

MUNICIPAL SOLID WASTE FRANCHISE AGREEMENT

BETWEEN

Laton Community Services District, CALIFORNIA

AND

MID-VALLEY DISPOSAL, LLC

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MUNICIPAL SOLID WASTE FRANCHISE AGREEMENT

BETWEEN

Laton Community Service District, CALIFORNIA

AND

MID-VALLEY DISPOSAL, LLC

This Franchise Agreement ("Franchise Agreement") is entered into this first day of November 2022, by and between the Laton Community Services District ("District") and Mid-Valley Disposal, LLC, a California Limited Liability Company ("Grantee" or "Contractor"), for the collection, transportation and disposal of Solid Waste and for other services as further specified herein in Exhibit "A."

RECITALS

WHEREAS, the Legislature of the State of California, by enactment of the California Integrated Waste Management Act of 1989 ("AB 939"), has declared that it is within the public interest to authorize and require local agencies to make adequate provisions for solid waste handling within their jurisdiction; and

WHEREAS, pursuant to California Public Resources Code Section 40059 (a), the District Board has determined that that the public health, safety, and well-being require that an exclusive franchise be awarded to a qualified Solid Waste enterprise for the collection and recovery of solid waste from all residential, industrial and commercial premises in the District; and

WHEREAS, Grantee has lawfully conducted solid waste handling operations in the District for several years, and has delivered a level of service to its customers commensurate with the highest industry standards. Grantee is well-qualified to continue providing that service; and

WHEREAS, the previous agreement and amendments between District and Grantee need to be updated; and

WHEREAS, in order to comply with the mandates of AB 939, subsequent legislation and regulation, the District must have the ability to direct the flow of Solid Waste within the District for the purposes of reporting, processing, recovery and disposal; and

WHEREAS, the District Board declares its intention of ensuring the delivery of adequate Solid Waste Handling services and of maintaining reasonable Fees for the provision of such handling services within the District;

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

SECTION 1 - COVENANTS, REPRESENTATIONS AND WARRANTIES

A. Covenants, Representations and Warranties of Grantee

Grantee hereby makes the following covenants, representations and warranties for the benefit of the District as of the date of this Agreement.

- (1) Grantee is duly organized and validly existing as a limited liability company in good standing under the laws of the State of California.
- (2) Grantee has full legal right, power, and authority to execute, deliver, and perform this Agreement, and has duly authorized the execution and delivery of this Agreement.
- (3) Each Person signing this Agreement on behalf of Grantee has been authorized by Grantee to do so, and this Agreement has been duly executed and delivered by Grantee, and constitutes a legal, valid and binding obligation of Grantee enforceable against Grantee in accordance with its terms.
- (4) To the best of Grantee's knowledge, there is no action, suit, or proceeding before any court or governmental entity against Grantee or affecting Grantee, wherein an unfavorable decision, ruling or finding would adversely affect the validity or enforceability of this Agreement, or which would have a material adverse effect on the financial condition of Grantee.
- (5) Grantee has sufficient financial resources to perform all aspects of its obligations hereunder. There has been no material adverse change in Grantee's or, if applicable, in Grantee's parent company's, financial circumstances since the date of the most recent financial statements or information, submitted to the District or reviewed by the District at the offices of Grantee.
- (6) Grantee has the expert, professional, and technical capability to perform all of its obligations under this Agreement and will maintain the capability at all times during this Agreement's term.
- (7) Prior to providing any service authorized by this Agreement, Grantee will have provided to the District Manager the security instrument and certificates of insurance required by the Agreement.
- (8) Prior to providing any service authorized by this Agreement, Grantee will have provided to the District Manager reasonably acceptable proof that the Grantee has obtained all necessary permits, authorizations and licenses which are required for furnishing such service.

B. Covenants, Representations and Warranties of the District

The District hereby makes the following covenants, representations and warranties to and for the benefit of Grantee as of the date of this Agreement:

- (1) The parties executing this Agreement on behalf of the District are duly authorized to do so. This Agreement constitutes the legal, valid and binding Agreement of the District and is enforceable against the District in accordance with its terms.

- (2) To the best of the District's knowledge without having conducted any research, there is no action, suit, or proceeding against the District before any court or governmental entity wherein an unfavorable decision, ruling or finding would adversely affect the validity or enforceability of this Agreement.
- (3) The District shall, to the extent allowed by law, reasonably consistent with its governmental duties, cooperate with Grantee in preserving the confidentiality of Grantee's proprietary information, including trade secret information, and preventing its disclosure. It will be the obligation of Grantee to designate what information it deems to be a trade secret or otherwise in need of protection at the time such information is provided to District. No copies of such proprietary information shall be retained by District as public records under California law, with the exception of any documents that District must utilize to satisfy any requirements under law. Such information may include financial information that concerns activities or aspects of the Grantee's business that are unrelated to any work performed for the District, and any other information from which the identity of any account, customer, vendor, buyer, supplier, end user, or other source or transferee of recyclable material may be reasonably ascertained, such as name, address, or other identifying information. Grantee shall defend and indemnify District, elected officials, officers, employees, contractors, consultants, attorneys, agents and volunteers, including for District attorney fees, staff costs, awards and judgments, for any claims brought against District for failure to produce any requested documentation related to Grantee and its business in possession of District in accordance with a Public Record's Act. No provisions contained in this paragraph shall be interpreted to require District to violate the Public Records Act or any other law.
- (4) The District shall use best reasonable efforts to update and amend applicable provisions of its ordinances to the extent the District determines such changes are necessary to conform to this Agreement and to meet its obligations hereunder.

SECTION 2 - DEFINITIONS

Whenever any term used in this Franchise Agreement has been defined by AB939 or in the District's ordinances, the definitions therein, as presently defined and as they may be amended in the future shall apply unless the term is otherwise defined in this Agreement. In the event of conflict between the definition found in AB939, in the District's ordinances and this Agreement, the definition in this Agreement shall govern all other definitions, while the definition in the District's ordinances shall take precedence over the definition contained in AB939. The definitions are set forth on the attached and incorporated Exhibit "B".

