostable Containers. Contractor shall transport Compostable Materials to a City-approved composting facility or other City-approved Processing Facility for Processing and marketing of the Compostable Materials. The Compostable Materials may not be disposed of at a Disposal Site, Transfer Station, or any other location in lieu of composting or other acceptable Diversion of the material without the expressed written approval of the City. Repeated contamination of Compostable Materials or Food Scraps may result in additional charges or the removal of Carts and/or Bins from the Premises. Contractor shall provide written notification to the property Owner, Occupant or Customer that they are improperly disposing of material and contaminating the load. The notice shall include educational materials and corrective suggestions and notice that future occurrences shall be subject to contaminated load charges as approved in **Exhibit D**. All notices shall be in English and Spanish. Compostable materials and/or food scrap Collection service shall resume when Contractor is assure that contamination of compostable containers is eliminated.

7. Single-Family Compostable Materials

Contractor agrees to collect and deliver to a City-approved Composting Facility, Compostable Materials collected from compostable Containers placed at the curb by each single-family residential Customer. Contractor shall provide scheduled weekly Collection service on the same day as Solid waste Collection for each Single-Family residence. Single-family Residential Units are eligible to receive up to two (2) Containers for compostable materials at no charge. Contractor is entitled to charge for additional cans up to the maximum rate specified in **Exhibit D**.

8. Multi-Family Compostable Materials

Contractor agrees to collect and deliver to a City-approved Composting Facility, Compostable Materials, collected from compostable Containers from multi-family residential complexes and Mobile Home Park Customers. Material shall be placed in compostable Containers for Collection by Contractor. Customers utilizing Cart service may be required to take Carts to the public roadway for Collection. Multi-family residential complexes are eligible to receive up to two Containers for compostable materials at no charge if they provide their own landscape service. Contractor is entitled to charge for additional compostable Containers up to the maximum rate specified in **Exhibit D**.

9. Commercial Compostable Materials Collection

Contractor agrees to collect and deliver to a City-approved Composting Facility Compostable Materials, excluding Food Scraps, collected from compostable Containers from commercial business Customers. Materials shall be placed in compostable Containers for Collection. Customers utilizing Cart service may be required to take Carts to public roadways for Collection. Commercial business Customers are eligible to receive up to two (2) compostable Containers at no charge, if they provide their own landscape service. Contractor is entitled to charge for additional compostable Containers up to the maximum

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rate specified in **Exhibit D**. If commercial businesses are utilizing compostable Containers for Food Scraps, Contractor is entitled to charge up to the maximum approved commercial food scrap Collection rate pursuant to **Exhibit D**.

However, to the extent that the City enters into the proposed twenty (20)-year Waste Delivery Agreement with Republic Services of Sonoma County, Inc., to which Contractor or its affiliates have a beneficial interest, Contractor will not be entitled to charge for additional collection services costs to carry out the enhanced commercial wet-dry routing and residential food scraps collection programs required under the County Operations Agreement, because the cost of such services are already included in the proposed Sonoma County Central Landfill tipping fee structure thereunder.

10. Commercial and Residential Food Scrap Collection

Contractor agrees to develop programs, collection routes and other efforts and activities necessary with the goal of establishing a food scrap program similar to other Sonoma County cities in a timeframe acceptable to the City. Additionally, free composting bucket 'give-aways' shall be held at all City sponsored events held during the first year of this agreement.

11. Free Annual Residential Curbside Cleanup

Contractor shall provide semi-annual residential Curbside cleanup events at no cost, so long as the Customer's account is in good standing, and providing the County continues to waive its tipping fees for disposal of material collected at such cleanup events. In the event the County does not waive the tipping fee or other disposal fees, the City may choose to either pay for the disposal fee, consider a rate adjustment or negotiate with Contractor for a reduced number of clean-up events.

Residential Curbside cleanup events are for residential Customers and tenants only and not for businesses, commercial accounts or property managers. The dates for clean-up events shall be proposed by Contractor and approved by the City. Contractor shall pick up authorized items from all single family residential Customers at the Curbside and properly dispose of such waste. Contractor shall collect up to 2 cubic yards (14 bags, boxes or regular trash cans) at the curb per event, or one Bulky Item (e.g., couch or chair) weighing up to 50 pounds, plus 7 bags, boxes or cans, or 2 Bulky Items, not exceeding 50 pounds each. Waste shall be collected on the Customer's regular trash Collection day. Items shall be contained in 35 gallon size trash bags, boxed or placed in 32 gallon trash cans provided by the Customer. Individual items, bags, boxes or cans shall be less than 5 feet long and be capable of being easily loaded into standard garbage packer trucks. Clean-up material shall not include dirt, rock, concrete, tires, stumps, large appliances, mattresses, electronics or other items prohibited from disposal, or items not covered by the County tipping fee waiver. No Hazardous Waste shall be collected Curbside. Loose material shall not be collected. In all circumstances where materials left Curbside present a health and safety hazard. Contractor

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shall immediately notify City staff for disposition.

Multi-family Complex managers; owners; or homeowner's associations of condominiums, apartment buildings, and/or townhouses where Solid Waste is collected in centralized Bins not in individual can service, who wish to participate in the clean-up services shall contact Contractor at least two (2) weeks prior to the scheduled clean-up event to arrange for Collection of authorized clean-up items at a Collection location acceptable to Contractor. The type and quantity of material acceptable for these clean-up events shall be the same as those described above for single-family residential Customers.

Contractor shall work with the City to develop the event schedule, public notification procedures and other logistics. Contractor shall publicize the annual clean-up events through articles in the Recycling newsletter, Solid Waste billing inserts, Contractor website and/or the *Community Voice*.

12. Christmas Tree Collection

Christmas trees shall be collected at no charge for up to two (2) trees per Unit in one of following ways: (a) cut up and placed in Compostable Materials Containers on regular Collection days; (b) at Curbside for all City Customers (including Single-Family residences, Multi-Family Complexes, Mobile Home Park residents and commercial Customers) for one collection week to be determined by mutual agreement between the Contractor and the City ; and (c) at a designated drop-off location determined by the City at which Contractor shall supply a Roll-Off Container. The Roll-Off Container shall be serviced on a regular basis and the surrounding area kept free of any debris. Christmas trees shall be Recycled in a manner to count as Diversion by Cal Recycle or its successor agency. Trees that are flocked and contain tinsel or other decorations shall be collected separately for disposal. The Debris Box shall be delivered the following business day after Christmas and serviced until mid-January or in cooperation with the Sonoma County Waste Management Agency drop-off program.

13. Collection From City Facilities

Contractor shall collect Solid Waste, Recyclable Materials, and Compostable Materials generated by the City. City buildings and properties to be served are listed in **Exhibit E**, as it may be amended. This service shall be provided at no additional charge or compensation to Contractor. The service may include Cart service or Bin service as appropriate for the facility. Collection shall be provided by Contractor at a frequency acceptable to the City. Contractor shall be responsible for collecting, transporting and disposing of all Solid Waste, collecting, transporting, Processing and marketing of all Recyclable Materials and collecting and transporting Compostable Materials. Contractor is responsible for educating all building users to use Recycling services. In addition to providing Collection, transportation and disposal or processing services to the City Facilities listed in **Exhibit E**, Contractor shall provide such services to any municipal facilities subsequently acquired or constructed by the City.

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14. Special Events

Contractor shall provide up to 20 each of Recycling Carts and Solid Waste Carts (stacking style) for up to 10 regular, on-going public events annually at no extra charge.

Contractor shall collect Solid Waste and Recyclable Materials from such Bins or Carts at City Facilities as necessary to prevent them from overflowing and to keep them in a clean and sanitary condition.

Contractor shall also provide and service up to three (3) portable toilets, at least one of which is wheelchair accessible, per special event, for up to six (6) special events per year (for a maximum of twelve (12) days per year) at no additional cost. Service shall include the unloading the portable toilets prior to the special event, emptying the toilets as necessary during the event and picking up the toilets and disposing of the waste after the event.

15. Community Clean-Up Events

Contractor shall provide one (1) twenty yard debris box for up to 5 City sponsored community clean-up events (e.g., creek clean-up) per calendar year at no additional cost. Contractor shall work with the City to develop an events schedule and other logistics.

16. Cotati Unified School District

The City and Contractor are agreeable to working with Cotati/Rohnert Park Unified School District (CRPUSD) to create programs that may result in decreased rates for CRPUSD. Contractor agrees to provide targeted education and outreach to CUSD to facilitate the Recycling program. An example of the annual program outline is included as part of Exhibit K, the specifics of each program are not part of this Franchise agreement, nor do the Parties intend to make CRUSD a third-party beneficiary to this Franchise agreement.

17. Emergency Services

In the event of a flood, tornado, major storm, major earthquake, fire, natural disaster, or other such event, the City Manager may grant Contractor a variance from regular routes and schedules. As soon as practicable after such event, Contractor shall advise the City Manager when it is anticipated that normal routes and schedules can be resumed. The Contractor shall make an effort, through the local news media, to inform the public when regular services may be resumed. The clean-up from some events may require that Contractor hire additional equipment, employ additional personnel, or work existing personnel on overtime hours to clean debris resulting from the event. Contractor shall receive additional compensation, above the normal compensation contained in this Franchise agreement, to cover the costs of rental equipment, additional personnel, overtime hours and other documented expenses based on the Maximum rates allowable as set forth in **Exhibit D**, provided Contractor has first secured written authorization and approval to incur such additional expenses from the City through the City Manager. Contractor shall not have the exclusive right to provide emergency clean-up services. The City shall have the right to contract with additional service providers or use City personnel to provide clean-up services within Contractor's

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service area as needed during an emergency event.

18. Bulky Items Collection

Contractor shall provide Collection of Bulky Items as an on-going service available to all Customers. Each Customer shall receive two (2) free pickups per year. Contractor shall provide additional pickups for a maximum special fee, as set forth in **Exhibit D**. Contractor shall ensure that all Recyclable Materials are diverted from disposal, including reusable furniture, doors, windows and fixtures, mattresses, carpet and foam carpet pads, appliances, electronic scrap including computers, monitors and peripherals, televisions, consumer electronics, telephones, small appliances and unlimited amounts of Compostable Materials and Single Stream Recyclable Materials.

19. Removal of Hazardous Waste

If the Contractor determines that any materials placed in a container for Collection is hazardous or Infectious Waste or other material that may not be legally disposed of at the approved Disposal Site or Processing Facility or presents a hazard to Contractor's employees, the Contractor shall have the right to refuse to accept such material. The Customer shall be contacted immediately by the Contractor and requested to arrange for proper disposal. If the Customer cannot be contacted immediately, the Contractor shall, prior to leaving the Premises, leave a tag at least 2" x 6" that lists the telephone number for the Sonoma County Waste Management Agency Household Hazardous Waste Program, indicating the reason for refusing to collect the material. If the material could result in imminent danger to people or property, the Contractor shall contact the Cotati Police Department as soon as possible. Contractor shall notify the City of any such material left at any Premises for fourteen (14) days or more. If the material is delivered to the Disposal Site or a Processing Facility before its presence is detected, and the generator cannot be identified or fails to remove the material after being requested to do so, Contractor shall arrange for its proper disposal at no cost to the City. Contractor shall make a good faith effort to recover the cost of disposal from the generator, and the cost of this effort, as well as the cost of disposal, shall be chargeable to the generator.

20. Collection Hours

Contractor shall not pick up Solid Waste, recyclable material, and/or Compostable Materials before 5:00 a.m. in commercial areas and 6:00 a.m. in residential areas and not later than 6:00 p.m. in either, except under unusual circumstances, and then only after notification has been given to the City. "Commercial areas" for purposes of this paragraph shall include Old Redwood Highway North of Page Street.

21. Consumer Information and Public Education

Contractor shall, at its expense, do all the following, along with such other efforts as required by or to further the City's Diversion goals pursuant to AB 939, regional Diversion goals or as required by any federal, state or local law or regulation enacted during the term of this Franchise agreement. The method(s) of disseminating information may be amended based

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on current technology, if approved in advance by the City Manager.

i) Referral of Customers to Website by Postcard

Contractor shall send a postcard to all new Customers referring them to the Contractor's website for new Customer information, Recycling guides, Diversion information, holiday and street sweeping schedules, and other information on the Franchise Services. The postcard shall also include phone contact information indicating that a new Customer can call to obtain similar information upon request. The form and content of the postcard shall be reviewed and approved by the City Manager or his or her designee prior to being distributed. The website information shall include:

- (a) A summary of services provided by Contractor and contact information
- (b) A "how to" narrative explaining the overall recyclable and Compostable
- (c) Materials programs and the materials to be collected
- (d) Other Diversion and relevant reuse information

ii) Informational Newsletters

Contractor shall publish and mail informational newsletters twice per year to be mailed to all Customers, including the resident of each unit in all Multi-Family Housing Complexes. Newsletters shall include information intended to encourage Recycling, source reduction, participation in Recycling and Green Waste programs and composting programs. Newsletters shall address issues affecting residential, multifamily and Commercial Service as well as general articles and information appropriate to all generators, including items such as a discussion of AB 939 policy, updates on the County's Diversion achievements, Hazardous Waste disposal options and other general articles of interest. Additional notices, bill inserts and informational pieces shall be distributed as necessary. Newsletters shall promote and advertise other features of this Franchise agreement, including Christmas tree Recycling information, holiday Collection schedule and bi-annual residential Curbside cleanups. Newsletters shall be made available to the City for review prior to distribution.

iii) Additional Outreach Efforts

- (1) Contractor shall publish and mail informational bill inserts to promote Recycling and Solid Waste reduction and notify Customers of cleanup information, holiday Collection and other relevant information. In addition, advertisements shall be run in the *Community Voice* to promote cleanups, holiday Collections and/or other programs. Contractors shall provide educational presentations regarding Recycling and other Solid Waste Diversion programs upon request by any school,

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business or community group within the City at no cost.

iv) Multi-family Complex Education

Multi-family complex Customers shall receive an annual bill insert, as well as other mailers describing Solid Waste and Recycling service options. Multi-family complex managers or owners may request that Contractor conduct an on-site evaluation to enhance Recycling at the complex at no cost to the Multi-Family Complex. Contractor shall make outreach staff available to work with Multi-Family Complexes to enhance Recycling and Diversion programs. Contractor staff shall be available to evaluate current Recycling programs, provide current guides and literature, provide presentations to residents on the current waste situation and discuss the importance of Recycling. Contractor shall provide outreach and Recycling educational materials to property owners or managers for Multi-Family Complex tenants upon request of the manager or property Owner. EXHIBIT K details Contractor's public education programs for Multi-family programs.

v) Commercial Business Education

Commercial business Customers shall receive an annual bill insert describing Solid Waste and Recycling service options. Commercial business managers or owners may request that Contractor conduct an on-site evaluation to enhance Recycling at no cost to the commercial business. Contractor shall provide outreach and Recycling educational materials to commercial business owners or managers upon request by the owner or manager. In addition, Contractor shall comply with the education, outreach and monitoring requirements of the California Global Warming Solutions Act of 2006 (AB 32), as amended from time-to-time, regarding commercial Recycling programs. EXHIBIT K details Contractor's public education programs for Commercial Business programs.

vi) Public Fairs/Events

Contractor shall staff informational tables at a minimum of four (4) public events annually within the City to stimulate and enhance Recycling programs and provide waste reduction information to the public.

vii) City Facility Outreach

Contractor's outreach staff shall visit all City Facilities listed in **Exhibit E** annually to promote Recycling and evaluate current service levels. A report providing recommendations to improve recycling at each facility shall be submitted to the City after each visit. If requested, Contractor's outreach staff shall host presentations about Recycling and Solid Waste issues for the City.

