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AMENDED AND RESTATED FRANCHISE AGREEMENT

This Amended and Restated Agreement (this "Franchise Agreement") is made and entered into at Sonora, California, effective SEPTMBER 1, 2010 (the "Effective Date"), by and between the City of Sonora, a Municipal corporation, hereinafter referred to as "CITY", and CAL SIERRA DISPOSAL, a Waste Management Company, hereinafter referred to as "CONTRACTOR." This Franchise Agreement amends and restates that certain Agreement made September 1, 1994, by and between the CITY and Cal Sierra Disposal, Inc. (the correct legal name of which is Cal Sierra Disposal) (the "Original Agreement"). This Franchise Agreement supersedes the Original Agreement in its entirety.

I. Scope of this Franchise Agreement:

1. PURPOSE OF THIS FRANCHISE AGREEMENT:

The purpose of this Franchise Agreement is to provide for a quality Solid Waste and Recyclables management service to the citizens and businesses of the City of Sonora, at a fair market cost. This Franchise Agreement sets down the terms and conditions under which CONTRACTOR shall provide the services of collection, transporting, processing, and disposal or marketing of Solid Waste and Recyclables that are generated in or occur within the City of Sonora, and the compensation to be received by CONTRACTOR therefore. This Franchise Agreement also provides for the orderly transition to a successor operation of Solid Waste and Recyclables management by CITY or by a CITY-sponsored successor in the event that CONTRACTOR does not comply with the terms of this Franchise Agreement or requests a termination to its providing the required services.

2. NEW AGREEMENT:

This present Franchise Agreement supersedes any previous Agreement between CITY and CONTRACTOR, including without limitation the Original Agreement.

3. PORTION DEEMED INVALID:

Should any condition or provision of this Franchise Agreement be judged in a court of law to be void or inapplicable, the integrity of all remaining provisions shall remain valid.

4. TERM OF THIS FRANCHISE AGREEMENT:

A) The initial term of this Franchise Agreement shall begin on the Effective Date and terminate on August 31, 2020. Thereafter, this Franchise Agreement may be extended for successive additional five year terms (commencing on the termination of the prior term and terminating five years thereafter), upon the same terms and conditions as set forth in this Franchise Agreement, by mutual written consent of the CITY and CONTRACTOR entered into at least ninety (90) days prior to the termination of the then current term.

B) Failure by CITY to at any time require of CONTRACTOR the performance of any provisions of this Franchise Agreement shall in no way affect the right of CITY to thereafter enforce same, nor shall a waiver by CITY of any breach of any provision of this Franchise Agreement be held as a waiver of any succeeding breach of such provision, or as a waiver of any provision itself.

5. ACCOUNTABILITY OF CITY:

The collection and disposal of refuse directly affects the public health, safety and welfare. CONTRACTOR shall obey all Federal, State, and Local laws, ordinances and regulations and generally conduct its performance of this Franchise Agreement so as to faithfully and competently collect and dispose of refuse in a safe and effective manner. At any time the CITY determines that it is appropriate to meet with CONTRACTOR it will do so in good faith. If at any time the CITY determines that CONTRACTOR's performance is substandard, and after notice of such and CONTRACTOR's failure to remedy the cited deficiencies, CITY may take whatever actions are permitted pursuant to the "Breach of Agreement" provision of the AGREEMENT.

6. CITY AUTHORITY:

Whenever the context of this Franchise Agreement requires CITY to perform an act, and said act is to be performed by an individual, CITY shall be interpreted as meaning City Manager or his or her authorized appointee.

7. EXCLUSIVE AGENT:

Except as otherwise required by law or ordinance, CONTRACTOR shall be the exclusive agent to collect, transport, process, and dispose of or market all Solid Waste and Recyclables generated in and occurring within the City of Sonora incorporated limits. (The CITY covenants that during the term of this Franchise Agreement it will not enact any ordinance that modifies CONTRACTOR's exclusive right to collect, transport, process, and dispose of or market all Solid Waste and Recyclables generated in and occurring within the City of Sonora incorporated

limits without a concurrent and corresponding adjustment to the rates CONTRACTOR may charge.) The CITY warrants that it has the authority to grant such an exclusive right as described in the Agreement and as delegated to it by public Resource Code section 40059. The CITY covenants that during the term of this Franchise Agreement it will not engage other individuals or itself become involved in the activity of collection and disposing of Solid Waste and recycling or any other similar activity that would impair the exclusive right of the CONTRACTOR.