SECTION 3 - GRANT AND ACCEPTANCE OF EXCLUSIVE FRANCHISE RESIDENTIAL AND COMMERCIAL FRANCHISE

A. Grant of Franchise

Pursuant to AB939, and subject to the terms and conditions of this Agreement (including all extensions or renewals), District hereby grants to Grantee the sole and exclusive right, privilege, and franchise to provide the Solid Waste Handling services described in Exhibit "A" (Provided Services) to this Agreement to all single family units, multifamily units, and commercial, industrial, and institutional premises within the District. District shall enforce the exclusive rights of Grantee

to provide services within the Franchise Area. By this Agreement and subject to its terms, the District grants the broadest form of exclusive solid waste handling franchise permissible under applicable law including its general municipal police powers and the specific authority given to local agencies by California Public Resources Code Section 40059 to determine aspects of solid waste handling that are of local concern. The foregoing reference to Section 40059 includes the relevant appellate case law interpreting that statute.

B. Acceptance of Franchise

Grantee agrees to be bound by and comply with all the requirements of this Franchise Agreement. Grantee waives, terminates and hereby releases any right or claim to serve any part of the District under any prior grant of franchise, contract, license or permit issued or granted by any governmental entity.

C. Exceptions to Exclusivity

The foregoing Grant of Franchise excludes the following:

- (1) Self-Haul. Any Solid Waste otherwise within the Scope of this Agreement which is removed and personally transported from any premises by the owner or occupant who generated the solid waste using his or her own equipment thereof for the purpose of lawfully delivering same to a Solid Waste Facility authorized to receive and handle solid waste. The use of a subcontractor by District is not "self-haul" within the meaning of this exception.
- (2) Gardeners and Landscapers. The collection, transportation and disposal by a gardener or landscaper of green waste or yard trimmings which are generated as an incidental part of providing gardening, landscaping or landscape maintenance services, provided that the gardener or landscaper is not a hauling service or solid waste enterprise, does not separately or additionally charge for the incidental service of removing, transporting or disposing of the green waste or yard trimmings, and utilizes only his or her own employees and equipment to collect, transport and dispose of same.
- (3) Sale or Gift of Recyclable Materials. Source separated recyclable Materials which are either donated or sold by the generator of the materials to a party other than Grantee. A mere discount or reduction in price of the receiving party's charges for the handling of such materials is not a sale or donation within the meaning of this Agreement. For purposes of this Agreement, materials shall be deemed "solid waste" within the meaning of California Public Resources Code Section 40191, and shall be regulated as such, whether or not they may be potentially recyclable, in either of the following instances: (a) when the material is mixed or commingled with other types of solid waste, or (b) where the payment of a fee, charge, or other consideration, in any form or amount, is directly or indirectly solicited or received from the generator by any person or combination of persons in exchange for collection, removal, transportation, storage, processing, handling, consulting, container rental or disposal services ("fee for service" recycling), whether or not arranged by or through a subcontractor, broker, agent, consultant, or affiliate of the provider of such service.
- (4) Dewatered, treated, or chemically fixed sewage sludge generated at District's waste water treatment plant.

SECTION 4 – TERM AND TERMINATION

Except as otherwise provided herein, the initial term of this Agreement shall commence at 12:00 a.m. on November 1, 2022 and expire at 12:00 a.m. on October 31, 2032. Thereafter, beginning on November 1, 2023, and on each November 1 anniversary date thereafter, the term of this Agreement will be extended automatically for one (1) additional year, so as to have a rolling term of ten (10) years. Should either party desire that said automatic renewal and extension provision be terminated, such party shall give the other written notice of nonrenewal between January 1 and October 31 in any year, but not before the year 2024. Any such notice, properly given, shall serve to terminate the automatic one-year renewal and extension provision only, and this Agreement shall remain in effect for the balance of the term then outstanding. In the event either party exercises its right to terminate the automatic renewal and extension provision under this paragraph, the parties may subsequently reinstate the automatic renewal and extension provision by mutual written agreement. Termination of this Agreement may also occur pursuant to the section “Failure to Perform and Remedies,” hereafter stated in this Agreement. Commencement of the initial term shall be contingent upon District’s successful completion of the Proposition 218 process to adjust its Solid Waste Handling rates; the Proposition 218 process shall be deemed unsuccessful if there is a majority protest by District’s customers that precludes District from charging the fees identified in

SECTION 5 - FRANCHISE AREA

The Franchise Area granted by this Agreement is the legally established geographic limits of the District, as the same now exist or may hereinafter be revised by annexation or otherwise. Grantee shall perform Solid Waste Handling services pursuant to this Agreement only in such Franchise Area.

SECTION 6 - SERVICES PROVIDED BY GRANTEE

The following minimum operating requirements shall apply to Grantee, except to the extent any operating requirement is specifically eliminated or modified in Exhibit “A”:

A. Employees

- (1) Each employee or other Person driving Grantee’s vehicle shall at all times have a valid California vehicle operator’s license appropriate for the vehicle being driven.
- (2) All Grantee employees shall wear clean clothing of a uniform type when engaged in collection operations under this Agreement.
- (3) Each employee dealing with Customers, including without limit those engaged in collection or billing, shall at all times behave in a courteous manner.
- (4) Noncompliance with the employee items above are subject to the terms of Section 10, Failure to Perform and Remedies.

B. Hours of Collection

Grantee shall not collect Solid Waste within a residential area or within a commercial area which is contiguous to a residential area between the hours of 10:00 P.M. and 5:00 A.M. the next day.

C. Office for Inquiries and Complaints

District shall receive and log customer inquiries and complaints and transmit any service requests or complaints to Grantee electronically or via other mutually agreed upon method. Grantee shall maintain an office at some fixed place and keep regular business hours and shall maintain a locally listed telephone number. Such listing shall be in the Grantee's name or in the fictitious business name under which Grantee provides Solid Waste Handling services to the Area. This Section shall not require the Grantee to maintain an office which is different than or separate from the office for inquiries and complaints maintained by Grantee.