22. STREET SWEEPING

Contractor shall provide street sweeping services for all public streets within the City

**EXHIBIT A -- SCOPE OF FRANCHISE SERVICES SOLID WASTE, RECYCLABLE
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consistent with industry standards as follows:

- i) Commercial and Residential Sweeping Frequency**
Contractor shall sweep the City's commercial and residential areas a minimum of once per week.
- ii) Equipment Operation Speed**
Contractor shall operate its equipment at a speed that shall result in adequate cleaning of the streets.
- iii) Curb Edge Towards Center of Street**
Contractor shall operate the equipment per factory specifications to clean a path consistent with the width of the sweeper, from the face of the curb towards the center of the street, including the flow line of the gutter, that shall result in adequate cleaning of the street.
- iv) Earliest Time for Commencement of Sweeping**
Street Sweeping for commercial areas shall commence no earlier than 4:00 a.m. For all other areas within the City, street sweeping shall commence no earlier than 6:00 a.m.
- v) Adoption of City-Approved Schedule**
Within ninety (90) days of the Effective Date of this Franchise agreement, Contractor shall adopt a City-approved street sweeping schedule that follows the City-approved solid waste collection schedule, including adjustments for holidays. The sweep shall occur within two (2) business days following solid waste collection. Exceptions resulting from equipment breakdowns are to be reported to the City immediately, and the City shall be provided with a catch-up schedule.
- vi) All Streets Shall be Swept**
All asphalt or concrete City streets, regardless of curb and gutter, shall be swept in the normal sweeping schedule as specified by the City.
- vii) Streets Lacking Curbs and/or Gutters**
On streets without a curb and/or gutter, Contractor shall clean a path consistent with the width of the sweeper that starts 6 inches to 12 inches from the edge of the pavement and continues toward the center of the street.
- viii) Contractor's Use of Own Registered and Insured Equipment**
Contractor shall utilize its own equipment to perform the street sweeping services. Equipment shall be properly registered and insured in accordance with State motor vehicle laws.

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ix) Maintenance and Inspection of Equipment

Contractor shall maintain the vehicles in a sound and safe operating condition, per factory specifications. Brushes and brooms shall be replaced at regular intervals. Contractor shall inspect the vehicle before and after providing sweeping services. Contractor shall be responsible to immediately clean any vehicle fluids (hydraulic fluids, lubricating oils, etc.) that leak or spill from equipment into the street or public rights of way. The City may inspect all equipment at any time.

x) Sweeping Routes Established by City

Contractor shall sweep all routes established by the City and maintain the existing schedule, unless otherwise directed by the City.

xi) Operator Licenses

Sweeper operators shall have the proper licenses to operate the street sweeping equipment.

xii) Missed and Inadequately Cleaned Streets

Contractor shall be responsible for sweeping all missed streets or for re-sweeping streets that are not cleared adequately with one pass of the sweeper, at no extra cost to the City, within twenty-four (24) hours of notification from the City to do so.

xiii) Requests for Additional Sweeping

Additional sweeping shall be available in a timely manner upon the City's request.

xiv) All Areas Swept Shall be Thoroughly Cleaned

Unsweepable items that impede sweeping, such as palm fronds, rocks, trash and debris, shall be removed from the sweeping path and properly disposed of by the operator. Diversion and disposal shall meet AB 939 requirements or other waste Diversion requirements established by Cal Recycle and all other local, state and federal regulations.

xv) Operator Training for Illicit Discharges and Stormwater Pollution Sources

Prior to sweeping City streets, sweeper operators shall be trained annually by Contractor to recognize illicit discharges and stormwater pollution sources. Such training shall be documented for review by the City. Contractor shall be required to comply with any existing or future NPDES and Cal Recycle regulations.

xvi) Report Illicit Discharges and Stormwater Pollution Sources to City

Sweeper operators shall immediately report to the City all illicit discharges and stormwater pollution sources observed during sweeping routes, including, but not limited to discharges caused by Contractor's employees.

xvii) Problem Drainage Areas

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In areas where drainage is a problem, Contractor shall make as many passes as necessary to remove debris from standing water. If standing water is over the top of the curb, then Contractor shall not be required to sweep that specific area. Sweeper operator shall report drainage problems to the City.

xviii) Storage of Equipment Prohibited in Public Right-of-Way

Sweeping equipment shall not be stored on City property or public rights-of-way unless mechanical failure prevents immediate removal. In the event of a mechanical failure, all efforts shall be made to remove the equipment from the public right-of-way as soon as possible. Any overnight storage on a public right-of-way or City property requires prior City approval.

xix) Supervisor and Manager Contact Information

Contractor shall provide the City and/or Customers with the name and telephone number for the supervisor and manager responsible for sweeping operations within the City. Contractor is responsible for Customer relations, and any and all concerns regarding street sweeping shall be referred to the Contractor for mitigation.

xx) Required Quarterly Reports

Contractor shall submit annual reports to the City documenting sweeping miles, hours worked, and any correspondence with the public.

xxi) Termination of Street Sweeping Agreement

The City may terminate the street sweeping agreement based on any complaint, breach, or failure to perform, after the Contractor has been given reasonable opportunity to remedy the same.

xxii) Providing Copies and Posting of Sweeping Schedule

Contractor shall post the sweeping schedule on the Contractor's website and provide copies to residents by mail upon request.

xxiii) Material Collected

All material collected shall be removed from the City and shall not be taken to the City's Public Works Corporation Yard or to any other such facility, site or location.

23. MISCELLANEOUS PROVISIONS

i) Customer Service and Accessibility

Contractor shall assign Customer service representatives who are familiar with the City of Cotati and this Franchise agreement to handle all service-related complaints, questions and other issues from rate payers within the City. Such representatives shall be available in sufficient number during regular business hours of at least Monday through Friday from 8:00 a.m. to 5:00 p.m. to respond to Customer inquiries and complaints. Contractor shall maintain a toll-free telephone number for all

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Customer service calls for residential and commercial Customers in Cotati, and Customer service representatives shall be available for both English and Spanish speaking Customers. Contractor shall maintain an after-hours messaging system for calls received after regular business hours, which calls shall be returned by noon of the next business day, unless an emergency requires a more prompt response. Contractor shall provide after-hours contact information for the Contractor that shall allow the City to contact a representative of the Contractor on a 24-hour basis.

ii) Service Complaints and Resolution

Contractor shall provide professional, timely and courteous service to all of the City's Customers. Contractor shall maintain Customer service records related to the number of Customer calls received; average hold time for calls; categories of calls, including missed pickups, complaints, damage, etc.; and a written log of all complaints from Customers within the City. The complaint log shall include the name, address and phone number of the Person making the complaint, the date and time of the contact, the nature of the complaint, and the nature and date of resolution. Contractor shall retain the written log for the Franchise Term of this Franchise agreement, plus five (5) years. Contractor shall respond to all issues from Customer contacts within twenty-four (24) hours, or by noon of the next business day if the contact occurs during a weekend or holiday. If Contractor is contacted because of a failure to collect Solid waste from a Customer, Contractor shall collect the Solid waste, Recycling, and Compostable Materials in question the same day of the contact if the contact is received by 3:00 p.m., or by noon the following business day if the complaint is received after 3:00 p.m., providing the Solid waste, Recycling, and Compostable Materials has been placed for Collection in accordance with the terms of this Franchise agreement. If a complaint involves failure to collect Solid waste, Recycling and/or Compostable Materials from a container provided for City Facilities or special events Collections, Contractor shall collect the Solid waste, Recyclables or Compostable material in question within six (6) hours after receiving the contact, including after regular business hours or on weekends and holidays.

iii) Missed Pick-Up (Return Trip)

Each Service Recipient shall be entitled to one (1) missed pick-up (return trip) to at no cost to the Service Recipient per Agreement Year. Accordingly Contractor shall be compensated for the cost of missed pick-ups (Return Trips) in excess of one (1) per Agreement Year, in accordance with the "Missed Pick-Up" service rate as Set forth in **Exhibit D** which is attached to and included in this Agreement or as may be adjusted under the terms of this Agreement.

iv) Change in Collection Operations, Administration, or Schedule

If Contractor desires to change the route or Collection days for any Customers in the City, including the public facilities listed in **Exhibit E**, Contractor shall obtain prior approval of the City Manager, which approval shall not be unreasonably withheld.

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Contractor shall notify all affected Customers at least fourteen (14) days in advance of the change, and any change shall not result in any Customer going more than seven (7) calendar days without service as a result of the change.

v) Public Litter and Recycling Containers

Contractor shall reimburse the City for the purchase of thirty-eight (38) litter and recycling containers still outstanding from the previous agreement. Additionally, Contractor shall reimburse the City for an additional four (4) containers in the first year of this agreement, and for up to two (2) containers each subsequent year. The City shall determine the style and type of container purchased.

vi) Change in Scope

The City may require changes in or modifications to the Scope of Franchise Services as set forth in **Exhibit A**. City and Contractor shall negotiate in good faith to determine what impact, if any, the change in Scope of Services should have on the Maximum rates charged to rate payers by the Contractor or any other terms of this Franchise agreement. Contractor shall provide all documentation reasonably necessary as requested by the City to identify and quantify any added or reduced expenses related to the change in the Scope of Service.

EXHIBIT B -- STANDARDS OF PERFORMANCE

Contractor acknowledges and agrees that the City's primary goals in entering into this Franchise agreement are to ensure that the Franchise Services are of the highest caliber, that Customer satisfaction is optimized, that maximum Diversion levels are achieved, and that materials collected are put to the highest and best use to the extent possible. Detailed performance standards required for Contractor's performance of the Franchise Services are set forth below.

1. COMPANY STANDARDS

- a) Services are to be completed in thorough and professional manner that constitutes litter-free, reliable, timely, courteous and high-quality service.
- b) Contractor shall at all times perform its duties using best industry practice for comparable operations.
- c) Personnel shall conduct themselves in a courteous, professional 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 the Contractor shall be designed to provide a standard representation of the company. If subcontractors are included, a distinct but uniform appearance of the subcontractor equipment, vehicles, and personnel shall be allowable.

2. CONTAINERS

- a) Contractor shall provide Bins for storage of materials that shall be designated 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 Bin safety.
- b) Containers shall be clearly labeled to indicate their designation for Collection of Solid Waste, recyclables, or Compostable Materials and shall list the types of materials to be stored the container for Collection.
- c) The Contractor is to provide all Containers to Customers at no charge. Replacement Containers shall be provided free of charge to Customers if the previous container is rendered unserviceable by means other than the Customer's action no more than once per year.
- d) All Carts shall be wheeled Carts with securable, attached lids and a handle to allow for easy movement.
- e) All Containers shall be a standard color selected by the Contractor. Different colors may be selected for Solid Waste, recyclables, and Compostable Materials Containers.

EXHIBIT B -- STANDARDS OF PERFORMANCE

- f) Contractor shall maintain, repair, clean, paint, and replace Containers as needed to maintain a clean, attractive, functional, new-like condition. All graffiti shall be moved immediately.

3. COLLECTION VEHICLES

3.1 General

Contractor shall provide a fleet of industry-standard Collection vehicles sufficient in number and capacity to efficiently perform the work required by this Franchise agreement in strict accordance with its terms. Contractor agrees to maintain each piece of equipment used by it in the performance of this Franchise agreement in good order and repair. Contractor shall have available on service days sufficient backup vehicles and qualified operators to respond to complaints and emergencies. Contractor shall furnish the 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, and model year, ID number, date of acquisition, type, capacity, decibel rating, and net book value at Effective Date of this Franchise agreement. Contractor shall confer with the City before purchasing any new vehicles to be used within the City. Contractor shall submit the specifications for all such vehicles to the City for review and approval before acquisition.

3.2 Vehicle Identification

The Contractor's name, phone number, and vehicle identification number shall be visibly displayed on its vehicles in letters and figures no less than three (3) inches high. All previous contractors' names are to be eliminated from trucks and Containers.

3.3 Cleaning, Maintenance and Repair

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

3.3.2 Cleaning. Vehicles used in the Collection shall be thoroughly washed regularly 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. All graffiti shall be removed immediately. The City may inspect vehicles at any time to determine compliance with sanitation requirements.

3.3.3 Maintenance. Contractor shall:

- (a) Require drivers to inspect and document each vehicle daily to ensure that all equipment is operating properly and safely and in accordance with all applicable laws

EXHIBIT B -- STANDARDS OF PERFORMANCE

and regulations;

- b) Vehicles that are not operating properly and safely and in accordance with all applicable laws and regulations shall be taken out of service until they are so operating. Defects shall be noted and corrected promptly;
- c) Perform all scheduled maintenance in accordance with the manufacturer's specifications and schedule. Contractor shall maintain accurate records of repair, which shall include the date/mileage, nature of repair, and the signature of a maintenance supervisor that the repair has been properly performed, and shall make such records available to the City upon request;
- d) Require that drivers' timekeeping records reflect compliance with hours-of-service requirements;
- e) Require that drivers' timekeeping records are in use and remain current and that retention intervals are complied with;
- f) Ensure that records reflect compliance with DMV requirements;
- g) Ensure that required driver proficiency records are kept on file.

3.3.4 Repairs. Contractor shall repair, or arrange for the repair of, all of its vehicles and equipment 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 conditions in accordance with all applicable laws and regulations. If an item of repair is covered by a warranty, Contractor shall obtain warranty performance. Contractor shall maintain accurate records of repair, which shall include date/mileage, nature of repair and the signature of a maintenance supervisor that the repair has been properly performed.