Ownership of Solid Waste (other than Unacceptable Waste) shall vest with CONTRACTOR at the time and point of collection by contractor. Solid Waste in CONTRACTOR'S carts shall remain the property of the waste generator until the time of pickup by CONTRACTOR. Unacceptable Waste in CONTRACTOR'S carts shall remain the property of the waste generator. Recyclable materials placed in carts shall become the property of CONTRACTOR at such time as they are placed in said carts. CONTRACTOR shall attempt to find markets for all Recyclables, with due consideration for economics. The CONTRACTOR shall be entitled to all proceeds from the sale of Recyclables. CITY shall be the enforcement agent regarding ownership and scavenging of Recyclable materials. CITY and CONTRACTOR note that Federal, State, Regional, and CITY legislation in the future may dictate the delivery of collected Solid Waste and Recyclables to special facilities at specific discharge fees or payments. CONTRACTOR shall comply with any such Federal, State, Regional, or CITY mandates. CONTRACTOR shall have no obligation to collect Unacceptable Waste, and "Solid Waste" and "Recyclables" as used in this Franchise Agreement shall exclude Unacceptable Waste.

8. BREACH OF CONTRACT:

In the event CONTRACTOR should default in the performance any material provisions of the AGREEMENT, and the default is not cured within 30 days after receipt of written notice of default from CITY, then CITY will meet with the Contractor to determine whether this Franchise Agreement should be terminated. In the event CITY decides to terminate this Franchise Agreement, CITY may, at its option, either directly undertake performance of the services or arrange with other persons to perform the service with or without a written agreement. In either event, CONTRACTOR shall be liable to CITY for any reasonable expense CITY incurs in performing the services in excess of the amount that would be payable to CONTRACTOR had it performed the services under this Franchise Agreement.

In the event CITY exercises its option under this paragraph to terminate this Franchise Agreement, CITY shall pay to CONTRACTOR the amount due CONTRACTOR under the terms of the AGREEMENT for the services performed as of the date of termination.

9. FORCE MAJEURE:

Neither the CONTRACTOR nor the CITY shall be liable for their failure to perform their duties nor for any resultant damage, loss, etc., if such failure is caused by catastrophe, riot, war, governmental order or regulation, accident, act of God, a labor strike or similar organized work stoppage, acts of nature, or inaccessibility due to acts of nature which are not encountered in the normal course of business, or other similar or different contingency beyond the reasonable control of the CONTRACTOR or CITY.

If such circumstances persist for more than 10 days or if after their cessation the CONTRACTOR is unable to render full or substantial performance for a period of 10 days, CONTRACTOR may terminate this Franchise Agreement upon written notice given to the CITY.

10. ARBITRATION AND AWARD:

Any controversy or claim arising out of or relating to this Franchise Agreement, or breach thereof, shall be settled by arbitration in accordance with the rules of the American Arbitration Association. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

II. SERVICE, OPERATIONS AND PERFORMANCE

1. SERVICES TO BE PERFORMED BY CONTRACTOR:

A) CONTRACTOR shall provide, as from time to time called upon by CITY and by individual subscribers, collection and hauling service of Solid Waste and Recyclables as are generated in or occur within the City of Sonora. Nothing in this paragraph shall modify or restrict CONTRACTOR's exclusive rights as provided in Section I.7, above.

B) All services performed by CONTRACTOR shall be in accordance with all applicable City, County, Regional, State, and Federal ordinances, laws, requirements, restrictions, and licensing provisions.

C) The basic service components to be performed by CONTRACTOR under the terms of this Franchise Agreement are:

(1) Residential Solid Waste Collection: The CONTRACTOR shall each week collect and dispose of all Solid Waste from Residential Customers within the CITY that is placed at the roadside on public streets, alleyways or other locations approved by CONTRACTOR. CONTRACTOR shall provide collection carts of 35-gallons to properly contain refuse generated from eligible residential premises. For the associated service charge, CONTRACTOR shall provide collection carts of 64- or 96-gallons if requested by each Residential Customer.

(2) Commercial Solid Waste Collection Service. Commercial Solid Waste Collection Service on a once/week to six times/week basis, with CONTRACTOR furnishing waste bins or carts where appropriate. Commercial Customers shall subscribe for Solid Waste at the rates specified for Commercial Customers for such services in Exhibit "A."