D. Records and Reports

Grantee shall prepare, maintain and provide to the District such records and reports as required in this Agreement, as well as records related to services in this agreement required under any applicable law.

E. Requested Service

Grantee shall provide Solid Waste Handling services to all Customers within its approved Franchise Area who request such service, except when denial or discontinuance of service is specifically authorized by this Agreement. Such service shall commence within seven (7) working (waste collection) days of the Customer's request.

F. Collection Frequency

For health and safety purposes, minimum collection frequency for all Solid Waste Handling Customers shall be once per week, in accordance with Section 17331 of Title 14, California Code of Regulations. Grantee shall correct any missed collection of a Customer's Solid Waste within two (2) working (waste collection) days of notice thereof, unless the next regular collection of such waste is scheduled to occur within three (3) working (waste collection) days of such notice.

G. Containers

In addition to any requirement Grantee is subject to under its Health and Safety Permit, each container shall be replaced in its proper place in a neat and orderly manner; any litter spilled from a container by Grantee's employees while emptying a container shall be cleaned up by Grantee's employees.

H. Noise

In addition to any requirement Grantee is subject to under applicable law, Grantee shall not create any noise in excess of what is reasonable and necessary in providing Solid Waste Handling services to its Customers. Further, Grantee shall actively evaluate and strive to implement noise reduction measures on an ongoing basis, consistent with common industry practice and standards applicable in similar circumstances.

I. Collection Equipment

Grantee shall provide an adequate number of vehicles and equipment to provide the Solid Waste Handling services required under its Franchise Agreement. No vehicle shall be used for the collection and transportation of Solid Waste prior to such initial and/or periodic inspection and approval by the Department of Public Health, Division of Environmental Health Services to the extent required under the Grantee's applicable Health and Safety Permit.

All motor vehicles used by Grantee under its Franchise Agreement shall be registered with the Department of Motor Vehicles of the State of California, shall be kept clean and in good repair, and shall be uniformly painted. In addition, vehicles must be in compliance with the California Air Resources Board requirements and any other applicable state or federal laws and/or regulations pertaining to the operation of Solid Waste handling equipment.

J. Privacy

Grantee shall strictly observe and protect the rights of privacy of Customers. Information identifying individual Customers or the composition or contents of a Customer's waste stream shall not be revealed to any Person, governmental unit, private agency, or company, unless as part of a legitimate inquiry by a governmental unit, or as authorized by a court of law or by statute, or upon written authorization of the Customer. This provision shall not be construed to preclude Grantee from preparing, participating in, or assisting in the preparation of waste characterization studies or waste stream analyses which may be required by AB 939, or the District, provided that no such analysis shall identify any person or connect any person to any particular waste. In addition, Grantee shall not market, sell, convey, or donate to any Person any list with the name or address of Customers except that Grantee may provide such lists to authorized employees and authorized representatives of the District as necessary to comply with this Franchise Agreement. Grantee shall, at all times and consistent with prevailing industry standards, utilize encryption or other security measures reasonably calculated to protect Customer information from unauthorized disclosure.

K. Customer Complaints

Grantee shall respond to Customer complaints whether received directly from Customers, or by Customer through District. Grantee shall designate a government liaison Person responsible for working with the District to resolve Customer complaints. The name of the liaison Person and a 24 hour availability telephone number shall be provided to the District Manager. Customer complaints shall be resolved in accordance with Section 10(B) herein, "Resolution of Customer Complaints."

L. Property Damage

- (1) Any physical damage caused by the act or omissions of employees, officers, or agents of the Grantee to private or public property resulting from operations under this Agreement shall be promptly repaired or replaced by Grantee at Grantee's sole expense.
- (2) With respect to driving surfaces, Grantee shall be responsible for damage (excluding normal wear and tear), whether or not paved, resulting from the weight of vehicles providing Solid Waste Handling services on public or private property when it can be demonstrated that such damage is the result of vehicles exceeding speed limits or

maximum weight limits set by the State of California or by other negligent operation of vehicles by Grantee's employees.

M. Gratuities

Grantee shall not, nor shall it permit any officer, agent, or employee employed by it, to request, solicit or demand, either directly or indirectly, any gratuity for services authorized or required under its Agreement.

N. Laws and Licenses

Grantee shall comply with all federal, state, and District, County or local laws, ordinances, rules, and regulations applicable, from time to time and as amended, to the performance of the Solid Waste Handling services provided under this Franchise Agreement and shall obtain and maintain in full force and effect all licenses and permits necessary to perform such services throughout the term of this Franchise Agreement.

O. Services During Strikes, Lockouts or Other Labor Disturbances

In the event of labor strikes, lockouts, or other labor disturbances, Grantee and District agree to cooperate fully in developing and implementing contingency plans for the continued collection and handling of Solid Waste in order to safeguard public health and avert imminent and substantial threats to public health and safety. Without limitation, these cooperation efforts may include prioritizing the collection of Solid Waste from certain businesses in order to control the accumulation of Solid Waste that may lead to more immediate threats to public health such as putrescible waste, sewage sludge, and manure or other animal waste.

SECTION 7 - OWNERSHIP OF SOLID WASTE INCLUDING RECYCLABLE MATERIALS

Except as otherwise provided in state law, ownership of Solid Waste shall transfer to Grantee at such time as the Solid Waste is discarded by the Solid Waste Handling service Customer. District makes no claim of ownership to the discarded solid waste.

SECTION 8 - WASTE DELIVERY DESIGNATION

District reserves the right to designate the disposal facility or facilities to which Grantee shall deliver Solid Waste generated within District and collected by Grantee pursuant to this Agreement. This designation, when made, shall be subject to the following:

- (1) Solid Waste that Grantee determines to be suitable for Processing or green composting may be delivered by Grantee to a Materials Recovery Facility or Designated Source Separated Organic Waste Facility selected by Grantee, and only the Residual Solid Waste resulting from Processing will be subject to the waste delivery designation.