3.4 Operation

- a) All vehicles shall be registered with the California Department of Motor Vehicles ("DMV") and inspected by the California Highway Patrol ("CHP") 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. All such vehicles shall have watertight bodies designed to prevent leakage, spillage, or overflow. Vehicles shall also be equipped with safety features that enable drivers to avoid making contact with other vehicles, their passengers and/or pedestrians. Contractor shall not load Collection vehicles in excess of the manufacturer's recommendations or limitations imposed by State or local weight restrictions on vehicles and roads. If the age of a Collection vehicle reaches fifteen (15) years, the Contractor shall notify the City. This equipment shall be subject to inspection by the City or its designee.
- b) Contractor shall have each Collection vehicle weighed to determine the unloaded weight

EXHIBIT B -- STANDARDS OF PERFORMANCE

of the vehicle and the total loaded weight of each vehicle load delivered to the disposal location or Processing site. On a monthly basis, Contractor shall report all loads in excess of the manufacturer's recommendations or limitations imposed by State or local weight restrictions for vehicles and roads and shall include such records in all reports required in Section 8.2 of this Franchise agreement.

- c) If the City determines, despite prior consultation with Contractor, that Contractor continues to have repeated and persistent instances of overloaded vehicles, the City may require Contractor to install on-board scales. In the event the City exercises this right, Contractor shall be responsible for installing scales at its own expense.

4. COLLECTION REQUIREMENTS

4.1 Care of Private Property

Reasonable care shall be used by the Contractor's employees in handling all Collection Containers and enclosures, and all damage caused thereto by the negligence or carelessness of the Contractor's employees shall be promptly adjusted with the Owner or Occupant thereof. After emptying, all Collection Containers shall be returned to within 5 feet of the location from which they were picked up by the Contractor's employees, upright with lids properly secured, and Contractor's employees shall use all reasonable means to insure the Containers are not deposited in a manner that blocks any driveway, sidewalk, or street. Contractor shall ensure that its employees close all gates opened by them in making Collections, unless otherwise directed by the Customer.

4.2 Noise

All Collection operations shall be conducted as quietly as possible and shall conform to applicable federal, state, county and City noise level regulations. The City may conduct random checks of noise emission levels to ensure such compliance. Contractor shall promptly resolve any Complaints of noise to the satisfaction of the City.

4.3 Record of Non-Collection

If any materials delivered for Collection are not collected by the Contractor for sufficient reason, Contractor shall provide notice to Customer on a notice at least 2 inches X 6 inches in size at Contractor's cost. The notices shall provide the Contractor's phone number and indicate the reasons for Contractor's refusal to collect the materials placed in the collection containers and shall reference the section of the City Ordinance or to the section of this Franchise agreement which has been violated and which gives grounds for Contractor's refusal. This information shall either be in writing, or by means of a check system. Contractor shall maintain at Contractor's place of business a record (CS database) listing all complaints and tags issued for non-collection. The CS database shall contain the names, date, and manner of disposition of each case. The CS database shall be kept so that it may be conveniently inspected by representatives of the City upon request. Contractor shall provide a written copy of the CS database if requested.

EXHIBIT B -- STANDARDS OF PERFORMANCE

4.4 Load Checking

The Contractor is responsible for inspecting all materials prior to Collection for Hazardous Waste or other unacceptable materials. The Contractor is not responsible for Collection of Hazardous Waste or other unacceptable materials.

The Contractor is responsible for controlling contamination levels of Recyclable Materials and Compostable Materials through public education efforts and tagging of improper setouts.

5. LITTER ABATEMENT

5.1 Minimization of Spills

Contractor 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, Contractor shall promptly clean up all spilled materials. Each Collection vehicle shall carry a broom and a shovel at all times for this purpose.

Contractor 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.

5.2 Cleanup

During the Collection transportation process, the Contractor 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 the Contractor's service. In the event that litter not caused by the Contractor's service is in the vicinity of the storage area, the Contractor is required to clean up this litter whether or not Contractor has caused the litter on a one-time basis and shall discuss the spillage directly with the Customer responsible and shall report such instances to the City.

5.3 Covering of Loads

All materials shall be contained or covered during transportation to the disposal or Processing Facility. Material shall not be transported to the disposal or Processing Facility in vehicle hoppers.

5.4 Oil or Other Vehicle Fluid Spills

Contractor is responsible for cleaning up all oil or vehicle fluid spills immediately. All vehicles shall carry an acceptable absorbent material to use in the event of spills.

6. PERSONNEL

6.1 General

Contractor shall furnish such qualified drivers, mechanical, supervisory, clerical and other personnel as may be necessary to provide the Franchise Services required by this Franchise agreement in a safe and efficient manner. All Contractor employees shall be able to read, write and speak English with sufficient proficiency to enable them to successfully meet and

EXHIBIT B -- STANDARDS OF PERFORMANCE

adhere to all of the terms of this Franchise agreement.

6.2 Driver Qualifications

All drivers shall:

- a) Be required to satisfy CHP and DMV directives for operation of commercial vehicles.
- b) Undergo periodic drug and alcohol testing.
- c) Be enrolled in the CHP Pull Notice Program wherein the Contractor receives ongoing updates concerning a driver's record.
- d) Be subjected to a proficiency test to assure that they are capable of safely operating commercial vehicles.
- e) Receive ongoing training on safety and applicable CHP and DMV requirements.
- f) Contractor shall continuously review timekeeping records to assure that drivers do not exceed hours-of-service limits on operating commercial vehicles.
- g) Contractor shall conduct an annual background check on each driver to ensure that there is no criminal record or violations issued by the DMV.
- h) All applicants for a driver position shall be subjected to a comprehensive pre-employment program, which includes background checks, DMV records, drug and alcohol testing and proficiency exams in accordance with sound business practice and regulatory requirements.

6.3 Identification Badge

Contractor 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.

6.4 Safety Training

Contractor 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. Contractor shall train its employees involved in Collection to identify, and not to collect, Hazardous Waste or Infectious Waste.

6.5 No Gratuities

With the exception of small holiday gifts of nominal value, Contractor shall not permit its employees to demand, solicit or accept, directly or indirectly, any additional compensation or gratuity from members of the public for the Franchise Services under this Franchise agreement.

EXHIBIT B -- STANDARDS OF PERFORMANCE

6.6 Risk Management

The Contractor shall employ a full-time Risk Manager for the control, Processing and handling of all general liability and worker's compensation claims. The Risk Managers' costs shall be appropriately allocated among or between all of the franchises upon which the Risk Manager provides services.

7. RECYCLABLE MATERIALS AND COMPOSTABLE MATERIALS PROCESSING AND MARKETING

7.1 General Operations and Maintenance Standards

Beginning on the Effective Date, Contractor covenants to comply with the Contractor's performance obligations throughout the Base Term of this Franchise agreement and any extensions thereof and to perform the Contractor's performance obligations with respect to Recyclable Materials and Compostable Materials Processing and marketing services in accordance with accepted practice for comparable processing 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.

The Contractor shall be responsible for maintaining and renewing all necessary permits, licenses, and clearances necessary to provide the transportation and Processing of Recyclable Materials and Compostable Materials. Contractor shall maintain and renew all necessary permits. The Contractor shall meet all applicable regulations, industrial codes, and all applicable standards of technical societies, either as stated or as in standard industry practice. The Contractor shall have the responsibility for the sale of recovered materials and collection of payment thereof.

7.2 Maintenance and Repair

The Contractor shall maintain the facility and site in good working order and repair. Contractor shall maintain the aesthetic appearance of the facility and site in a clean and neat manner.

7.3 Safety

Contractor 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, composting, organics handling, and materials recovery industry.

Right to Enter and Inspect Facility

The City and its designated representative shall have the right, but not the obligation to enter, observe, and inspect the Processing Facility during the receiving hours; meet with the facility manager or his or her representative at any time, and meet with other employees upon request, which request shall not be unreasonably denied. Upon City request, Contractor shall

EXHIBIT B -- STANDARDS OF PERFORMANCE

make personnel available to accompany City employees on inspections. Contractor shall ensure that its employees cooperate with the City and respond to the City's reasonable inquiries. Contractor shall make operational and business records other than financial records available to the City during receiving hours upon City request.

7.4 Tours of Facility

Upon twenty-four (24) hours' request of the City, Contractor shall provide tours of the facility. The City shall not be charged for costs associated with such tours.

7.5 Recovery Standards

The Contractor shall use reasonable business efforts to maximize the recovery of delivered materials in a manner acceptable to receive Diversion credit under AB 939 and comply with the Diversion requirements set forth below.

7.6 Transportation of Residue

The Contractor shall transport and deliver all Residue to a disposal facility within forty-eight (48) hours after its delivery to the facility and in no event longer than required by applicable law. The Contractor 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. Contractor shall enclose or cover all vehicles transferring Residue from the facility to prevent spillage.

7.7 Weighing

- a) The Contractor shall develop and manage a system of weighing materials received from Collection vehicles and tracking recovery of incoming materials and disposition of Residue. The Contractor shall record tonnages of material received. At a minimum, the recorded data shall indicate for each delivery, hauler's name, truck number if applicable, time of delivery, tonnage delivered, vehicle license number, and Person receiving the delivery.
- b) The Contractor shall install and maintain state-certified motor vehicles scales in accordance with applicable law.

7.8 Testing of Scales

The Contractor shall test and calibrate all scales in accordance with applicable law, but at least every twelve (12) months. Prior to any test, it shall provide at least five (5) days' notice thereof to the City. Upon City request, it shall provide the City with copies of the test results.

7.9 Processing Equipment

Contractor shall provide Processing equipment in number and capacity to efficiently perform the work required by this Franchise agreement. The Contractor agrees to maintain each piece of equipment used by it in the performance of this Franchise agreement in good order and repair. Contractor shall have available sufficient backup equipment to respond to mechanical failures or other difficulties.

EXHIBIT B -- STANDARDS OF PERFORMANCE

8. DIVERSION REQUIREMENTS

For each year this Franchise agreement is in effect, and subject to the obligations of the parties under this Agreement and Exhibit A(10) above, Contractor shall achieve the greater of:

- (a) an annual Solid Waste Diversion Rate of forty-five percent (45%) for the first two (2) years of the agreement, increasing to forty-eight percent (48%) for years three through four, and fifty percent (50%) for each year thereafter. However, to the extent the City enters into the proposed Waste Delivery Agreement, which commits the City's waste stream to the Sonoma County Central Landfill for twenty (20) years (the 'Waste Stream Commitment'), then the applicable diversion requirements for this Agreement shall be consistent with those detailed and set forth in the County Operations Agreement when it becomes effective.
- (b) the current Diversion Rate required by the California Integrated Waste Management Act, as may be amended from time-to-time
- (c) the target Diversion Rate set forth in the current Sonoma Countywide Integrated Waste Management Plan.
- (d) Failure to meet the minimum requirements set forth above, including those set forth in the County Operations Agreement if executed, (a "Diversion Shortfall") may result in the termination of this Franchise agreement or the imposition of liquidated damages provided that Contractor and City shall meet and confer regarding any Diversion Shortfall and Contractor shall have not less than two (2) years to cure any such Diversion Shortfall so long as Contractor commences to cure such Diversion Shortfall within thirty (30) days of notice from the City and provided further that Contractor is diligent in the implementation of such cure. In the event that additional programs are necessary in order to cure a Diversion Shortfall, then the City and Contractor shall cooperate as provided under this Agreement.

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<u>EXHIBIT C – LIQUIDATED DAMAGES</u>		
<p>In the event that the Contractor fails to perform fully any of the Contractor’s obligations under this Franchise agreement (other than “Events of Default” pursuant to section 10.3), the Contractor shall be in breach of this Franchise agreement. Upon delivery of written notice to the Contractor and as provided in section 10.6, the City may impose the following Liquidated Damages upon the Contractor, in addition to any other available remedies the City may have</p>		
Delivery of Services		
1.	Failure to commence service to a new Customer within 7 days of receiving order.	\$100 per incident per day
2.	Failure to provide Carts, Bins, Debris Boxes or other Collection Containers to Customer within three Working Days of the Customer's request for service.	\$200 per incident per day
3.	For each occurrence over 10 per calendar year to replace emptied Containers upright, with lids in-place, and in their original location.	\$100 per occurrence over 10 per calendar year
4.	Failure to repair or replace any Cart, Bin, Debris Box or other Collection container, when so required by this Franchise agreement.	\$100 per occurrence
5.	Failure to correct a missed pickup within the required times set forth in Exhibit B .	\$100 per occurrence and per each additional 24-hr. working day period
6.	Failure to tag materials not collected due to contamination or inappropriate setout.	\$100 per occurrence
7.	Failure to respond to a Customer complaint as provided in Exhibit A .	\$100 per day per incident
8.	Failure to record a response to a Customer complaint or request within 24 hours of resolution.	\$100 per occurrence
9.	Discourteous behavior by Contractor staff.	\$300 per incident
10.	Failure to answer the telephone or answering machine during the Customer service hours specified in Exhibit A .	\$200 per incident
11.	Failure to maintain office hours as required by this Franchise agreement.	\$200 per incident
12.	Additional penalty when Contractor receives more than 25 valid service-related complaints in any 30-day period.	\$500
City Services		
13.	Failure to collect Solid Waste, recyclable material and/or Compostable Materials from City Facilities as required by this Franchise agreement and/or as otherwise arranged with City staff.	\$300 per day per incident
14.	Failure to maintain Containers at City Facilities in clean and sanitary condition as required by this Franchise agreement.	\$500 per day per incident