(3) Drop Boxes. Drop box Solid Waste Collection Service, including the use of compactor boxes, on a schedule or on call, with CONTRACTOR furnishing or offering to furnish said drop boxes and compactor boxes or hauling subscriber's boxes.

(4) Recycling.

a) *Drop-Off Recycling*. CONTRACTOR shall provide City of Sonora citizens access to CONTRACTOR's facility where Recyclables may be dropped off and where waste oil may be delivered.

b) *Residential Recycling*. As part of the base service and associated service rates for Residential Customers subscribing to Solid Waste Collection Services, CONTRACTOR shall every other week collect and remove the Recyclables from Residential Customers who subscribe to Solid Waste Collection Services within the City, provided that such

Recyclables are placed at the roadside on public streets, alleyways or other locations approved by CONTRACTOR. The "Recycling Cart" will consist of one 96-gallon cart. For the same charge, CONTRACTOR will replace the 96 gallon cart with one 35-gallon or one 64-gallon Recycling Cart if requested by the Residential Customer.

c) *Commercial Recycling Services.* Commercial Customers may subscribe for Recyclables Collection Services at rates negotiated by a Commercial Customer and CONTRACTOR for such services.

d) *Recycling Public Awareness Program.* CITY and CONTRACTOR shall work jointly to develop and implement the Recycling Public Awareness Program described below:

(i) CONTRACTOR will distribute by hand delivery, mail or billing inserts any new program announcements.

(ii) CONTRACTOR will distribute an introductory packet of information regarding the residential curbside recycling program with the distribution of the Recycling Carts.

(iii) CITY and CONTRACTOR will cooperate in contacting local media to seek coverage of the recycling program to increase citizen awareness of the benefits of recycling.

(iv) At CITY's request, CONTRACTOR will make presentations at public meetings and community events.

(v) CITY reserves the right to approve any and all public awareness materials prior to distribution.

(5) Walk-In Service. CONTRACTOR shall provide walk-in service, at no additional charge, for frail or disabled Customers who are physically unable to move carts as verified by a doctor's certification certifying their disabled status and expected duration, along with a signed affidavit stating that no able-bodied person is available on the premises to provide such service.

(6) Sharing by Neighbors. Neighbors may agree among themselves to share residential Solid Waste and Recyclables services, provided a single Residential Customer is responsible for payment and compliance with applicable service requirements.

(7) Reports. CONTRACTOR will provide quarterly reports and an annual report (due on or before September 30 for the preceding year) to the CITY detailing the amount of recycled material collected. Such details will specify recycled materials (e.g., aluminum, glass, newsprint, etc.). Whenever possible the report will show the source of recycled material (residential curbside, commercial, drop-in center). CITY will approve the format of the annual and quarterly report.

(8) Diversion. CONTRACTOR shall make reasonable effort to attain a 35% waste diversion goal. The goal represents the percent of the total waste stream for the twelve month period ending December 31 of each goal year that is to be diverted from the landfill. CONTRACTOR will keep detailed records of all material collected and not landfilled. An annual report shall be provided to CITY showing the percent of the City of Sonora waste stream (in

tons) diverted and the diversion locations by material type. The report is due by February 15 of each year.

(9) Special Services.

a) *Sonora Clean Up*--CONTRACTOR shall provide a minimum of two clean up days per year during which City of Sonora citizens may dispose of large or bulky objects. Objects must be delivered to specified locations. CONTRACTOR shall contact appropriate charitable organizations to coordinate the possible re-use of items as an alternative to landfilling. CONTRACTOR shall attempt to recycle white goods collected during the Sonora Clean Up program. CONTRACTOR may substitute a coupon program as provided in the following section (b).

b) *Coupons.* At CONTRACTOR's option, in lieu of the clean up program in the preceding paragraph, the CONTRACTOR may make available to Residential Customers within the City two coupons per year redeemable at the Cal Sierra Transfer Station. These coupons will be valid from January 1 to December 31 of each year through the term of the Agreement. Contractor will distribute the coupons by hand delivery, mail or billing inserts on an annual basis. The participants must be a Residential Customer for Solid Waste Collection Services, in good standing. The following restrictions apply:

- (i) Only the CITY citizen named on a current residential collection account will be able to redeem the coupon (valid ID will be required).