- (2) If the District Manager or his/her designee directs Grantee to deliver residual Solid Waste collected pursuant to this Agreement to a Solid Waste Facility that is different from the facility Grantee is then using for the disposal of such waste, or in amounts that are different than the amount that Grantee is currently delivering to that facility, and this direction results in increased operating costs to the Grantee, Grantee shall be entitled to a corresponding Fee adjustment to fully compensate Grantee for the increased costs.

SECTION 9 - INDEMNIFICATION AND INSURANCE, AND PERFORMANCE BOND

A. Indemnification of District

The Grantee agrees to indemnify, defend (with counsel chosen by District) and hold harmless the District and its authorized elected and appointed officials, officers, employees, contractors, consultants, attorneys, agents and volunteers from any and all claims, actions, losses, damages, and/or liability arising out of Grantee's performance of services under this Agreement, except to the extent, if at all, that such liability arises as a result of District's own gross negligence or willful misconduct.

B. Hazardous Waste Indemnification

Without limiting the generality of the foregoing, if Grantee is alleged to have, or determined to have, negligently or willfully acted or failed to act with respect to the collection, handling or transportation of Hazardous Waste, Grantee shall indemnify, defend with counsel chosen by District, protect and hold harmless the District and its respective elected and appointed officials, officers, employees, contractors, consultants, attorneys, agents, volunteers, assigns, and any successor or successors harmless from and against all claims, actual damages (including, but not limited to, special and consequential damages), natural resources damage, punitive damages, injuries, costs, response remediation and removal costs, losses, demands, debts, liens, liabilities, causes of action, suits, legal or administrative proceedings, interest, fines, charges, penalties, and expenses (including, but not limited to, attorneys' and expert witness fees and costs incurred in connection with defending against any of the foregoing or in enforcing this indemnity) of any kind whatsoever paid, incurred or suffered by, or asserted against, District or its respective officials, officers, employees, contractors, consultants, attorneys, agents, volunteers, assigns, and any successor or successors arising from or attributable to any repair, cleanup or detoxification, or preparation and implementation of any removal, remedial response, closure or other plan (regardless of whether undertaken due to governmental action) concerning any Hazardous Waste as to which Grantee has negligently or willfully acted or failed to act with respect to its collection, handling or transportation at any place where Grantee stores, handles, transports or disposes of Solid Waste pursuant to this Franchise Agreement. The foregoing indemnity does not extend to liability arising from de minimis amounts of household hazardous waste that Customers may place in solid waste receptacles, and excludes liability arising from District's decision to exercise its waste delivery designation rights under Section 8 of this Agreement. The foregoing indemnity is intended to operate and shall operate as an agreement pursuant to Section 107(e) of the Comprehensive Environmental Response, Compensation and Liability Act, "CERCLA", 42 U.S.C. Section 9607(e) and California Health and Safety Code Section 25364, to insure, protect, indemnify, and hold the District harmless from liability. This Section 9B shall survive the termination, lapse or any change in the relationship of the Parties hereto.

C. Diversion Program

- The City and Grantee agree that the essential element to meeting state-mandated waste diversion requirements is to develop robust programs and program elements to maximize opportunities for diversion, and to maximize participation in those program elements. Grantee shall conduct diversion programs in accordance with the City's approved Source Reduction and Recycling Element, including but not limited to programs set forth in Exhibit "A".
- Annually, the Grantee and the City will review the recycling programs being implemented by Grantee for effectiveness toward meeting AB 939 diversion requirements. As determined by the Grantee and Manager, programs may be modified, added or deleted. Programs proposed for elimination, addition or that require a change in Fees, will require approval by the District's Board of Directors. Grantee will provide information reasonably requested by the District, as necessary to determine the effectiveness of the program(s).
- If the District finds that additional programs are necessary to meet any AB 939 required diversion goals the District may require Grantee to provide proposals for additional diversion programs to meet the diversion requirements. Compensation for such additional programs shall be established under the terms of this Agreement as a Change in Service Level Adjustment.

D. Diversion Indemnification

Grantee agrees, subject to the provisions of Section 40059.1 of the California Public Resources Code, to protect and defend the District, with counsel selected by District, , and to indemnify and hold the City harmless from and against all fines or penalties imposed by CalRecycle on account of AB 939 diversion goals, specified in California Public Resources Code Section 41780, not being met by the District, if such diversion goals are not met as the result of acts or omissions of Grantee or failure by Grantee to implement in good faith all diversion programs required or approved by the District or as a result of Grantee's failure to provide the District with necessary data reasonably available to Grantee regarding attainment of diversion goals.

E. Insurance Requirements

Insurance Requirements

1. Commercial General Liability

- a. Contractor shall maintain commercial general liability insurance with coverage at least as broad as Insurance Services Office form CG 00 01, in an amount not less than five million dollars (\$5,000,000) per occurrence for bodily injury, personal injury, and property damage, including without limitation, blanket contractual liability. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit. Contractor's general liability policies shall be primary and shall not seek contribution from the District's coverage, and be endorsed using Insurance Services Office form CG 20 10 (or equivalent) to provide that District and its officers, officials, employees, and agents shall be additional insureds under such policies.