15.	Failure to participate in Special Events as specified in Exhibit A.	\$300 per event day
Contractor Operations		
16.	Undertaking Collection operations during hours outside of allowable Collection hours.	\$100 per occurrence
17.	Failure to complete at least 80 percent of a scheduled route on the regular scheduled route day.	\$500 per uncompleted route
18.	Making changes to routes or route days without notice to City or Customers as required in this Franchise agreement.	\$100 per incident per day
19.	Conducting street sweeping and Collection of Solid Waste on the same streets or portions of streets on the same day.	\$500 per incident per day
20.	Failure to provide quality street sweeping services at the required frequency.	\$500 per incident per day
21.	Failure to report an illicit discharge into the City's storm drain system.	\$500 per incident if caused by Contractor; if not caused by Contractor - \$200 per incident
22.	Failure to properly cover materials in Collection vehicles.	\$300 per incident
23.	Failure to correct leakage of fluids from Collection vehicle or street sweeping equipment upon notice from the City and prior to resuming use of the vehicle with in the City.	\$300 per incident
24.	Failure to clean up spillage or litter occurring during Collection.	\$100 per occurrence
25.	Failure to have a vehicle properly licensed, registered and inspected.	\$100 per incident
26.	Failure to maintain Collection vehicles and street sweeping equipment in clean, safe and sanitary condition.	\$100 per incident
27.	For each occurrence over 5 per calendar year of excessive noise.	\$300 per occurrence
28.	Failure to display Contractor's name and Customer service phone number on Collection vehicles.	\$100 per incident per day
29.	Failure to maintain properties, facilities, and equipment in clean, safe, and sanitary manner, upon notice by City.	\$100 per day
30.	Vehicle weight exceeds manufacturer's recommendations.	\$250 per incident
Segregation and Delivery of Franchise Materials		
31.	Failure to keep Solid Waste and Recyclable Materials segregated once delivered for Collection by Customers, and without City approval.	\$1,000 per incident
32.	If City has designated the Transfer Station or disposal facility, failure to deliver collected Solid Waste to the	\$1,000 per incident

	designated Transfer Station or disposal facility, and without City approval.	
33.	Failure to deliver collected Compostable Materials to the designated Compostable Materials facility, and without City approval.	\$1,000 per incident
34.	Delivery of collected Recyclable Materials to a disposal facility, rather than to a Recycling facility or delivery direct to market, and without City approval.	\$1,000 per incident
Contractor Personnel and Liability		
35.	Failure to have a vehicle driver properly licensed.	\$100 per incident
36.	Failure to repair damage to Customer property or other private property caused by or resulting from actions of the Contractor or its personnel.	\$100 per incident per location
37.	Failure to have Contractor personnel in proper uniform.	\$100 per day
Diversion Requirements		
38.	Failure to comply with a substantive requirement for public education contained in Exhibit A .	\$500 per incident
39.	Failure to achieve and maintain the minimum Diversion requirements set forth in Exhibit A .	\$10,000
Payment and Reporting Requirements		
40.	Failure to remit monthly remittance to City by the final day of each month for the preceding month as required in section 7.4 of this Franchise agreement.	\$100 per occurrence plus late fees of three-quarters of one percent per month for every month thereafter until paid
41.	Failure to maintain or submit documents and reports as required under the terms of this Franchise agreement after ten days' notice.	\$100 per incident per day
42.	Failure to submit public education material for review to the City prior to distribution.	\$250 per incident
All Other Contractor Obligations		
43.	Failure to perform any other requirements of this Franchise agreement not specifically stated in this Exhibit C , and not corrected or in the process of correction within 24 hours of notice from the City.	\$200 each

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EXHIBIT D – MAXIMUM RATES							
April 1, 2013							
COMMERCIAL BINS							Extra Pickups
Bin Size	1/WK	2/WK	3/WK	4/WK	5/WK	6/WK	
1.0 YD	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1.5 YD							
Collection Element	81.32	142.54	202.78	262.75	323.46	N/A	20.39
Disposal Element	61.86	108.43	154.26	199.89	246.07	N/A	15.52
Total	143.18	250.97	357.04	462.64	569.53	N/A	35.91
2.0 YD							
Collection Element	107.57	178.59	255.01	331.48	408.04	N/A	25.47
Disposal Element	81.83	135.87	194.00	252.18	310.41	N/A	19.38
Total	189.40	314.46	449.01	583.66	718.45	N/A	44.85
3.0 YD							
Collection Element	134.56	230.16	332.55	435.27	537.85	N/A	31.37
Disposal Element	102.37	175.10	252.99	331.14	409.18	N/A	23.87
Total	236.93	405.26	585.54	766.41	947.03	N/A	55.24
4.0 YD							
Collection Element	160.26	269.01	383.13	512.41	685.22	N/A	37.93
Disposal Element	121.91	204.65	291.48	389.81	521.28	N/A	28.85
Total	282.17	473.66	674.61	902.22	1,206.50	N/A	66.78
6.0 YD (no wheels)							
Collection Element	254.38	404.32	554.19	704.07	853.98	N/A	63.56
Disposal Element	193.52	307.60	421.60	535.63	649.67	N/A	48.35
Total	447.90	711.92	975.79	1,239.70	1,503.65	N/A	111.91
COMMERCIAL CARTS							
1 can	32 Gal	68 Gal	95 gal				
Collection Element	10.26	20.52	30.78				
Disposal Element	7.81	15.61	23.42				
Total	18.07	36.13	54.20				
Bin Rental - 4.0 YD - 7 Day Rentals							
Collection Element	114.45						
Disposal Element	87.06						
Bin Rental Charge	201.51						

EXHIBIT D – MAXIMUM RATES
April 1, 2013

RESIDENTIAL	Cart Size			
	20 GAL	32 GAL	68 GAL	95 GAL
Regular Accounts				
Collection Element	4.50	6.32	16.56	25.53
Disposal Element	3.42	4.80	12.60	19.42
Total	7.92	11.12	29.16	44.95
Senior Discount				
Collection Element	N/A	6.13	12.72	N/A
Disposal Element	N/A	4.80	12.60	N/A
Total	N/A	10.93	25.32	N/A
Extra Collection				
Collection Element	3.45			
Disposal Element	2.02			
Total	5.47			
Debris Box & Compactors				
	Debris Boxes		Compactors	
	20 YD	30 YD	20 CY	40 TD
Collection	278.54	401.60	191.54	395.96
Disposal	211.89	305.52	145.72	301.23
Total	490.43	707.12	337.26	697.19
Demurrage Over 7 Days	26.16	26.16		
SPECIAL CHARGES				
Service			Charge	
Administrative Start-up Fee for New Accounts or Transfer Existing Account			\$9.13 (residential only)	
Road Charge			\$4.82	
City Requested for abatement of nuisance (s)			Set By City	
DISPOSAL FEE			\$111.00 per ton	

EXHIBIT E – CITY FACILITIES

The current list of City-owned properties for which Contractor shall provide Franchise services at no cost to the City in accordance with section 14 of **Exhibit A** to the Franchise agreement is as follows. This list may be amended from time-to-time.

Cotati City Hall
Cotati Corporation Yard
Cotati Police Station
Cotati Community Center
Cotati Train Depot
City Street Cans

Cotati City Parks:
Cader Field
Delano Park
Falletti Park
Kotate Park
La Plaza Park
Helen Putnam Park
Sunflower Park
Veteran's Park
Mini (Pocket) Park
Santero Way Park
Community Garden
Veronda-Faletti Ranch

Additionally, a debris box shall be provided at the Corporation Yard at 1Trebino Court for the disposal of scrap steel. The City shall pay one hundred dollars (\$100) for each delivery of the box to 1Trebino Court, the steel shall be sold, and the full proceeds from the sale of the scrap shall be returned to the City within thirty (30) days of the pick up date.

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EXHIBIT F -- LIST OF VEHICLES USED BY CONTRACTOR WITHIN THE CITY

List of Vehicles Used in Cotati City Limits, effective April 10, 2013

VEH #	YEAR	MAKE	TYPE	VIN	LIC #
205R	1999	FRTLIN	FEL	4VMDCMHE0XM768188	7P68315
209R	1999	Volvo	FEL	4VMDCMHE8XN768231	5Y75135
902P	2005	PTRB	RRESI	1NPZL00XX5D716229	8A07227
702R	1999	VOLVO	RO	4VHJCMGJ3XN867678	7P68060
704R	1999	VOLVO	RO	4VHJCMHE8XN865902	6C36041

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EXHIBIT G – LETTER OF CREDIT OR SECURITY DOCUMENT

[Contractor's letter of credit or performance bond to be inserted here]

RLI Insurance Company
Annually Renewable Performance Bond
BOND # CMS0262443

KNOW ALL MEN BY THESE PRESENTS: That Redwood Empire Disposal, Inc. (hereinafter called the Principal), and RLI Insurance Company (hereinafter called the Surety), are held and firmly bound unto City of Cotati (hereinafter called the Obligee), in the full and just sum of Seven Hundred Thousand and 00/100 Dollars (\$700,000.00), the payment of which sum, well and truly to be made, the said Principal and Surety bind themselves, and each of their heirs, administrators, executors, and assigns, jointly and severally, firmly by these presents.

WHEREAS, the Principal and Obligee have entered into a written Agreement dated the 8th day of April, 2013 for Collection, Disposal, and Processing of Solid Waste, Recyclables and Compostable Materials for a period of ten (10) years which Agreement is hereby referred to and made a part hereof.

WHEREAS, the Obligee has agreed to accept a bond guaranteeing the performance of said Agreement for a period of one (1) year.

NOW, THEREFORE, THE CONDITIONS OF THE ABOVE OBLIGATION IS SUCH, that if the Principal shall well and truly perform each and every obligation in said Agreement at the time and in the manner specified during the term of this bond, and shall reimburse said Obligee for any loss which said Obligee may sustain by reason of failure or default on the part of said Principal, than this obligation shall be void, otherwise to remain in full force and effect.

PROVIDED, HOWEVER, That this bond is subject to the following conditions:

1. This bond is for the term beginning April 10, 2013 and ending April 10, 2014. The bond may be renewed for additional terms at the option of the surety, by continuation certificate executed by the Surety. Neither non-renewal by the surety, nor failure, nor inability of the Principal to file a replacement bond or other acceptable security shall constitute a loss to the Obligee recoverable under this bond. However, this does not excuse Principal's obligation to renew the bond or maintain from another qualified source a performance bond or other acceptable security in effect without lapse throughout the term of the Agreement.
2. In the event of default by the Principal, Obligee shall deliver to Surety by certified mail, a written statement of the facts of such default, within thirty (30) days of the occurrence. In the event of default, the Surety will have the right and opportunity, at its sole discretion, to: a) cure the default; b) assume the remainder of the Agreement and to perform or sublet same; c) or to tender to the Obligee funds sufficient to pay the cost of completion less the balance of the Agreement price up to an amount not to exceed the penal sum of the bond. In no event shall the Surety be liable for fines, penalties, liquidated damages, or forfeitures assessed against the Principal.
3. No claim, action, suit or proceeding, except as hereinafter set forth, shall be had or maintained against the Surety on this instrument unless same be brought or instituted upon the Surety within one year from termination or expiration of the bond term.

4. No right of action shall accrue on this bond to or for the use of any person or corporation other than the Obligee named herein or the heirs, executors, administrator or successors of Obligee.
5. The aggregate liability of the surety is limited to the penal sum stated herein regardless of the number or amount of claims brought against this bond and regardless of the number of years this bond remains in force.
6. If any conflict or inconsistency exists between the Surety's obligations or undertakings as described in this bond and as described in the underlying Agreement, then the terms of this bond shall prevail.
7. The Surety reserves the right to cancel this bond by giving thirty (30) days notice in writing to the said Obligee, and upon receipt of such notice, the Surety is discharged and relieved from further liability, it being understood and agreed, however, that the said Principal and Surety will be liable for loss accruing up to the effective date of cancellation.
8. This bond shall not bind the Surety unless the bond is accepted by the Obligee. If the Obligee objects to any language contained herein, within 30 days of the date this bond is signed and sealed by the Surety, Obligee shall return this bond, certified mail or express courier, to the Surety at its address at:

RLI Commercial Surety
Attention: Elaine Slipe
6303 Owensmouth Ave., 10th Fl.
Woodland Hills, CA 91367

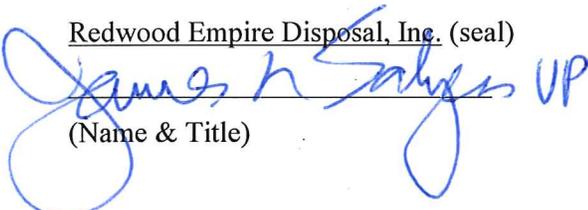
Failure to return the bond as described above shall constitute Obligee's acceptance of the terms and conditions, herein.

9. Surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the Agreement or the work to be performed thereunder shall affect Surety's obligations on the bond, and it hereby waives notice of any such change, extension of time, alteration or addition to the terms of the Agreement or to the work thereunder.

Signed and sealed this 8th day of April, 2013

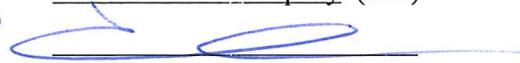
PRINCIPAL:

Redwood Empire Disposal, Inc. (seal)


(Name & Title)

SURETY:

RLI Insurance Company (seal)


Attorney-in-Fact, Catherine A. Pinney

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

County of Sonoma }

On April 8, 2013 before me, Nancy L. Wallis, Notary Public,
Date Here Insert Name and Title of the Officer

personally appeared Catherine A. Pinney
Name(s) of Signer(s)

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



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Signature Nancy L. Wallis
Signature of Notary Public Nancy L. Wallis

Place Notary Seal Above

OPTIONAL

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

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: Catherine A. Pinney

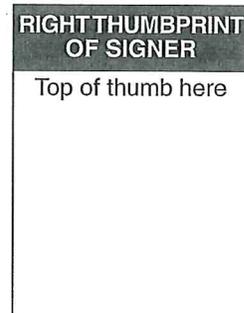
- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing:

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing:



RLI Surety
 P.O. Box 3967 | Peoria, IL 61612-3967
 Phone: (800)645-2402 | Fax: (309)689-2036
 www.rlicorp.com

POWER OF ATTORNEY

RLI Insurance Company

Know All Men by These Presents:

That this Power of Attorney is not valid or in effect unless attached to the bond which it authorizes executed, but may be detached by the approving officer if desired.

That **RLI Insurance Company**, an Illinois corporation, does hereby make, constitute and appoint:
Catherine A. Pinney, Nancy L. Wallis, Stacy M. Clinton, Donnalyn Revis, K. Dixon Wright, Venetia G. Johnson, Natalie Ann Horder,
jointly or severally

in the City of San Carlos, State of California its true and lawful Agent and Attorney in Fact, with full power and authority hereby conferred, to sign, execute, acknowledge and deliver for and on its behalf as Surety, the following described bond.

Any and all bonds provided the bond penalty does not exceed Twenty Five Million Dollars (\$25,000,000.00).

The acknowledgment and execution of such bond by the said Attorney in Fact shall be as binding upon this Company as if such bond had been executed and acknowledged by the regularly elected officers of this Company.