(ii) Each coupon will be valid only for the period specified on the coupon. (Appliances utilizing freon will be charged the then current established fee for freon removal with presentation of coupon.)

(iii) Each coupon is good for up to one (1) cubic yard of disposal. Materials for disposal may include items, such as junk, bulky waste or one appliance, or one piece of furniture.

(iv) Both coupons can be redeemed at the same time or on separate dates.

(v) No Unacceptable Waste is permitted.

c) Four times per calendar year during the term of this Franchise Agreement, the CONTRACTOR will permit City of Sonora citizens to dispose up to two cubic yards of Green Waste for one dollar (\$1.00) per yard at the Earth Resources facility (or, if such facility is no longer available on reasonable economic terms, another facility in Tuolumne County selected by CONTRACTOR). The following restrictions apply:

(i) Only citizens of CITY are eligible (valid ID. will be required).

(ii) Disposal is limited to no more than two (2) cubic yards per coupon.

(iii) Commercial businesses are not eligible for this Green Waste discounted program.

(iv) No Unacceptable Waste is permitted.

d) In the course of performing contracted services should CONTRACTOR encounter a spill of Hazardous Waste, the generator (if known) shall be responsible for the clean up and expense of said spill. CONTRACTOR may bill CITY for costs incurred by CONTRACTOR during the clean up of said spills.

e) The basic service components can be altered by the Sonora City Council with corresponding adjustments in compensation pursuant to the procedure on rate setting methodology.

(10) Sanitary Landfill.

a) Contractor is required to deposit all residual Solid Waste collected pursuant to this Franchise Agreement at an approved landfill site. For purposes of this Franchise Agreement, an approved landfill site is one holding a valid permit to permanently deposit municipal Solid Waste in accordance with all applicable laws and regulations of the United States and the state in which the landfill is located.

b) It shall be the sole responsibility of the Contractor to provide for the permanent deposit of Solid Waste collected pursuant to this Franchise Agreement, in accordance with all applicable Federal, State and Local laws and regulations. Contractor shall comply with this requirement by operating its own landfill or by entering into an agreement with the operator of a landfill which meets the requirements of this Franchise Agreement.

(11) Materials Recovery Facility (MRF)/Transfer Station.

a) Contractor shall be required to utilize an approved MRF/Transfer station within the County of Tuolumne or such other location agreed to by CONTRACTOR and the City Manager. The facility shall provide recycling recovery, Hazardous Waste screening, temporary collection and compaction of non-Recyclable residual Solid Waste so that an economical method of transportation of Solid Waste to an approved landfill is utilized by Contractor.

b) For the purposes of this Franchise Agreement, an approved MRF/Transfer Station is one holding a valid permit for the recovery of Recyclable materials from the Solid Waste stream and temporary storage of municipal Solid Waste in accordance with all applicable laws and regulations of the United States, the State of California, the California Integrated Waste Management Board, and the Tuolumne County Department of Environmental Health.

c) The MRF/Transfer Station to be considered approved under this Franchise Agreement must be open to the public, with rates for public dumping conspicuously posted, along with the hours of operation and the method of determining how rates will apply to the amount of material delivered for dumping.

d) It shall be the sole responsibility of the Contractor to provide for the MRF/Transfer Station meeting the requirements set forth by this Franchise Agreement. Contractor may comply with this requirement by operating its own MRF/Transfer Station or by entering into an agreement with the operator of MRF/Transfer-station which meets the requirements as set forth in this Franchise Agreement.

2. PERFORMANCE REQUIREMENTS:

A) CONTRACTOR shall provide the equipment and workforce reasonably necessary to accomplish properly and safely Solid Waste collection and Recyclables collection and processing service within the City limits of Sonora. Contractor shall exercise competent supervision over its operation.

B) CONTRACTOR shall perform service in a courteous, professional, and quality manner. CONTRACTOR shall be exceptionally careful to minimize litter in collecting and transporting waste materials, and at the CONTRACTOR's yard.

C) CONTRACTOR shall adhere to the collection frequency schedule (see schedule) and shall have specific routes and collection days for adhering to that schedule. CONTRACTOR shall furnish CITY with "Residential Refuse Collection Day Scheduling Maps", and shall not make changes to same without first informing CITY.

D) CONTRACTOR shall maintain a proper office and yard for the management and control of the Solid Waste collection and recycling service. Said office shall be staffed by a person or persons who will respond to a telephone maintained on premises during office hours 7:00 a.m. to 4:00 p.m. Monday through Friday, excluding national holidays.