- b. Any failure to comply with reporting provisions of the policies by Contractor shall not affect coverage provided the District.
 - c. Coverage shall state that Contractor insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
 - d. Coverage shall contain a waiver of subrogation in favor of the District.
2. Business Automobile Liability
- a. Contractor shall provide auto liability coverage for owned, non-owned, and hired autos using ISO Business Auto Coverage form CA 00 01 (or equivalent) with a limit of no less than five million dollars (\$5,000,000) per accident.
 - b. Contractor's auto liability coverage policy shall be endorsed to provide that District and its officers, officials, employees, and agents shall be additional insureds under such policies.
 - c. Coverage shall contain a waiver of subrogation in favor of the District
3. Workers' Compensation and Employers' Liability
- a. Contractor shall maintain Workers' Compensation Insurance and Employer's Liability Insurance with limits of at least one million dollars (\$1,000,000). Contractor shall submit to District, along with the certificate of insurance, a waiver of subrogation endorsement in favor of District, its officers, agents, employees, and volunteers.
4. All Coverages
- i. Each insurance policy required by the agreement shall be endorsed to state that coverage shall not be suspended, voided, cancelled, or reduced in limits except after thirty (30) days' prior written notice has been given to the District, except that ten (10) days' prior written notice shall apply in the event of cancellation for nonpayment of premium.
 - ii. All self-insurance, self-insured retentions, and deductibles must be declared and approved by the District.
 - iii. Evidence of Insurance - Prior to commencement of work, the Contractor shall furnish the District with certificates, additional insured endorsements, and waivers of subrogation evidencing compliance with the insurance requirements above. The Contractor must agree to provide complete, certified copies of all required insurance policies if requested by the District.
 - iv. Acceptability of Insurers - Insurance shall be placed with insurers admitted in the State of California and with an A.M. Best rating of A- VII or higher.
 - v. Subcontractors and Consultants - A category of risk and the applicable insurance requirements will be determined on a "per subcontractor" or "per consultant" basis,

considering the particular work to be done by the subcontractor or consultant and the interrelationship of that work to other work being conducted by the Contractor.

F. Modification

The requirements of this Section 9 may be modified or waived in writing by the District upon the request of Grantee, provided the District reasonably determines such modification or waiver is in the best interest of District and of the public welfare, considering all relevant factors, including acceptable financial guarantees provided by Grantee or by a parent company of Grantee.

SECTION 10 - FAILURE TO PERFORM AND REMEDIES

The rights of the Grantee and District upon the failure of either to perform as required under this Agreement shall be as provided below:

A. Administration, Enforcement and Remedies

- (1) If the District Manager determines at any time that the Grantee's performance of the Solid Waste Handling services authorized/required in this Franchise Agreement, are not in conformity with the provisions of the Franchise Agreement, or applicable federal, state, or local law or regulation, including but not limited to the laws governing collection, transfer, storage and/or disposal of Solid Waste, the District Manager will notify Grantee in writing of such deficiencies ("Notice of Deficiency").

The Notice of Deficiency may provide a reasonable time within which correction of all noted deficiencies is to be made. Unless a shorter or longer period of time is specified in the notice of deficiency sent by the District Manager, a reasonable time for correction shall be thirty (30) calendar days from the receipt by the Grantee of such written notice. If the Grantee cannot reasonably correct or remedy a noted deficiency within the time specified in the Notice of Deficiency, but the Grantee immediately commences to correct or remedy such deficiency within the time set forth in the Notice of Deficiency and diligently pursues such correction or remedy thereafter Grantee shall not be deemed to have failed to correct or remedy the Notice of Deficiency.

- (2) The District Manager shall review the Grantee's response to the Notice of Deficiency. If the District Manager determines that the Grantee has not cured the deficiency, or if there is no cure period provided in the Notice of Deficiency given the nature of the deficiency, the District Manager shall either:
 - i. Refer the matter directly to the District Board for decision pursuant to subsection (3) of this Section 10.A; or
 - ii. Decide the matter and notify the Grantee of that decision, in writing.
 - The decision of the District Manager may be to terminate the Franchise Agreement or may be to impose some lesser sanction;
 - The decision of the District Manager shall be final and binding on Grantee unless the Grantee files a "Notice of Appeal" with the District Manager within thirty (30) days of receipt of the District Manager's decision. The Notice of

Appeal shall be in writing, shall contain a detailed and precise statement of the basis for the appeal.

- Within fourteen (14) working days of receipt of a Notice of Appeal, the District Manager shall refer the appeal to the District Board for proceedings in accordance with subsection (3) of this Section 10.A.

(3) Should the District Manager refer the Notice of Deficiency to the District Board in the first instance, or if the matter reaches the District Board pursuant to a Notice of Appeal, the District shall set the matter for hearing.

i. If the District Board sets the matter for public hearing:

- The District shall give Grantee, and any interested person requesting the same, ten (10) days written notice of the time and place of the hearing. At the hearing, the District shall consider the report of the Manager indicating the deficiencies, and shall give the Grantee, or its representatives and any other interested person, a reasonable opportunity to be heard.
- Based on the evidence presented at the public hearing, the District Board shall decide the appropriate action to be taken. If, based upon the record, the District determines that as noted in the Notice of Deficiency the Grantee's performance of the Solid Waste Handling services authorized/required in this Franchise Agreement, are not in conformity with the provisions of the Franchise Agreement, or constitute a material violation of applicable federal, state, or local law or regulation, including but not limited to the laws governing collection, transfer, storage and/or disposal of Solid Waste, then the District may terminate this Franchise Agreement forthwith. The decision of the District Board shall be final and conclusive.

(4) Grantee's performance under this Franchise Agreement is not excused during the period of time prior to the District Manager's or the District Board's final determination, as the case may be, regarding the validity of, and appropriate response to, the deficiencies noted in the Notice of Deficiency.

(5) In the event Grantee: (i) has received a Notice of Deficiency and fails to perform Solid Waste Handling services; or (ii) has had its Franchise Agreement terminated; the District, reserves the right, in addition to all other rights available to the District, to take any one or combination of the following actions:

- i. To rent or lease from Grantee, at its respective fair and reasonable rental value, all or any part of the Grantee's equipment (including collection containers utilized by Customers and office equipment and billing programs), utilized by Grantee in providing the Solid Waste Handling services required under this Franchise Agreement. The District may rent or lease such equipment for a period not to exceed six (6) months, for the purpose of performing the Solid Waste Handling services, or any part thereof, which Grantee is (or was), obligated to provide pursuant to its Franchise Agreement. The District may use said rented equipment to directly perform such Solid Waste Handling service or to assign it to some other Grantee or Person to act on the District's behalf. Grantee shall be held responsible for the costs to insure the District or its assignee from all liability resulting from the operation of Grantee's equipment. In the case of

equipment not owned by Grantee, Grantee shall assign to the District, to the extent Grantee is permitted to do so under the instruments pursuant to which Grantee possesses and uses such equipment, the right to possess and use the equipment.