The **RLI Insurance Company** further certifies that the following is a true and exact copy of the Resolution adopted by the Board of Directors of **RLI Insurance Company**, and now in force to-wit:

"All bonds, policies, undertakings, Powers of Attorney or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys in Fact or Agents who shall have authority to issue bonds, policies or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers of Attorney or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile."

IN WITNESS WHEREOF, the **RLI Insurance Company** has caused these presents to be executed by its Vice President with its corporate seal affixed this 20th day of November, 2012.



RLI Insurance Company

By: [Signature]
 Roy C. Die Vice President

State of Illinois }
 County of Peoria } SS

CERTIFICATE

On this 20th day of November, 2012, before me, a Notary Public, personally appeared Roy C. Die, who being by me duly sworn, acknowledged that he signed the above Power of Attorney as the aforesaid officer of the **RLI Insurance Company** and acknowledged said instrument to be the voluntary act and deed of said corporation.

I, the undersigned officer of **RLI Insurance Company**, a stock corporation of the State of Illinois, do hereby certify that the attached Power of Attorney is in full force and effect and is irrevocable; and furthermore, that the Resolution of the Company as set forth in the Power of Attorney, is now in force. In testimony whereof, I have hereunto set my hand and the seal of the **RLI Insurance Company** this 13th day of April, 2013.

By: [Signature]
 Jacqueline M. Bockler Notary Public

RLI Insurance Company

By: [Signature]
 Roy C. Die Vice President



0443359020212

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EXHIBIT H – INSURANCE CERTIFICATES

[Copies of required insurance certificates to be inserted here.]



282958

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

4/4/2013

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

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

PRODUCER Wells Fargo Insurance Services USA, Inc. 1039-A N. McDowell Blvd. Petaluma, CA 94954 707-769-2900	CONTACT NAME: Sandra Moreno PHONE (A/C, No, Ext): 707-773-1896 E-MAIL ADDRESS: sandra.moreno@wellsfargo.com	FAX (A/C, No): 707-773-1920													
	<table border="1"> <thead> <tr> <th>INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> </thead> <tbody> <tr> <td>INSURER A : Wesco Insurance Company</td> <td>25011</td> </tr> <tr> <td>INSURER B : Liberty Insurance Underwriters, Inc.</td> <td>19917</td> </tr> <tr> <td>INSURER C : Great American Insurance Company</td> <td>16691</td> </tr> <tr> <td>INSURER D :</td> <td></td> </tr> <tr> <td>INSURER E :</td> <td></td> </tr> <tr> <td>INSURER F :</td> <td></td> </tr> </tbody> </table>		INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A : Wesco Insurance Company	25011	INSURER B : Liberty Insurance Underwriters, Inc.	19917	INSURER C : Great American Insurance Company	16691	INSURER D :		INSURER E :		INSURER F :
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INSURER C : Great American Insurance Company	16691														
INSURER D :															
INSURER E :															
INSURER F :															
INSURED Redwood Empire Disposal, Inc. P.O. Box 1916 Santa Rosa, CA 95402															

COVERAGES

CERTIFICATE NUMBER: 5889333

REVISION NUMBER: See below

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

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> BI/PPD Ded. \$5,000 GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC		WPP106358100	07/01/2012	07/01/2013	EACH OCCURRENCE	\$ 1,000,000
						DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 300,000
						MED EXP (Any one person)	\$ 15,000
						PERSONAL & ADV INJURY	\$ 1,000,000
						GENERAL AGGREGATE	\$ 2,000,000
						PRODUCTS - COM/OP AGG	\$ 2,000,000
							\$
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS <input checked="" type="checkbox"/> Comprehensive <input checked="" type="checkbox"/> Collision Ded.		WPP106358100	7/1/2012	7/1/2013	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000
						BODILY INJURY (Per person)	\$
						BODILY INJURY (Per accident)	\$
						PROPERTY DAMAGE (Per accident)	\$
							\$ Collision Ded. \$5,000
B	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$		EXCSF1837878	07/01/2012	07/01/2013	EACH OCCURRENCE	\$ 5,000,000
						AGGREGATE	\$ 5,000,000
							\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input type="checkbox"/>	N/A			WC STATUTORY LIMITS	OTHER
						E.L. EACH ACCIDENT	\$
						E.L. DISEASE - EA EMPLOYEE	\$
						E.L. DISEASE - POLICY LIMIT	\$
A	Auto Pollution Upset&Overturn		WPP106358100	07/01/2012	07/01/2013	Incl. in Auto Limits	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CA 20 48 02 99,CG 20 10 07 04 Re: Franchise Agreement dated April 10, 2013.

City of Cotati, its officers, officials, employees, agents and volunteers are named as additional insured under the general liability and auto liability per attached endorsement referenced above. MCS-90 Endorsement to follow from carrier.

CERTIFICATE HOLDER

City of Cotati
Attn: City Manager
201 West Sierra Ave
Cotati, CA 94931-4217

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

The ACORD name and logo are registered marks of ACORD

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ACORD 25 (2010/05)

(This certificate replaces certificate# 5888853 issued on 4/4/2013)

Certificate of Insurance (Con't)

OTHER Coverage

INSR LTR	TYPE OF INSURANCE	ADDL INSR	WVD SUBR	POLICY NUMBER	EFFECTIVE DATE (MM/DD/YY)	EXPIRATION DATE (MM/DD/YY)	LIMIT
C	\$15Mxs\$5M Excess			TUE030406300	07/01/2012	07/01/2013	\$15,000,000

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DESIGNATED INSURED

This endorsement modifies insurance provided under the following:

- BUSINESS AUTO COVERAGE FORM
- GARAGE COVERAGE FORM
- MOTOR CARRIER COVERAGE FORM
- TRUCKERS COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by this endorsement.

This endorsement identifies person(s) or organization(s) who are "insureds" under the Who Is An Insured Provision of the Coverage Form. This endorsement does not alter coverage provided in the Coverage Form.

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

Endorsement Effective: 07/01/2012	Countersigned By: <i>BW</i> (Authorized Representative)
Named Insured: Novato Disposal Service Inc	

SCHEDULE

<p>Name of Person(s) or Organization(s): Any person or organization with whom or with which you have agreed in writing in a contract or agreement that such person(s) or organization(s) shall be included as an additional insured on your policy. Such insurance as is afforded by this policy for the benefit of the additional insured(s) shown shall be primary insurance, and any other insurance maintained by the additional insured(s) shall be excess and noncontributory as respects any claim, loss or liability allegedly arising out of the operations of the Named Insured; however, this insurance will not apply to any claim, loss or liability which is determined to be solely the result of the additional insured's negligence or solely the additional insured's responsibility</p>

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

Each person or organization shown in the Schedule is an "insured" for Liability Coverage, but only to the extent that person or organization qualifies as an "insured" under the Who Is An Insured Provision contained in Section II of the Coverage Form.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – SCHEDULED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s):	Location(s) Of Covered Operations
<p>Any person or organization with whom or with which you have agreed in writing in a contract or agreement that such person(s) or organization(s) shall be included as an additional insured on your policy. Such insurance as is afforded by this policy for the benefit of the additional insured(s) shown shall be primary insurance, and any other insurance maintained by the additional insured(s) shall be excess and noncontributory as respects any claim, loss or liability allegedly arising out of the operations of the Named Insured; however, this insurance will not apply to any claim, loss or liability which is determined to be solely the result of the additional insured's negligence or solely the additional insured's responsibility.</p>	<p>All locations at which you are performing operations for any person or organization with whom or with which you have agreed in writing in a contract or agreement that such person(s) or organization(s) shall be included as an additional insured on your policy.</p>
<p>Information required to complete this Schedule, if not shown above, will be shown in the Declarations.</p>	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions; or
2. The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured(s) at the location(s) designated above.

B. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" occurring after:

1. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
2. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – COMPLETED OPERATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) OR Organization(s)	Location And Description of Completed Operations
Any person or organization with whom or with which you have agreed in writing in a contract or agreement that such person(s) or organization(s) shall be included as an additional insured on your policy. Such insurance as is afforded by this policy for the benefit of the additional insured(s) shown shall be primary insurance, and any other insurance maintained by the additional insured(s) shall be excess and noncontributory as respects any claim, loss or liability allegedly arising out of the operations of the Named Insured; however, this insurance will not apply to any claim, loss or liability which is determined to be solely the result of the additional insured's negligence or solely the additional insured's responsibility.	All locations at which you are performing operations for any person or organization with whom or with which you have agreed in writing in a contract or agreement that such person(s) or organization(s) shall be included as an additional insured on your policy for your waste hauling operations.
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury" or "property damage" caused, in whole or in part by "your work" at the location designated and described in schedule of this endorsement performed for that additional insured and included in the "products-completed operations hazard."



276412

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

4/4/2013

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

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

PRODUCER Commercial Lines - (707) 769-2900 Wells Fargo Insurance Services USA, Inc. - CA Lic#: 0D08408 1039 N. McDowell Blvd. Petaluma, CA 94954-1173	CONTACT NAME: Sandra Moreno
	PHONE (A/C, No. Ext): 707-773-1896 FAX (A/C, No): 707-773-1920 E-MAIL ADDRESS: sandra.moreno@wellsfargo.com
INSURED Redwood Empire Disposal Inc., A California Corporation PO Box 1916 Santa Rosa CA 95402	INSURER(S) AFFORDING COVERAGE NAIC #
	INSURER A: Chartis Specialty Insurance Company 26883
	INSURER B:
	INSURER C:
	INSURER D:
	INSURER E:

COVERAGES

CERTIFICATE NUMBER: 5889390

REVISION NUMBER: See below

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

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR _____ _____ GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC					EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS					COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$					EACH OCCURRENCE \$ AGGREGATE \$ \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY <input type="checkbox"/> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> N/A				WC STATUTORY LIMITS OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A	Pollution Liability 3/10		PLS27081936	09/01/2012	09/01/2014	\$3,000,000 each Incident \$10,000,000 Aggregate \$50,000 Ded.Each Incident

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

105190 Re: Franchise Agreement dated April 10, 2013.
 City of Cotati, its officers, officials, employees, agents and volunteers are named as additional insured under the pollution liability per form 105202 to follow from carrier.
 Waiver of Subrogation included per form to follow from carrier.

CERTIFICATE HOLDER**CANCELLATION**

City of Cotati Attn: City Manager 201 West Sierra Ave Cotati, CA 94931-4217	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE 

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ACORD 25 (2010/05)

(This certificate replaces certificate# 6889329 issued on 4/4/2013)

ENDORSEMENT NO. 2

This endorsement, effective 12:01 AM, September 1, 2012

Forms a part of Policy No: PLS 27081936

Issued to: THE RATTO GROUP OF COMPANIES, INC.

By: CHARTIS SPECIALTY INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PRIMARY INSURANCE ENDORSEMENT

It is hereby agreed that Section VI. **CONDITIONS**, Paragraph M. **Other Insurance**, is deleted in its entirety and replaced with the following:

M. Other Insurance - This insurance is primary, and the Company's obligations as a primary insurer are not affected by any other insurance that may be primary.

All other terms, conditions, and exclusions shall remain the same.



AUTHORIZED REPRESENTATIVE
or countersignature (in states where applicable)

BLANKET WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT - CALIFORNIA

This endorsement changes the policy to which it is attached effective on the inception date of the policy unless a different date is indicated below.

(The following "attaching clause" need be completed only when this endorsement is issued subsequent to preparation of the policy).

This endorsement, effective 12:01 AM 10/01/2012

forms a part of Policy No. WC069862786

Issued to Redwood Empire Disposal, Inc.

By Commerce and Industry Insurance Company

We have a right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against any person or organization with whom you have a written contract that requires you to obtain this agreement from us, as regards any work you perform for such person or organization.

The additional premium for this endorsement shall be _____ % of the total estimated workers compensation premium for this policy.

Countersigned by _____ *James Smith* _____

Authorized Representative

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EXHIBIT I – CITY-APPROVED DISPOSAL SITES/PROCESSING FACILITIES

Pursuant to section 4.3 of this Franchise agreement, the City reserves the right to approve the disposal and processing facilities selected by the Contractor, and to direct the Contractor to use alternative sites and facilities. Following are the sites and/or facilities that the City has currently approved:

<u>Material Type</u>	<u>Facility</u>
Solid Waste:	Sonoma County Central Landfill & Transfer Stations
Commercial & Residential Recycling:	Timber Cove Recycling
Construction & Demolition:	Sonoma County Pilot C&D Processing
Residential Green Waste:	Sonoma Compost
Commercial Food Waste:	To Be Determined, but with City-Approval

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EXHIBIT J – CORPORATE GUARANTY

FORM OF GUARANTY

THIS GUARANTY, INDEMNIFICATION AND RELEASE AGREEMENT (this “**Guaranty**”) is made as of _____, 2013, by **THE RATTO GROUP OF COMPANIES, INC.** a California corporation (“**Guarantor**”), in favor of **THE CITY OF COTATI**, a municipal corporation of the State of California (“**City**”).

RECITALS

A. The Ratto Group of Companies, Inc. a California corporation, as contractor (“**Contractor**”), and City are parties to that certain franchise agreement for collection, disposal and processing of solid waste, recyclables and compostable materials and related activities dated as of April 9th, 2013 (the “**Agreement**”).

B. To induce City to enter into the Agreement and consummate the transactions contemplated thereby, Guarantor has agreed to enter into this Guaranty.

C. Guarantor is the parent of Contractor.

D. Without this Guaranty, City would not have entered into the Agreement. Therefore, in consideration of City’s execution of the Agreement, Guarantor has agreed to execute this Guaranty.