E) CONTRACTOR shall attempt to correct promptly any complaint relative to service or missed service. In the event that complaints are registered with CITY rather than with CONTRACTOR, CITY shall inform CONTRACTOR of the complaint, and CONTRACTOR shall promptly and properly respond to the complaint as if it had come directly to CONTRACTOR.

F) CONTRACTOR shall cooperate in the taking of orders for service. Starts and stops, as a result of new or changed occupancies of residences and businesses, shall be the responsibility of CONTRACTOR and details of the frequency and days of collection, the furnishing of waste bins, and the like, will be resolved between the subscriber and the CONTRACTOR. The responsibility for taking orders for industrial and special waste collection work shall be with CONTRACTOR.

G) CONTRACTOR shall not begin residential waste Collection Service prior to 6:00 a.m. October 1st through May 31st, and 5:30 a.m. during the period of June 1 through September 30. Exceptions shall only be granted upon the City Manager's approval.

H) CONTRACTOR's operational records shall be open for inspection by CITY at all times, but shall remain confidential with respect to third parties, subject to the provisions of the Public Records Act.

3. COMPENSATION TO CONTRACTOR:

A) Compensation Rate - For the period from the Effective Date to August 31, 2011, the compensation rate to CONTRACTOR shall be as follows:

A base rate shall be established based on the amount for each services set forth in Exhibit "A", a copy of which is attached and incorporated herein by this reference. The base rates reflected in Exhibit "A" are the compilation of component rates for each component of service provided pursuant to this Franchise Agreement,

Said base rates shall be adjusted each year, commencing September 1, 2011, by adjusting the previous year's base rate. The adjustment to the base rate will be by the mean average

percent change in the "Consumer Price Index, All Items San Francisco Oakland-San Jose," as maintained and published by the Bureau of Labor Statistics, United States Department of Labor (the "CPI"), for the preceding three years ending in February of the year under consideration. In the event that said index is no longer maintained or is substantially modified, the parties shall agree on a different index or adjustment. CONTRACTOR shall submit its calculations of the CPI adjustment (the "Compensation Proposal") no less than 90-days prior to the effective date of the adjustment.

B) Adjustments of Compensation to Contractor after August 31, 2011. When adjustment is due, the compensation rate paid by subscribers to CONTRACTOR shall be set by CITY. The rates CONTRACTOR may charge individual citizens and businesses for drop box services shall also be set by CITY.

1) If the CITY Manager and the CONTRACTOR agree on the computation of the CPI adjustment, then the CITY Manager shall promptly forward the proposal to the City council for approval. The total time interval between written submittal of the Compensation Proposal to the City Manager and a decision by the City Council shall not exceed 90 days. If agreement and approval of CONTRACTOR's Compensation Proposal cannot be obtained within a 90-day period, the CPI adjustment and landfill increase will be implemented until a settlement can be reached. CITY and CONTRACTOR shall negotiate in good faith.

2) If agreement and approval of CONTRACTOR'S Compensation Proposal are obtained, the annual method of adjustment recited in subparagraph A) above shall be applied for the subsequent year.

C) Reopener for change in Contractor's Expenses or Revenues. If in any contract year (August 31 to September 1st) CONTRACTOR's expenses for fuel, insurance or other costs increase by more than twenty-five (25) percent for reasons beyond CONTRACTOR's control, CONTRACTOR may request an adjustment in rates to compensate for the amount of such increased cost. Nothing herein shall obligate CITY to grant such increase, but it shall negotiate in good faith. If in any contract year (August 31 to September 1) CONTRACTOR is affected by a landfill disposal rate increase or decrease, all of said increase or decrease shall be passed through by means of an immediate rate change. Any increase in costs due to Federal, State, or Local mandated programs, laws or fees shall be passed through by means of an immediate rate modification.

D) For purposes of rate computation under this Franchise Agreement, "service" shall mean each separate place where a cart or group of carts is located, even if located on the same parcel of real property.