- ii. As used in this subsection, "reasonable rental value" means the rate for such equipment as listed in the State Division of Transportation publication, "Labor Surcharge and Equipment Rental Rates," in effect at the time the District leases the equipment. If a particular piece of equipment is not listed in said publication or if said publication is not current, the reasonable rental value may be established by the Manager by any equitable alternative method.
- iii. If the District exercises its rights under this subsection, the District shall pay or owe Grantee the reasonable rental value of the equipment so taken for the period of the District's possession thereof. The District may offset any amounts due to Grantee pursuant to this provision against any amounts due the District from Grantee.
- iv. All revenues owed by Customers which are attributable to services performed by or at the direction of the District during District's assumption of Grantee's Solid Waste Handling duties shall be billed by and paid to the District. To the extent Grantee receives such revenue after District's assumption of Grantee's Solid Waste Handling duties, Grantee shall pay such revenue to District promptly after receipt thereof (or promptly after District has performed the services related to such revenue, if the revenue was received by the Grantee prior to the District's assumption of duties) and Grantee shall be deemed to have assigned to District all of Grantee's right and interest to any such revenues.

(6) The District rights set forth in this Section 10.A are in addition to, and not in limitation of, any other powers or rights available to the District upon failure of Grantee to perform its obligations under this Franchise Agreement. Further, by entering into this Franchise Agreement Grantee acknowledges, admits and agrees, for use as evidence in any proceeding of any nature, and from time to time, that its material violation of any terms of this Franchise Agreement shall cause the District to suffer irreparable injury and damages sufficient to support injunctive relief to enforce the provisions of the Franchise Agreement, and to enjoin the breach thereof. Grantee hereby agrees that the District may deem the foregoing a stipulation, for any purpose or proceeding.

B. Resolution of Customer Complaints

Procedures for resolution of complaints and other disputes shall be as follows:

- (1) Grantee agrees to use its best efforts to resolve all complaints received by close of business of the second working (waste collection) day following the date on which such complaint is received. (See Office of Inquiries and Complaints section herein). Service complaints may be investigated by District Manager, as necessary to resolve. Grantee shall provide reasonable cooperation in the event of such investigation. Grantee shall maintain records listing the date of Customer complaint, the name, address and telephone number of Customer, the nature of the complaint or request, and the date when and nature of the action taken by the Grantee to resolve the complaint. All such records shall be maintained for at least three (3) years after Grantee's receipt of the complaint or inquiry

and shall be available for inspection by District during all business hours. Service complaints shall be responsibility of Grantee whether received by District and forwarded to Grantee, or received directly by Grantee.

- (2) If the Grantee fails to cure a complaint, the District Manager shall review the complaint and determine if further action is warranted. The Manager may request written statements from the Grantee and Customer, or oral presentations or both written and oral presentations.
- (3) The District Manager shall determine if the Customer's complaint is justified, and if so, what remedy, if any, shall be applied. The remedy provided to the Customer under this Section shall be limited to a refund of Customer charges related to the period of violation of any breach of any term of this Franchise Agreement. In addition to any other remedy of District contained in this Agreement, District may seek actual damages from Grantee.
- (4) The District Manager may delegate the duties under this Section to a designee. The decision of the District Manager or a designee shall be final on any matter of five hundred dollars (\$500.00) or less. In the event of a decision on a matter awarding more than five hundred dollars (\$500.00), Grantee may seek review pursuant to the Notice of Appeal procedure contained in Section 10.A of this Agreement.

SECTION 11 - FRANCHISE TRANSFER

The rights of the Grantee in regard to the transferability of its Franchise shall be as set forth below:

- (1) Neither this Franchise Agreement nor any right or privilege granted in this Agreement shall voluntarily or involuntarily be transferred, sold, hypothecated, sublet, assigned or leased, in whole or in part, nor shall title thereto, either legal or equitable, or any right, interest, or property therein (all collectively referred to herein as "transfer"), pass to or vest in any Person, except the Grantee, either by act of the Grantee or by operation of law, without the prior written consent of the District. Any attempt by Grantee, or by operation of law, to transfer this Franchise Agreement without the prior written consent of the District shall be void and deemed a material breach of this Agreement.
- (2) This Franchise Agreement shall terminate on any Change in Ownership of Grantee, unless such Change in Ownership has been consented to, in writing, by the District prior to the effective date of such Change in Ownership.
- (3) The District shall review a request by Grantee that the District approve a transfer of all or part of Grantee's interest in this Franchise Agreement, or that the District consent to a Change in Ownership of Grantee, using such criteria as it deems necessary including, but not limited to, those listed below. The District shall not unreasonably withhold its consent to the transfer of this Franchise Agreement or to any Change in Ownership of Grantee.

If the Grantee requests that the District consider and consent to a transfer or a Change in Ownership of Grantee, the Grantee or the proposed transferee, as applicable, shall at a minimum meet each of the following requirements:

- i. The Grantee shall pay the District a maximum of \$50,000.00 for incurred attorney's fees and related administrative and investigation costs necessary to

determine the suitability of any proposed transferee or proposed new owners, and to review and finalize any documentation required by District, in its sole and absolute discretion to determine what form of documentation will be used in terms of effecting a proper transfer, as a condition for approving any such transfer or Change in Ownership.