NOW, THEREFORE, in consideration of the foregoing Recitals, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor agrees as follows:

1. **Guaranty.** Guarantor guarantees to City and its successors and assigns, the full and prompt payment and performance when due of all of the obligations of Contractor arising out of, in connection with, under or related to the Agreement, as such term is defined in the Agreement and each and every other document and agreement executed by Contractor in connection with the consummation of the transactions contemplated by the Agreement. The obligations guaranteed pursuant to this Guaranty are collectively referred to herein as the “**Guaranteed Obligations.**”

2. **Unconditional Obligations.** This Guaranty is a guaranty of payment and performance and not of collection and is an absolute, unconditional and irrevocable guarantee of the full and prompt payment and performance when due of all of the Guaranteed Obligations, whether or not from time to time reduced or extinguished or hereafter increased or incurred; whether or not recovery may be, or hereafter may become, barred by any statute of limitations or otherwise; provided, however, that this Guaranty shall not be enforceable against Guarantor to the extent

EXHIBIT J – CORPORATE GUARANTY

(and only to the extent) it is determined or has been determined not to be enforceable either by an arbitrator pursuant to the Dispute Resolution Provision in the Agreement (the “Dispute Resolution Provision”) or by a court of competent jurisdiction that the Guaranteed Obligations are not enforceable against Contractor. If any payment made by Contractor or any other Person and applied to the Guaranteed Obligations is at any time annulled, set aside, rescinded, invalidated, declared to be fraudulent or preferential or otherwise required to be repaid or refunded, then, to the extent of such payment or repayment, the liability of Guarantor will be and remain in full force and effect as fully as if such payment had never been made. Guarantor covenants that this Guaranty will not be fulfilled or discharged, except by the complete payment and performance of the Guaranteed Obligations, whether by the primary obligor or Guarantor under this Guaranty. Without limiting the generality of the foregoing, Guarantor’s obligations hereunder will not be released, discharged or otherwise affected by (a) any change in the obligations thereunder, or any insolvency, bankruptcy or similar proceeding affecting Contractor, Guarantor or their respective assets; and (b) the existence of any claim or set-off which Contractor has or Guarantor may have against City, whether in connection with this Guaranty or any unrelated transaction, except and only to the extent any claim or set-off is actually allowed either by an arbitrator pursuant to the Dispute Resolution Provision or by a court of competent jurisdiction, provided that nothing in this Guaranty will be deemed a waiver by Guarantor of any claim or prevent the assertion of any claim by separate suit. This Guaranty will in all respects be a continuing, absolute, and unconditional guaranty irrespective of the genuineness, validity, regularity or enforceability of the Guaranteed Obligations or any part thereof or any instrument or agreement evidencing any of the Guaranteed Obligations or relating thereto, or the existence, validity, enforceability, perfection, or extent of any collateral therefor or any other circumstances relating to the Guaranteed Obligations which might otherwise constitute a defense to the Guaranteed Obligations or this Guaranty, except and only to the extent such defenses are adjudicated or have been adjudicated either by an arbitrator pursuant to the Dispute Resolution Provision or by a court of competent jurisdiction.

3. **Independent Obligations.** Guarantor agrees that the Guaranteed Obligations are independent of the obligations of Contractor and if any default occurs hereunder, a separate action or actions may be brought and prosecuted against Guarantor whether or not Contractor is joined therein. City may maintain successive actions for other defaults of Guarantor. City’s rights hereunder will not be exhausted by the exercise of any of its rights or remedies or by any such action or by any number of successive actions until and unless all Guaranteed Obligations have been paid and fully performed.

a. Guarantor agrees that City may enforce this Guaranty, at any time and from time to time, without the necessity of resorting to or exhausting any security or collateral and without the necessity of proceeding against Contractor. Guarantor hereby waives the right to require City to proceed against Contractor, to exercise any right or remedy under any this Agreement or to pursue any other remedy or to enforce any other right.

b. Guarantor will continue to be subject to this Guaranty notwithstanding:
(i) any modification, agreement or stipulation between or among Contractor or City or their

EXHIBIT J – CORPORATE GUARANTY

respective successors and assigns, with respect to the Guaranteed Obligations; (ii) any waiver of or failure to enforce any of the terms, covenants or conditions contained in this Agreement or any modification thereof; (iii) any release of Contractor from any liability with respect to this Agreement; or (iv) any release or subordination of any collateral then held by City as security for the performance by Contractor of the Guaranteed Obligations.

c. The Guaranteed Obligations are not conditional or contingent upon the pursuit by City of any remedies which City either now has or may hereafter have with respect thereto under this Agreement.

4. Liability of Guarantor.

a. City may enforce this Guaranty upon the occurrence of a breach by Contractor of any of the Guaranteed Obligations (following the expiration of any notice and cure period set forth in the applicable Contract Document and applicable to such breach), notwithstanding the existence of any dispute between or among City, Contractor with respect to the existence of such a breach.

b. Guarantor's performance of some, but not all, of the Guaranteed Obligations will in no way limit, affect, modify or abridge Guarantor's liability for those Guaranteed Obligations that have not been performed.

c. City, upon such terms as it deems appropriate, without notice or demand and without affecting the validity or enforceability of this Guaranty or giving rise to any reduction, limitation, impairment, discharge or termination of Guarantor's liability hereunder, from time to time may (i) with respect to the financial obligations of Contractor, renew, extend, accelerate, increase the rate of interest on, or otherwise change the time, place, manner or terms of payment of financial obligations that are Guaranteed Obligations, and/or subordinate the payment of the same to the payment of any other obligations, (ii) settle, compromise, release or discharge, or accept or refuse any offer of performance with respect to, or substitutions for, the Guaranteed Obligations or any agreement relating thereto, (iii) request and accept other guarantees of the Guaranteed Obligations and take and hold security for the payment of this Guaranty or the Guaranteed Obligations, (iv) release, surrender, exchange, substitute, compromise, settle, rescind, waive, alter, subordinate or modify, with or without consideration, any security for performance of the Guaranteed Obligations, any other guarantees of the Guaranteed Obligations, or any other obligation of any Person with respect to the Guaranteed Obligations, (v) enforce and apply any security hereafter held by or for the benefit of City in respect of this Guaranty or the Guaranteed Obligations and direct the order or manner of sale thereof, or exercise any other right or remedy that City may have against any such security, as City in its discretion may determine, and (vi) exercise any other rights available to it under the Agreement.

d. This Guaranty and the obligations of Guarantor hereunder will be valid and enforceable and will not be subject to any reduction, limitation, impairment, discharge or termination for any reason (other than infeasible performance in full of the Guaranteed

EXHIBIT J – CORPORATE GUARANTY

Obligations), including without limitation the occurrence of any of the following, whether or not Guarantor will have had notice or knowledge of any of them: (i) any failure or omission to assert or enforce or agreement or election not to assert or enforce, or the stay or enjoining, by order of court, by operation of law or otherwise, of the exercise or enforcement of, any claim or demand or any right, power or remedy (whether arising under this Agreement at law, in equity or otherwise) with respect to the Guaranteed Obligations or any agreement or instrument relating thereto; (ii) any rescission, waiver, amendment or modification of, or any consent to departure from, any of the terms or provisions (including without limitation provisions relating to events of default) or any agreement or instrument executed pursuant thereto; (iii) City's consent to the change, reorganization or termination of the corporate structure or existence of Contractor; (iv) any defenses, set-offs or counterclaims Contractor may allege or assert against City in respect of the Guaranteed Obligations, including but not limited to failure of consideration, breach of warranty, payment, statute of frauds, statute of limitations, accord and satisfaction and usury, except and only to the extent any defenses, set-offs, or counterclaims are actually allowed either by the arbitrator pursuant to the Dispute Resolution Provision or by a court of competent jurisdiction; and (v) any other act or thing or omission, or delay to do any other act or thing, which may or might in any manner or to any extent vary the risk of Guarantor as an obligor in respect of the Guaranteed Obligations.

e. The parties hereto specifically agree that, in addition to any and all remedies at law available to the City, the City shall be entitled to the remedy of specific performance of any and all Guaranteed Obligations, and Guarantor specifically agrees that the City shall be entitled to any other remedies incidental to enforcing such specific performance, including, without limitation, the granting of appropriate injunctive relief.

f. It is the intent of the parties that the Guarantor's liability for the Guaranteed Obligations shall be limited to that of Contractor, and that this instrument shall not impose greater obligations upon the Guarantor than would be owed to the City by Contractor. Any final determination either by an arbitrator pursuant to the Dispute Resolution Provision or by a court of competent jurisdiction with respect to any of the Guaranteed Obligations shall establish the limits of this Guaranty with respect thereto. Nothing in this Section shall affect the enforceability of the Guarantor's waiver of defenses, subrogation rights, and reimbursement rights set forth in Sections 5 and 6.

5. Waivers. To the fullest extent permitted by law, Guarantor hereby waives and agrees not to assert or take advantage of: (a) any right to require City to proceed against Contractor or any other Person or to proceed against or exhaust any security held by City at any time or to pursue any right or remedy in City's power before proceeding against Guarantor; (b) any defense that may arise by reason of the incapacity, lack of authority, death or disability of, or revocation hereby by Guarantor, Contractor or any other Person or the failure of City to file or enforce a claim against the estate (either in administration, bankruptcy or any other proceeding) of any such Person; (c) any defense that may arise by reason of any presentment, demand for payment or performance or otherwise, protest or notice of any other kind or lack thereof; (d) any right or defense arising out of an election of remedies by City even though the election of

EXHIBIT J – CORPORATE GUARANTY

remedies, such as nonjudicial foreclosure with respect to any security for the Guaranteed Obligations, has destroyed the Guarantor's rights of subrogation and reimbursement against Contractor by the operation of Section 580d of the Code of Civil Procedure or otherwise; (e) all notices to Guarantor, to Contractor or to any other Person, including, but not limited to, notices of the acceptance of this Guaranty or the creation, renewal, extension, modification, accrual of any of the obligations of Contractor under this Agreement, or of default in the payment or performance of any such obligations, enforcement of any right or remedy with respect thereto or notice of any other matters relating thereto; (f) any requirements of diligence or promptness on the part of City; (g) except as specifically provided elsewhere in this Guaranty, any defense arising out of the lack of validity or the unenforceability of the Guaranteed Obligations or any agreement or instrument relating thereto or by reason of the cessation of the liability of Contractor or any other Person from any cause other than indefeasible performance in full of the Guaranteed Obligations; (h) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal or which reduces a surety's or guarantor's obligation in proportion to the principal obligation, including, without limitation, all rights and benefits under Section 2809 of the California Civil Code purporting to reduce a guarantor's obligation in proportion to the obligation of the principal; (i) any defense based upon any act or omission of City which directly or indirectly results in or aids the discharge or release of Contractor, Guarantor or any security given or held by City in connection with the Guaranteed Obligations; (j) any and all suretyship defenses under applicable law including, but not limited to, any defense under Sections 2787 through 2855, inclusive, of the California Civil Code; and (k) any statute of limitations affecting Guarantor's liability hereunder or the enforcement thereof.

6. Waiver of Subrogation and Rights of Reimbursement. Until the Guaranteed Obligations have been indefeasibly paid in full, Guarantor waives any claim, right or remedy which it may now have or may hereafter acquire against Contractor that arises from the performance of Guarantor hereunder, including, without limitation, any claim, right or remedy of subrogation, reimbursement, exoneration, contribution, or indemnification, or participation in any claim, right or remedy of City against Contractor, or any other security or collateral that City now has or hereafter acquires, whether or not such claim, right or remedy arises in equity, under contract, by statute, under common law or otherwise.

7. Waivers by Guarantor if Real Property Security. If the Guaranteed Obligations are or become secured by real property or an estate for years, Guarantor waives all rights and defenses that Guarantor may have because the Guaranteed Obligations are secured by real property. This means, among other things:

a. City may collect from Guarantor without first foreclosing on any real or personal property collateral pledged by Contractor.

b. If City forecloses on any real property collateral pledged by Contractor:

(1) The amount of the Guaranteed Obligation may be reduced only by

EXHIBIT J – CORPORATE GUARANTY

the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price.

- (2) City may collect from Guarantor even if City, by foreclosing on the real property collateral, has destroyed any right Guarantor may have to collect from Contractor.

This is an unconditional and irrevocable waiver of any rights and defenses Guarantor may have because the Guaranteed Obligations secured by real property. These rights and defenses include, but are not limited to, any rights or defenses based upon Section 580a, 580b, 580d, or 726 of the Code of Civil Procedure.

**EXHIBIT K – COMMERCIAL/MULTI FAMILY/RESIDENTIAL OUTREACH
PROGRAM**

Redwood Empire Disposal shall perform the following services as part of the public education program.

Public Education Activities to Be Performed throughout the Term of the Agreement

- As necessary, Redwood Empire Disposal Outreach Coordinator will prepare and distribute a brochure describing how to prepare Organic Materials for Collection. This brochure shall instruct Customers as to any necessary preparation of Organic Materials, such as the cutting of items, and the appropriate use.
- As necessary, Redwood Empire Disposal Outreach Coordinator will prepare and distribute a brochure describing how to prepare Recyclable Materials for Collection. Redwood Empire Disposal Outreach Coordinator shall inform Residents as to the acceptable materials that can be included in the Recyclable Materials Carts and any common contaminants to be excluded from Collection.
- Prior to the holiday season, the Outreach Coordinator shall prepare a bill insert describing the dates, time, and places of all holiday tree collection and drop boxes. The same information shall also be advertised in the Press Democrat and the Community Voice.
- Redwood Empire Disposal Outreach Coordinator shall visit homeowner associations or other groups to promote and explain the program throughout the term of the agreement, as requested by the associations or scheduled by the City.
- Redwood Empire Disposal Outreach Coordinator shall visit 40 commercial business locations to promote our recycling program, answer any questions and hand out updated recycle guides and information. As a recycle program “kick-off” gift, Redwood Empire Disposal will also pass out a small blue recycle bin to each business for placement in break rooms or other high traffic areas to increase their recycle efforts.
- A corrective actions notice shall be prepared and used in instances where waste generators set out inappropriate materials.
- School education programs to teach students about source reduction, reuse, and recyclable materials shall be available to schools by Redwood Empire Disposal Outreach Coordinator.
- Non-program related information on source reduction; reuse and recyclable materials (e.g. junk mail reduction, household hazardous waste events, grass cycling, composting, etc.) shall be made available by the Outreach Coordinator. This information will also be included in Redwood Empire Recycling News.
- Redwood Empire Disposal shall publish and mail informational newsletters twice per year to be mailed to all Residential and Commercial accounts in Cotati. The newsletter will have a Cotati specific visual (i.e. La Plaza Park, Accordion Player, etc.). The newsletter will promote waste reduction, proper recycling, and current relevant topics

EXHIBIT K – COMMERCIAL/MULTI FAMILY/RESIDENTIAL OUTREACH PROGRAM

to the solid waste and recycling in Cotati and Sonoma County.