4. LIQUIDATED DAMAGES:

Because of the difficulty of determining actual damages, the parties have agreed that if CONTRACTOR defaults in the performance of the terms of the Agreement and CITY exercises takeover action, or if CONTRACTOR terminates its service with less than 120 days' notice, \$25,000.00 liquidation damages shall be levied on CONTRACTOR. This damage amount shall, at CITY's option, be paid to CITY by CONTRACTOR in cash or shall be a deduction against any CITY purchase of CONTRACTOR's assets. If CITY exercises the termination privilege of Paragraph 8, or if CONTRACTOR's Compensation Proposal of Paragraph II.3(A) and (B) is not

approved within the 90-day time limit, no liquidation damages shall be levied on CONTRACTOR.

5. INSURANCE AND INDEMNIFICATION:

A) CONTRACTOR shall carry public liability insurance in the amount of \$1,000,000.00 for the death or injury of one person, \$1,000,000.00 for the death or injury of more than one person, and \$50,000.00 property damage. Said insurance shall be primary to any other policy of insurance, shall carry an endorsement having the CITY, its officers and employees as additional names insured, and shall further provide that the policy shall not be canceled and/or reduced without 30 days' written notice to CITY. In the event of such cancellation or reduction, CITY may provide such coverage, the cost of same to be borne by CONTRACTOR.

B) CONTRACTOR or the insurer provided for above shall appear and defend all actions against CITY or its officers or employees arising out of the exercise of the Agreement, or the failure of performance of any of the terms or obligations imposed hereunder, and shall indemnify and save CITY, its officers,, employees and agents, free and harmless of and from all claims, actions, or causes of action arising from negligence connected with the exercise of the Agreement or the failure of performance of any of the terms or obligations imposed hereunder.

6. CORPORATE OWNERSHIP:

CONTRACTOR states that at the time signing this Franchise Agreement, the stock of Cal Sierra Disposal is owned by USA Waste of California, Inc., a Waste Management company. CONTRACTOR shall inform CITY in writing, of any stock transfer proposals in the future and

shall not consummate any stock transfer until at least 30 days after informing CITY. If CITY does not respond within 30 days, CITY approval shall be considered granted. CITY shall not unreasonably withhold consent.

7. ASSIGNMENT AND SUBCONTRACTORS:

This Franchise Agreement is not assignable, in whole or in part. CONTRACTOR may subcontract out portions of its service work, but only if approval from CITY is first obtained; provided, however, approval shall not be required for subcontracts with or assignments to entities that control, are controlled by or are under common control with CONTRACTOR. If CONTRACTOR's written request for subcontract approval is not acted upon within 30 days, it shall be considered approved.

8. FRANCHISE FEE:

The City shall determine a franchise fee on or before the Effective Date. Said fee shall be based upon each individual account dollars collected by Contractor. Payment to City shall be semiannual (on or before January 1st and on or before June 30th) of each year. Franchise Fees shall set and be amended by resolution. Any franchise fee or change in the franchise fee shall be passed through in full by means of an immediate rate modification.

9. CITY SERVICES:

CONTRACTOR agrees to provide Solid Waste and Recyclables Collection Services, equipment, and carts needed by CITY facilities and properties (to be designated by CITY and approved by CONTRACTOR, which approval shall not be unreasonably withheld) at no charge to CITY, not to exceed an allowance in the amount of \$30,000.00 annually based on the CONTRACTOR's

fiscal year period. This allowance shall be increased by the same percentage as the CPI percentage increase in customer rates for collection services provided by CONTRACTOR authorized by this Agreement. Any amount under the \$30,000.00 annual allowance not used by the CITY shall be refunded to the CITY by the CONTRACTOR within forty-five (45) days following the end of the CONTRACTOR's fiscal year. Any amount exceeding the \$30,000.00 annual allowance shall be agreed upon in advance by the CONTRACTOR and CITY MANAGER and in case of such agreement shall be paid to the CONTRACTOR by CITY within forty-five (45) days following presentation of an invoice providing a detailed description of all services in excess of the \$30,000.00 annual allowance.

10. NOTICES:

All notices to be given hereunder shall be deemed delivered upon personal service upon any of the officers of CONTRACTOR, the names and addresses of same to be delivered to CITY upon execution of this Franchise Agreement, and as changed in writing from time to time, or upon deposit, postage prepaid, in the United States Mail, to:

Cal Sierra Disposal
P. O. Box 70
Standard, California 95373
Attn : District Manager

Notice to CITY shall be deemed delivered upon personal service to the City Administrator of the City of Sonora, or upon deposit, postage prepaid, in the United States Mail, to,

City of Sonora
City Administrator
94 North Washington Street
Sonora, CA 95370

11. CONTINUITY

This Franchise Agreement shall inure to and be binding upon the successors or assigns of both parties.