- ii. The Grantee shall furnish the District with independently audited financial statements of the proposed transferee's operations for the immediately preceding three (3) operating years.
- iii. The Grantee shall furnish the District with proof satisfactory to District, in its sole and absolute discretion:
 - that the proposed transferee or the proposed management of the Grantee under the proposed new owner has at least three (3) years of solid waste management experience of a scale equal to or exceeding the scale of operations conducted by Grantee under this Agreement;
 - that in the last five (5) years, the proposed transferee or any company managed by the proposed new owner (or by the proposed management of the Grantee under the proposed new owner) has not received any citations, Notice of Violations or other censure from any federal, state or local agency having jurisdiction over its waste management operations due to any failure to comply with state, federal or local waste management laws, where such failure either: (i) evidences a pattern of disregard for such state, federal or local waste management laws; or (ii) involves actions which endangered the lives or property of any Person. Grantee shall supply the District with a complete list of such citations, Notices of Violations and censures, if any;
 - that the proposed transferee or any company managed by the proposed new owner (or by the proposed management of the Grantee under the proposed new owner) has at all times conducted its operations in an environmentally safe and conscientious fashion;
 - that the proposed transferee or any company managed by the proposed new owner (or by the proposed management of the Grantee under the proposed new owner) conducts its solid waste management operations in accordance with sound waste management standards and practices and in full compliance with all federal, state and local laws regulating the collection and disposal of waste;
 - of the adequate financial strength of proposed transferee or of the Grantee under the proposed new ownership; and
 - of the ability of the proposed transferee or of the Grantee under the proposed new ownership to obtain and maintain required insurance and bonds.
 - that Grantee guarantees the performance of the transferee under this Agreement for a period of twenty four (24) months.

SECTION 12 - REPORTS

Grantee shall provide the District Manager with such reports and information and make its records available for review as provided below:

A. General

- (1) Grantee shall keep, and, maintain, and furnish copies of such operating records and reports as may be requested by District to ascertain compliance with this Agreement, and support requests for a Fee adjustment. District and Grantee agree, unless disclosure is required under the Public Records Act, that Grantee's financial data and operational records shall remain confidential with respect to third parties, and shall be protected from disclosure to the extent they contain proprietary information, including trade secrets, whether or not designated as such by Grantee.
- (2) All information required to be kept, maintained or furnished to the District shall be maintained a minimum of five (5) years after the entry of the most recent item therein;

B. Reporting Requirements

During the term of this Franchise Agreement, Grantee shall submit to the District quarterly, and more often if required by law, information reasonably required by District to meet its reporting obligations imposed by AB 939 and AB 901, as amended, and the regulations implementing each, in a manner acceptable to District. Grantee agrees to submit such reports and information as reasonably requested by the District. Grantee agrees to render all reasonable cooperation and assistance to the District in meeting the requirements of the District's source reduction and recycling element and non-disposal facility element.

C. Annual and Quarterly Reports

- (1) Grantee shall assist District in preparation of all Annual and Quarterly reporting required by Cal Recycle, or successor agency, in accordance with this Agreement.
- (2) Quarterly reports will be available forty-five (45) days following the end of each calendar quarter. The quarterly reports shall include:
 - i. Amount (in tons) and type of material collected.
 - ii. Amount and types of material deposited in the Solid Waste Facility.
 - iii. Amount and types of material recycled, processed or diverted.
 - iv. Customer complaint log for complaints received during the quarter.
 - v. Summary assessment of services, and identification of impediments to meeting service requirements.

- vi. An annual presentation will be made to the District Board upon an agreed date that is acceptable to both parties.
- vii. Any other information required by CalRecycle.

SECTION 13 - COMPENSATION

A. Compensation and Billing

Each party shall provide/maintain accurate and complete accounting and billing. Either party may request and be entitled to review the other party's accounting and billing related to this Agreement.

- (1) **Billing and Payment.** All requests for service, or for changes in service, shall be processed by District and promptly reported to Grantee. District shall provide billing services to all residential, commercial, and industrial customers who receive service pursuant to this Agreement, except that Drop Box services will be billed and collected by Grantee.

On a monthly basis, District shall remit to Grantee the full amount of services provided based on the Grantee Fees set forth on Exhibit "C." The monthly compensation payment to Grantee shall be paid by District within thirty (30) days of the end of the applicable billing cycle. Said Fees paid to Grantee are exclusive of fees collected by District for billing and customer services provided by the District, contract management, enterprise fund management, and Franchise Fees. The parties acknowledge District's right to add and retain such fees.

Each party's accounting and billing shall be accurate and complete. Either party may request and be entitled to review the other party's accounting and billing related to this Agreement.

Direct Billing by Grantee

Grantee will be required to provide Drop-Box customers who are more than thirty (30) days past due a proper notice of delinquency according to applicable law prior to discontinuing services. Grantee may require Customers arranging for Temporary Services to pre-pay for the services requested.

Payment

On a monthly basis, Grantee shall submit a complete report of amounts collected from customers direct billed by Grantee, including . District shall remit to Grantee amounts collected for services billed on tax rolls, less all applicable Franchise Fees, based on the Fees set forth in Exhibit "C." The monthly payment to Grantee shall be paid by District within thirty (30) days of the end of the applicable billing cycle.

- (2) **Grantee's Fees.** Grantee shall provide solid waste handling services pursuant to this Agreement at the Fees set forth in the attached Exhibit "C," the contents of which are incorporated by this reference. The Exhibit "C" Fees will apply at the inception of this Agreement, and are subject to adjustment as set forth elsewhere herein.

The parties acknowledge their understanding that the Exhibit "C" Fees are not necessarily reflective of the total charges that District will actually bill to customers. The District expressly reserves the right to charge customers whatever Rates it deems reasonable or appropriate, and the actual charges to a customer will include additional amounts, over and above the amount that will be paid to Grantee, to cover such administrative, finance, collection or other fees as the District determines proper. If no Fee has been established for a particular service billed by District, Grantee and District shall mutually agree on an appropriate charge for that service or service level. If no Rate has been established for a service billed directly by Grantee, then Grantee shall determine with Customer the appropriate charge, subject to District approval. Grantee shall promptly notify District of any new Rates to be billed by Grantee.