- Redwood Empire Disposal will invite City of Cotati residents to like our Unicycler Facebook page, Redwood Empire Disposal Outreach Coordinator will randomly choose a Cotati resident who have liked our page to receive a free gift. The grand prize winner will get a Blue Stone Master (or similar)composter so they can compost their own food scraps at home.
- The City may direct Redwood Empire Disposal to insert mailers with the bills once per year.
- City Events - Redwood Empire Disposal will provide waste collection service free of charge for 10 City of Cotati events. Any additional events can be further discussed. The exact events and service level will be agreed upon between Redwood Empire Disposal and the City of Cotati depending on event details
- School Audit - Redwood Empire Disposal Outreach Coordinator will audit the school's current garbage and recycle bins for contamination and identify waste reduction goals. Annually Redwood Empire Disposal Outreach Coordinator will revisit Thomas Page School to make sure the recycle program is maintained. Redwood Empire Disposal Outreach Coordinator will provide a school-wide assembly or classroom to classroom presentations to educate about effective waste reduction and the school's program.
- Recycle Education Presentation - To ensure all students and staff are aware of the new program and are fully educated on recycling, Redwood Empire Disposal Outreach Coordinator will work with the Thomas Page School to schedule a time for Redwood Empire Disposal Outreach Coordinator to conduct age-appropriate presentations, either in a school-wide assembly or go from class-to-class with an informative presentation on the importance of recycling and how to recycle at school.
- School Lunchtime Recycle Monitoring - Redwood Empire Disposal Outreach Coordinator can help Thomas Page School monitor their lunchtime and teach students what can and can't be recycled, Redwood Empire Disposal Outreach Coordinator, after having done presentations to explain the recycle program to students, will be present for the first six lunchtimes to monitor waste stations and show the students what is recyclable and what is not.
- 6th Grade Recycle Squad - Sixth graders can take on a leadership role by being in charge of taking out the recycling every day. Recycle teams can be assigned to 6th graders so they take turns collecting recycling from all classrooms at the end of the day and taking out to the blue recycle bin. Redwood Empire Disposal Outreach Coordinator can be available to explain and teach teachers and/or 6th grade students how this program works. Redwood Empire Disposal may hold an annual "Recycle Day" where the 6th grade recycle squad students take a fieldtrip to our Recycle Center. Redwood Empire Disposal Outreach Coordinator will do a presentation on the importance of recycling and waste reduction and give a tour of our recycle sorting facility.

**EXHIBIT K – COMMERCIAL/MULTI FAMILY/RESIDENTIAL OUTREACH
PROGRAM**

- School Recycle Poster Art Project - Interested classrooms can have their students create recycle posters as an art project. These posters can go up around school showing what is and isn't recyclable, and can be a fun and helpful reminder for students throwing away their waste around campus.

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EXHIBIT L – DETAILED RATE REVIEW METHODOLOGY

1. Request for Detailed Rate Review

Except for the period April 10, 2013, through December 31, 2013, at least six months prior to a normally scheduled adjustment to Maximum Rates in accordance with section 6.4, the City or the Contractor may request that a Detailed Rate Review be conducted. In the event that either the City or the Contractor requests a Detailed Rate Review, the Detailed Rate Review shall be based on the audited financial statements for the complete fiscal year (January to December) preceding the given January 1 rate adjustment.

Contractor shall assemble and submit such information as necessary to support assumptions made with regard to forecasts used to develop their rates. Contractor shall provide all information from related party entities regarding any material transactions between Contractor and those related party entities. Rates shall be adjusted based on the forecasted annual cost of operations, profit, and forecasted Pass-Through Costs reviewed as set forth below.

- a. Forecasted annual cost of operations. The forecasted annual cost of operations shall consist of the sum of:
- Forecasted labor-related costs
 - Forecasted vehicle-related costs
 - Forecasted other costs
 - Forecasted depreciation expense

Each of these sums shall be reviewed based on the following:

- i. **Determination of actual costs.** Contractor's financial statement will be reviewed to determine Contractor's costs for each of the foregoing categories during the fiscal year involved. City will use the audited financial statements to determine that costs have actually been incurred and have been assigned to the appropriate category.
- ii. **Adjustment of actual costs.** City may adjust the actual costs in two ways: (1) to exclude any non-allowable costs, set out below, and (2) to exclude and/or reduce any costs that were not reasonably and necessarily incurred in the performance of the services provided in accordance with this Agreement.

Costs that may be deemed non-allowable include, but are not limited to, the following:

- i. Payments to directors and/or owners of Contractor unless paid to reasonably compensate for services actually rendered.
- ii. Promotional, entertainment, and travel expenses, unless authorized in advance by City.

EXHIBIT L – DETAILED RATE REVIEW METHODOLOGY

- iii. Payments to repair damage to property of City or other parties, including the City or County for which Contractor is legally liable.
- iv. Fines or penalties of any nature.
- v. Liquidated Damages assessed this Agreement.
- vi. Federal or state income taxes.
- vii. Charitable or political donations.
- viii. Attorney's fees and other expenses incurred by Contractor in any court proceeding in which City and Contractor are adverse parties, unless Contractor is the prevailing party in said proceedings.
- ix. Attorney's fees and other expenses incurred by Contractor in any court proceeding in which Contractor's own negligence, violation of law or regulation, or other wrongdoing, are in issue and occasions in part the attorney's fees and expenses claimed, provided, however, such attorney's fees will be allowed to the extent Contractor can demonstrate they were reasonable and necessary and a cost of doing business, and were not the result of any intentional or willful misconduct by Contractor or its employees; and attorney's fees and expenses incurred by Contractor in a court proceeding in which the legal theory or statute providing a basis of liability against Contractor also provides for separate strict liability for City arising from the action of its citizens or ratepayers (such as in a CERCLA lawsuit).
- x. Payments to related party entities for products or services, in excess of the fair market value for those products or services. For purposes of this Agreement, related party expenses are those resulting from transactions between Contractor and another company (companies) that has (have) common ownership or management control. Except as otherwise provided below the amount of these transactions shall be based on the actual cost to the related party and shall include no profit. To demonstrate the actual cost to the related company, Contractor shall provide, at a minimum, the invoice for the good or service, the receiving document, the corresponding canceled check and the basis for the transaction. Whenever possible, materials shall be delivered directly to Contractor or the related party entity, as appropriate. Because the following types of related party transactions have existed, they have been specifically addressed below:
 - 1. Management Fees: Contractor pays management fees to North Bay Corporation, a related party. The management fee compensates North Bay Corporation for its management team's time spent in managing the operations and administering the Contractor (including the time of Mr. James Ratto). For purposes of determining Contractor's Compensation in accordance with this Agreement, a management fee of \$134,400 annually shall be

EXHIBIT L – DETAILED RATE REVIEW METHODOLOGY

stipulated and the North Bay Corporation management team, including Mr. James Ratto, shall not otherwise be compensated for these same services. This stipulated amount shall not be adjusted during the Term of this Agreement or any extension period.

2. Site Rent Expense: Contractor operates from facilities it leases from Redwood Empire Realty, LLC, a related party. For purposes of determining Contractor's Compensation in accordance with this Agreement, a lease amount of \$84,000 annually shall be stipulated. This stipulated amount shall not be adjusted during the Term of this Agreement or any extension period.
3. Equipment Rental: Contractor leases equipment from North Bay Corporation, a related party, and is entitled to compensation for depreciation and interest expense related to this equipment.

For purposes of this Agreement, Contractor shall be entitled to compensation for equipment depreciation whether leased or purchased by the Contractor, based on the following useful lives:

5 Years: Computers and software, office equipment. All used or refurbished Collection vehicles.

7 Years: All new Collection vehicles.

10 years: Bins, Carts, and Debris Boxes.

Contractor shall be required to provide to City (or City's representative) documentation of the original cost of the equipment.

For purposes of this Agreement, Contractor shall be entitled to compensation for interest expense on equipment leases assuming financing of one hundred percent (100%) of the original cost and based on the Prime Rate of the Bank of America NT & SA in effect at the time the equipment was first leased.

4. Employee Health Insurance: Contractor purchases employee health insurance for both itself and related parties and is entitled to compensation for Contractor's cost of this insurance. Because the premium is allocated among several companies, Contractor's Compensation shall be calculated by dividing the premium by the total number of employees covered and multiplying the quotient by the number of Contractor's employees. If Contractor provides ongoing administration of the health insurance program for itself and related parties, the full cost of such administration shall be distributed among the parties and the Contractor on the basis of the number of employees covered. To determine the amount of compensation due the Contractor, Contractor shall submit to City

EXHIBIT L – DETAILED RATE REVIEW METHODOLOGY

(or City's designated representative) a copy of the insurance broker's invoice, the corresponding canceled check and the calculations described above, including corresponding documentation supporting the values used (e.g., total employees covered).

5. Automotive Liability Insurance: Contractor purchases automotive liability insurance for both itself and related parties and is entitled to compensation for Contractor's cost of this insurance. Because the premium is allocated among several companies, Contractor's Compensation shall be calculated by prorating the premium among related parties and Contractor on the basis of the actual total liability premiums paid for vehicles of each company. To determine the amount of compensation due Contractor, Contractor shall submit to City (or City's designated representative) a copy of the insurance broker's invoice, the corresponding canceled check and the calculations described above, including corresponding documentation supporting the values used (e.g., total vehicles covered).
 6. Fuel Expense: If fuel is pumped into both Contractor's trucks and other trucks, Contractor shall submit to City (or City's designated representative) a copy of the fuel invoices, the receiving documents, the corresponding canceled checks and copies of the fuel log, and calculations supporting the amount of fuel expense claimed by Contractor.
- b. Forecasts of Costs. Allowed Costs of operations for the Contractor's prior fiscal year will be used to evaluate the forecasted cost for upcoming year. The review will evaluate forecasted labor-related costs, vehicle-related costs, and other costs, including Pass-Through Costs.
 - c. Depreciation Expense. Depreciation expense will be calculated by dividing the actual purchase price of the assets by the number of years in the Term of the Agreement. The result is the forecasted depreciation expense for the rate year.
 - d. Profit. Profit or return to Contractor shall be determined by City applying an operating ratio so as to provide for reasonable costs of service and adequate rate of return to Contractor. The rate of return or profit shall be reasonably sufficient to allow for financial soundness of Contractor's operations within the service area of this Agreement, when operated under efficient and economical management, and to provide a return to Contractor over the Term of the Agreement commensurate with the level of business risk, the competitive market place and the necessity to provide the public with reasonable rates. For purposes of this Agreement, the City-determined operating ratio shall be 90% as of the date of the execution of this Agreement.



279947

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

9/25/2013

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must be endorsed. If **SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Wells Fargo Insurance Services USA, Inc. 1039-A N. McDowell Blvd. Petaluma, CA 94954 707-769-2900	CONTACT NAME: Sandra Moreno PHONE (A/C, No, Ext): 707-773-1896 FAX (A/C, No): 707-773-1920 E-MAIL ADDRESS: sandra.moreno@wellsfargo.com	
	INSURER(S) AFFORDING COVERAGE INSURER A: Insurance Company of the State of Pennsylvania	NAIC # 19429
INSURED Redwood Empire Disposal, Inc. P.O. Box 1916 Santa Rosa, CA 95402	INSURER B:	
	INSURER C:	
	INSURER D:	
	INSURER E:	
	INSURER F:	

COVERAGES

CERTIFICATE NUMBER: 6621569

REVISION NUMBER: See below

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

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS		
	GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$		
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$		
	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input type="checkbox"/> RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$ \$		
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		N/A	WC038238106	10/01/2013	10/01/2014	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000		

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

WC 04 03 61 11-90 Re: Franchise Agreement Effective April 10, 2013.
Waiver of Subrogation Included.

RECEIVED

OCT - 1 2013

CITY OF COTATI
CITY MANAGER/CITY CLERK

CERTIFICATE HOLDER**CANCELLATION**

City of Cotati
Attn: City Manager
201 West Sierra Ave
Cotati, CA 94931-4217

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Jeanne Branda

Certificate of Insurance (Con't)

OTHER Coverage

INSR LTR	TYPE OF INSURANCE	ADDL INSR	WVD SUBR	POLICY NUMBER	EFFECTIVE DATE (MM/DD/YY)	EXPIRATION DATE (MM/DD/YY)	LIMIT
C	\$15Mxs\$5M Excess			TUE030406302	07/01/2014	07/01/2015	\$15,000,000

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
DESIGNATED INSURED

This endorsement modifies insurance provided under the following:

- BUSINESS AUTO COVERAGE FORM
- GARAGE COVERAGE FORM
- MOTOR CARRIER COVERAGE FORM
- TRUCKERS COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by this endorsement.

This endorsement identifies person(s) or organization(s) who are "insureds" under the Who Is An Insured Provision of the Coverage Form. This endorsement does not alter coverage provided in the Coverage Form.

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

Endorsement Effective: 07/01/2014	Countersigned By: <i>BW</i> (Authorized Representative)
Named Insured: Novato Disposal Service Inc	

SCHEDULE

Name of Person(s) or Organization(s):

Any person or organization with whom or with which you have agreed in writing in a contract or agreement that such person(s) or organization(s) shall be included as an additional insured on your policy. Such insurance as is afforded by this policy for the benefit of the additional insured(s) shown shall be primary insurance, and any other insurance maintained by the additional insured(s) shall be excess and noncontributory as respects any claim, loss or liability allegedly arising out of the operations of the Named Insured; however, this insurance will not apply to any claim, loss or liability which is determined to be solely the result of the additional insured's negligence or solely the additional insured's responsibility

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

Each person or organization shown in the Schedule is an "insured" for Liability Coverage, but only to the extent that person or organization qualifies as an "insured" under the Who Is An Insured Provision contained in **Section II** of the Coverage Form.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – SCHEDULED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s):	Location(s) Of Covered Operations
<p>Any person or organization with whom or with which you have agreed in writing in a contract or agreement that such person(s) or organization(s) shall be included as an additional insured on your policy. Such insurance as is afforded by this policy for the benefit of the additional insured(s) shown shall be primary insurance, and any other insurance maintained by the additional insured(s) shall be excess and noncontributory as respects any claim, loss or liability allegedly arising out of the operations of the Named Insured; however, this insurance will not apply to any claim, loss or liability which is determined to be solely the result of the additional insured's negligence or solely the additional insured's responsibility.</p>	<p>All locations at which you are performing operations for any person or organization with whom or with which you have agreed in writing in a contract or agreement that such person(s) or organization(s) shall be included as an additional insured on your policy.</p>
<p>Information required to complete this Schedule, if not shown above, will be shown in the Declarations.</p>	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions; or
2. The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured(s) at the location(s) designated above.

B. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" occurring after:

1. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
2. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – COMPLETED OPERATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) OR Organization(s)	Location And Description of Completed Operations
Any person or organization with whom or with which you have agreed in writing in a contract or agreement that such person(s) or organization(s) shall be included as an additional insured on your policy. Such insurance as is afforded by this policy for the benefit of the additional insured(s) shown shall be primary insurance, and any other insurance maintained by the additional insured(s) shall be excess and noncontributory as respects any claim, loss or liability allegedly arising out of the operations of the Named Insured; however, this insurance will not apply to any claim, loss or liability which is determined to be solely the result of the additional insured's negligence or solely the additional insured's responsibility.	All locations at which you are performing operations for any person or organization with whom or with which you have agreed in writing in a contract or agreement that such person(s) or organization(s) shall be included as an additional insured on your policy for your waste hauling operations.
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury" or "property damage" caused, in whole or in part by "your work" at the location designated and described in schedule of this endorsement performed for that additional insured and included in the "products-completed operations hazard."



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
6/16/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

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

PRODUCER Wells Fargo Insurance Services USA, Inc. 1039-A N. McDowell Blvd. Petaluma, CA 94954 707-769-2900	CONTACT NAME: Sandra Moreno PHONE (A/C, No, Ext): 707-773-1896 FAX (A/C, No): E-MAIL ADDRESS: sandra.moreno@wellsfargo.com <table style="width: 100%; border: none;"> <tr> <td style="width: 80%;">INSURER(S) AFFORDING COVERAGE</td> <td style="width: 20%;">NAIC #</td> </tr> <tr> <td>INSURER A: Greenwich Insurance Company</td> <td>22322</td> </tr> <tr> <td>INSURER B: RSUI Indemnity Company</td> <td>22314</td> </tr> <tr> <td>INSURER C:</td> <td></td> </tr> <tr> <td>INSURER D:</td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> </tr> </table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A: Greenwich Insurance Company	22322	INSURER B: RSUI Indemnity Company	22314	INSURER C:		INSURER D:		INSURER E:		INSURER F:	
INSURER(S) AFFORDING COVERAGE	NAIC #														
INSURER A: Greenwich Insurance Company	22322														
INSURER B: RSUI Indemnity Company	22314														
INSURER C:															
INSURER D:															
INSURER E:															
INSURER F:															

RECEIVED

JUN 18 2014

CITY OF COTATI
CITY MANAGER/CITY CLERK

COVERAGES **CERTIFICATE NUMBER:** 7838670 **REVISION NUMBER:** See below

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

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> BI/PPD Ded. \$5,000 GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:			GEC300010001	07/01/2014	07/01/2015	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 300,000 MED EXP (Any one person) \$ 15,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 \$
A	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS NON-OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> Collision Ded. <input checked="" type="checkbox"/> Comprehensive			AEC004085001	07/01/2014	07/01/2015	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
B	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$			NHA235738	07/01/2014	07/01/2015	EACH OCCURRENCE \$ 1,000,000 AGGREGATE \$ 1,000,000 \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below			N/A			PER STATUTE OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
 CA 20 48 02 99,CG 20 10 07 04 City of Cotati is an additional insured under the general liability and auto liability per the attached endorsements referenced above.

CERTIFICATE HOLDER City of Cotati Attn: City Manager 201 West Sierra Avenue Cotati, CA 94931-4217	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE
--	--

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DESIGNATED INSURED

This endorsement modifies insurance provided under the following:

- BUSINESS AUTO COVERAGE FORM
- GARAGE COVERAGE FORM
- MOTOR CARRIER COVERAGE FORM
- TRUCKERS COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by this endorsement.

This endorsement identifies person(s) or organization(s) who are "insureds" under the Who Is An Insured Provision of the Coverage Form. This endorsement does not alter coverage provided in the Coverage Form.

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

Endorsement Effective: 07/01/2014	Countersigned By:  (Authorized Representative)
Named Insured: Novato Disposal Service Inc	

SCHEDULE

<p>Name of Person(s) or Organization(s): Any person or organization with whom or with which you have agreed in writing in a contract or agreement that such person(s) or organization(s) shall be included as an additional insured on your policy. Such insurance as is afforded by this policy for the benefit of the additional insured(s) shown shall be primary insurance, and any other insurance maintained by the additional insured(s) shall be excess and noncontributory as respects any claim, loss or liability allegedly arising out of the operations of the Named Insured; however, this insurance will not apply to any claim, loss or liability which is determined to be solely the result of the additional insured's negligence or solely the additional insured's responsibility</p>
--

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

Each person or organization shown in the Schedule is an "insured" for Liability Coverage, but only to the extent that person or organization qualifies as an "insured" under the Who Is An Insured Provision contained in Section II of the Coverage Form.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – SCHEDULED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s):	Location(s) Of Covered Operations
<p>Any person or organization with whom or with which you have agreed in writing in a contract or agreement that such person(s) or organization(s) shall be included as an additional insured on your policy. Such insurance as is afforded by this policy for the benefit of the additional insured(s) shown shall be primary insurance, and any other insurance maintained by the additional insured(s) shall be excess and noncontributory as respects any claim, loss or liability allegedly arising out of the operations of the Named Insured; however, this insurance will not apply to any claim, loss or liability which is determined to be solely the result of the additional insured's negligence or solely the additional insured's responsibility.</p>	<p>All locations at which you are performing operations for any person or organization with whom or with which you have agreed in writing in a contract or agreement that such person(s) or organization(s) shall be included as an additional insured on your policy.</p>
<p>Information required to complete this Schedule, if not shown above, will be shown in the Declarations.</p>	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions; or
2. The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured(s) at the location(s) designated above.

B. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" occurring after:

1. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
2. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – COMPLETED OPERATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) OR Organization(s)	Location And Description of Completed Operations
Any person or organization with whom or with which you have agreed in writing in a contract or agreement that such person(s) or organization(s) shall be included as an additional insured on your policy. Such insurance as is afforded by this policy for the benefit of the additional insured(s) shown shall be primary insurance, and any other insurance maintained by the additional insured(s) shall be excess and noncontributory as respects any claim, loss or liability allegedly arising out of the operations of the Named Insured; however, this insurance will not apply to any claim, loss or liability which is determined to be solely the result of the additional insured's negligence or solely the additional insured's responsibility.	All locations at which you are performing operations for any person or organization with whom or with which you have agreed in writing in a contract or agreement that such person(s) or organization(s) shall be included as an additional insured on your policy for your waste hauling operations.
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily Injury" or "property damage" caused, in whole or in part by "your work" at the location designated and described in schedule of this endorsement performed for that additional insured and included in the "products-completed operations hazard."



CERTIFICATE OF LIABILITY INSURANCE

 DATE (MM/DD/YYYY)
 9/2/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

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

PRODUCER Commercial Lines - (707) 769-2900 Wells Fargo Insurance Services USA, Inc. - CA Lic#: 0D08408 1039 N. McDowell Blvd. Petaluma, CA 94954-1173	CONTACT NAME: Sandra Moreno PHONE (A/C, No, Ext): 707-773-1896 FAX (A/C, No): 866-737-7095 E-MAIL ADDRESS: sandra.moreno@wellsfargo.com														
INSURED Redwood Empire Disposal Inc., A California Corporation PO Box 1916 Santa Rosa CA 95402	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">INSURER(S) AFFORDING COVERAGE</td> <td style="text-align: center;">NAIC #</td> </tr> <tr> <td>INSURER A : AIG Specialty Insurance Company</td> <td>26883</td> </tr> <tr> <td>INSURER B :</td> <td></td> </tr> <tr> <td>INSURER C :</td> <td></td> </tr> <tr> <td>INSURER D :</td> <td></td> </tr> <tr> <td>INSURER E :</td> <td></td> </tr> <tr> <td>INSURER F :</td> <td></td> </tr> </table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A : AIG Specialty Insurance Company	26883	INSURER B :		INSURER C :		INSURER D :		INSURER E :		INSURER F :	
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INSURER B :															
INSURER C :															
INSURER D :															
INSURER E :															
INSURER F :															

RECEIVED

SEP 08 2014

CITY OF COTATI

COVERAGES **CERTIFICATE NUMBER:** 8115042 **REVISION NUMBER:** See below

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

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$ \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A				<input type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A	Pollution Liability 10/10			27081936	09/01/2014	09/01/2016	\$10,000,000 each incident \$10,000,000 Aggregate \$50,000 Ded.Each Incident

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

105202, Waiver Re: Franchise Agreement dated April 10, 2013.

City of Cotati, its officers, officials, employees, agents and volunteers are named as additional insured per attached endorsement. Waiver of subrogation included per attached endorsement.

CERTIFICATE HOLDER

City of Cotati
 Attn: City Manager
 201 West Sierra Ave
 Cotati, CA 94931-4217

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

ENDORSEMENT NO. 16

This endorsement, effective 12:01 AM, March 12, 2013

Forms a part of Policy No: PLS 27081936

Issued to: THE RATTO GROUP OF COMPANIES, INC.

By: CHARTIS SPECIALTY INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED(S) ENDORSEMENT

It is hereby agreed that the following entity(s) is (are) included as an additional insured(s). Coverage for such additional insured(s) applies under this Endorsement:

1. Solely to the additional insured's liability arising out of the **Named Insured's** ownership, operation, maintenance or use of the **Insured Property(ies)**; and
2. Only if the additional insured is named in a suit as a co-defendant with the **Named Insured**, alleging the additional insured is liable on the basis described in paragraph 1 above.

ADDITIONAL INSURED(S)

Entities as required by written contract prior to Loss or Claim

All other terms, conditions, and exclusions shall remain the same.



AUTHORIZED REPRESENTATIVE
or countersignature (in states where applicable)

ENDORSEMENT NO.18

This endorsement, effective 12:01 AM: April 4, 2013

Forms a part of policy no.: PLS 27081936

Issued to: THE RATTO GROUP OF COMPANIES, INC.

By: CHARTIS SPECIALTY INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WAIVER OF SUBROGATION ENDORSEMENT

It is hereby agreed that:

1. Endorsement No. 3 Waiver of Subrogation is deleted in its entirety.
2. The following is added to Section VI. CONDITIONS, Paragraph R. Subrogation:

Notwithstanding anything to the contrary in this Section VI., Paragraph R. Subrogation, the Company hereby expressly waives any rights of subrogation against the following:

City of Cotati
City of Sonoma
Town of Windsor
City of Santa Rosa
City of Cloverdale
City of Petaluma
City of Healdsburg
City of Rohnert Park

All other terms, conditions and exclusions remain the same.

S. Smith
Authorized Representative
or countersignature (where required by law)



RLI Insurance Company | Commercial Surety
Division

|w|w|r|i|i|c|o|r|p.c|o|m|

CONTINUATION CERTIFICATE

RLI Insurance Company hereby continues in force Bond No. CMS0262443 briefly described as Collection, Disposal, and Processing of Solid Waste, Recyclables and Compostable Materials bound unto the City of Cotati on behalf of Redwood Empire Disposal, Inc. in the sum of Seven Hundred Thousand and No/100---- Dollars,* for the term beginning April 10, 2015 and ending April 10, 2016 (\$700,000.00 Dollars) subject to all the covenants and conditions of the original bond referred to above.

This Continuation Certificate is executed upon the express condition that the Undersigned company's liability under said bond and under this and all Continuation Certificates issued in connection therewith shall not be cumulative and shall not in any event exceed the amount of said bond as hereinbefore set forth.

Dated this 9th day of April, 2015

RLI INSURANCE COMPANY

By: 
Catherine A. Pinney, Attorney-in-Fact

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)

County of Sonoma)

On April 9, 2015 before me, Stacy M. Clinton, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Catherine A. Pinney
Name(s) of Signer(s)

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature [Handwritten Signature]
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: Document Date:

Number of Pages: Signer(s) Other Than Named Above:

Capacity(ies) Claimed by Signer(s)

Signer's Name:

Corporate Officer -- Title(s):

Partner -- Limited General

Individual Attorney in Fact

Trustee Guardian or Conservator

Other:

Signer Is Representing:

Signer's Name:

Corporate Officer -- Title(s):

Partner -- Limited General

Individual Attorney in Fact

Trustee Guardian or Conservator

Other:

Signer Is Representing:



RLI Surety
 9025 N. Lindbergh Dr. | Peoria, IL 61615
 Phone: (800)645-2402 | Fax: (309)689-2036
 www.rlicorp.com

POWER OF ATTORNEY

RLI Insurance Company

Know All Men by These Presents:

That this Power of Attorney is not valid or in effect unless attached to the bond which it authorizes executed, but may be detached by the approving officer if desired.

That **RLI Insurance Company**, an Illinois corporation, does hereby make, constitute and appoint:
Catherine A. Pinney, Nancy L. Wallis, Stacy M. Clinton, K. Dixon Wright, Natalie Ann Horder, Michael Landucci, Loretta Lange,
Kandace L. Reeves, jointly or severally

in the City of Petaluma, State of California its true and lawful Agent and Attorney in Fact, with full power and authority hereby conferred, to sign, execute, acknowledge and deliver for and on its behalf as Surety, the following described bond.

Any and all bonds provided the bond penalty does not exceed Twenty Five Million Dollars (\$25,000,000.00).

The acknowledgment and execution of such bond by the said Attorney in Fact shall be as binding upon this Company as if such bond had been executed and acknowledged by the regularly elected officers of this Company.

The **RLI Insurance Company** further certifies that the following is a true and exact copy of the Resolution adopted by the Board of Directors of **RLI Insurance Company**, and now in force to-wit:

"All bonds, policies, undertakings, Powers of Attorney or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys in Fact or Agents who shall have authority to issue bonds, policies or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers of Attorney or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile."

IN WITNESS WHEREOF, the **RLI Insurance Company** has caused these presents to be executed by its Vice President with its corporate seal affixed this 3rd day of February, 2015.



RLI Insurance Company

By: [Signature]
 Roy C. Die Vice President

State of Illinois }
 County of Peoria } SS

CERTIFICATE

On this 3rd day of February, 2015, before me, a Notary Public, personally appeared Roy C. Die, who being by me duly sworn, acknowledged that he signed the above Power of Attorney as the aforesaid officer of the **RLI Insurance Company** and acknowledged said instrument to be the voluntary act and deed of said corporation.

I, the undersigned officer of **RLI Insurance Company**, a stock corporation of the State of Illinois, do hereby certify that the attached Power of Attorney is in full force and effect and is irrevocable; and furthermore, that the Resolution of the Company as set forth in the Power of Attorney, is now in force. In testimony whereof, I have hereunto set my hand and the seal of the **RLI Insurance Company** this 9th day of April, 2015.

By: [Signature]
 Jacqueline M. Bockler Notary Public

RLI Insurance Company

By: [Signature]
 Roy C. Die Vice President



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