12. DEFINITIONS

A) "Collection Services" means the collection services to be performed by CONTRACTOR pursuant to this Franchise Agreement.

B) "Commercial Customer" means a customer who receives Collection Service on property zoned or used for commercial or industrial purposes.

C) "Green Waste" means grass clippings, leaves, hedge trimmings, small branches and similar vegetative waste generated from residential property or landscaping activities, but does not include stumps or similar bulky wood materials. The term "Green Waste" as used herein does not include Unacceptable Waste.

D) "Hazardous Waste" means (i) all waste defined or characterized as hazardous by the federal Solid Waste Disposal Act (42 U.S.C. §§ 3251 et seq.), as amended, including the Resource Conservation and Recovery Act of 1976 (42 U.S.C. §§ 6901 et seq.) and all future amendments thereto, or regulations promulgated thereunder and (ii) all waste defined or characterized as hazardous by the principal agencies of the State of California having jurisdiction (including without limitation the Department of Health Services, the Regional Water Quality Control Board and the Integrated Waste Management Board). Hazardous Waste shall not include incidental household hazardous waste or small quantity generator waste which is commingled with Solid Waste.

E) "Recyclables" means aluminum and tin, glass, plastic beverage containers, newspapers, cardboard, office paper, magazines, telephone books, chip board, corrugated egg cartons, glass jars and beverage containers excluding commingled Recyclables that contain ten percent (10%) or more of refuse or other non-reusable material. The term "Recyclables" as used herein does not include Unacceptable Waste.

F) "Residential Customer" means someone who receives Collection Services and who owns or occupies a Residence.

G) "Residence" means a tract of land located in the CITY that contains a residential dwelling unit, including single and two family dwelling units and multiple-family dwelling units.

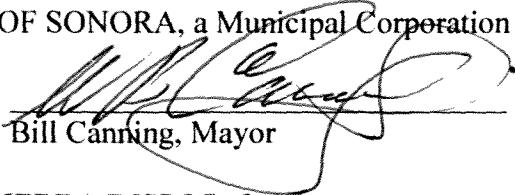
H) "Solid Waste" means all putrescible and nonputrescible solid, semi-solid, and liquid wastes, including residential, industrial, commercial, community and municipal garbage, trash, refuse, paper, rubbish, ashes, demolition and construction wastes, discarded home and industrial appliances, manure, vegetable or animal solid and semi-solid wastes, and other discarded solid and semi-solid wastes, including, without limitation, commingled Recyclables that contain ten percent (10%) or more of refuse or other non-reusable material. The term "Solid Waste" as used herein does not include Unacceptable Waste.

I) "Unacceptable Waste" means all Hazardous Waste, special waste, volatile, corrosive, biomedical, infectious, biohazardous, and toxic substances or material, waste that CONTRACTOR reasonably believes would, as a result of or upon disposal, be a violation of local, state or federal law, regulation or ordinance, including land use restrictions or conditions, and waste that cannot be disposed of in Class III landfills; but not including de minimis volumes or concentrations of waste of a type and amount normally found in residential solid waste.

IN WITNESS WHEREOF, the parties have caused this Franchise Agreement to be signed on the day and year first written above, upon which date this Franchise Agreement becomes effective.

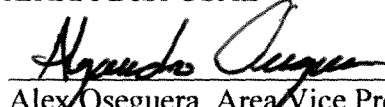
CITY OF SONORA, a Municipal Corporation

By:

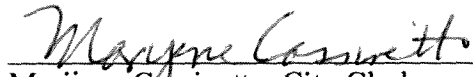

Bill Canning, Mayor

CAL SIERRA DISPOSAL

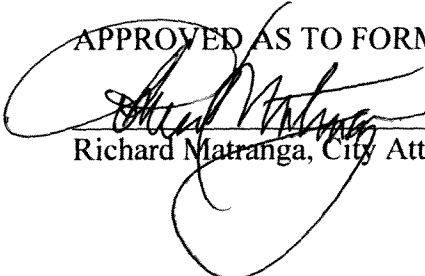
By:


Alex Oseguera, Area Vice President

ATTEST:


Marijane Cassinetta, City Clerk

APPROVED AS TO FORM:


Richard Matrangola, City Attorney