The Exhibit "C" Fees are inclusive of all Solid Waste handling services to be provided, including collection, transportation, processing, composting, disposal, and cart and bin costs, and costs associated with moving bins from standard enclosures such distance as is reasonably necessary to empty them (but not including costs associated with moving bins beyond such distance in unusual circumstances or due to special requests by customers). No other charges shall be imposed by Grantee for such services unless approved by District.

B. Adjustment to Fees

The following annual and special rate adjustments shall be made to the Fees provided for in this Franchise Agreement. Grantee acknowledges that the District is subject to Article XIID of the California Constitution, which limits the manner in which the District may raise property-related fees that are charged to customers. All adjustments to Grantee's fees shall be subject to the requirements of Article XIID, as applicable. Any rate increase that has not been submitted to Customers as required by Article XIID shall not be implemented by Grantee. If, at any time, a Rate adjustment cannot be implemented for any reason, Grantee and District shall negotiate in good faith, a reduction of services equal to the value of the Rate adjustment that cannot be implemented. If District and Grantee are unable to reach agreement about such a reduction in services, then Grantee may terminate this Agreement upon one year's prior written notice to District.

(1) Annual Cost of Living Adjustment (COLA)

Beginning July 1, following the Effective Date of this Franchise Agreement, the Fee shall, subject to the requirements and limitations associated with California Constitution Article XIID, be annually adjusted upwards by adding a cost-of-living adjustment (COLA) to the then current Fee. The COLA shall be based on the change in the annual Consumer Price Index (CPI).

An example of the CPI adjustment for July 1, 2021 is shown below:

Annual CPI-U 2019: 295.004

Annual CPI-U 2020: 300.084

Change:	5.080
% Increase:	1.72% (5.080 ÷ 295.004)

Notwithstanding other provisions contained herein, each annual CPI adjustment shall not exceed five and one-half percent (5.5%) per year ("Annual CPI Adjustment Cap"). If an annual CPI adjustment would exceed the Annual CPI Adjustment Cap, the overage will be carried over to future years for possible capture. For example (and for illustrative purposes only), if the CPI adjustment for July 1, 2023 would be six and one-half percent (6.5%), the one percent (1%) overage will be carried over for possible capture in 2024; if the CPI adjustment for July 1, 2024 is calculated as four and one-half (4.5%), the 2024 CPI adjustment will include the one percent (1%) overage from 2023, for a total CPI adjustment of five and one-half percent (5.5%). The overage will be included in the CPI adjustment in a future year only if such inclusion does not cause the future year's CPI adjustment to exceed five and one-half percent (5.5%). The failure to capture unutilized CPI adjustment will not be a basis for the termination of this Agreement.

(2) Franchise Fee Adjustment

The Franchise Fee adjustment shall be the pass through of one hundred percent (100%) of any increase or decrease in the Franchise Fee, and shall be effective as of the date the Franchise Fee increase or decrease is payable by the Grantee.

(3) Change in Scope Level Adjustment

- i. Subject to the satisfaction of the requirements of California Constitution Article XIII D, the Fee shall be increased (or decreased) by one hundred percent (100%) of the increase (or decrease) or incremental increase (or incremental decrease), as the case may be, in the demonstrable costs (i.e., on any direct or indirect cost, whether fixed or variable) associated with the change in the level of the Solid Waste Handling services which may be agreed to by Grantee. District shall provide Grantee ninety (90) days notice of any requested changes in scope of this agreement. A Change in Scope Adjustment shall be effective on and after the actual date of the requirement to or agreement to change operations which results from the change in service, but, absent the consent of the Manager, not sooner than the effective date of the change in service. In no event shall any Change in Scope Adjustment be effective prior to the District's approval of an amendment to the Franchise Agreement.

(4) Change in Law Adjustments

- i. Subject to the satisfaction of the requirements of California Constitution Article XIII D, the Fee shall be increased (or decreased) by one hundred percent (100%) of the increase (or decrease) or incremental increase (or incremental decrease), as the case may be, in the demonstrable costs (i.e., on any direct or indirect cost, whether fixed or variable) associated with the change in the manner or nature of conducting Solid Waste Handling services necessitated by a Change in Law. If the requirements of California Constitution Article XIII D have been satisfied, a Change in Law Adjustment shall be effective on and after the actual date of the change in operations which resulted from the Change in Law, but, absent the

consent of the Manager, not sooner than the effective date of the Change in Law. In no event shall any Change in Law Adjustment be effective prior to the District's approval of an amendment to the Franchise Agreement.

C. Discontinuance of Service

Grantee may discontinue service for non-payment of Customer's billing (when directed by District for accounts billed by District,) if Customer fails to render payment within sixty (60) days of the date on which payment is due, or Customer's failure to substantially comply with the requirements of the applicable provisions of state or local law which govern use, storage and collection of Solid Waste in accordance with this Agreement; provided however, if a non-monetary breach may not be reasonably cured by District within thirty (30) days of receipt of written notice from Grantee, Grantee shall not discontinue service if District diligently pursues such correction or remedy.

SECTION 14 - FORCE MAJEURE

Neither party shall be in default under this Agreement in the event that performance is temporarily interrupted or discontinued for any of the following reasons: riots, wars, sabotage, acts of terrorism, civil disturbances, insurrection, explosion, pandemics, quarantines, acts of God, acts of government or governmental restraint, and natural disasters such as floods, earthquakes, landslides, and fires, severe weather or other catastrophic events which are beyond the reasonable control of the non-performing party and which the non-performing party could not reasonably be expected to have prevented or controlled. Catastrophic events do not include the financial inability to perform or failure to obtain any necessary permits or licenses from other governmental agencies or the right to use the facilities of any public utility where such failure is due solely to the acts or omissions of the party.

SECTION 15 - OTHER PROVISIONS

A. Independent Contractor

Grantee is an independent contractor and not an officer, agent, servant, or employee of District. Grantee is solely responsible for the acts and omissions of its officers, agents, and employees, if any. Nothing in this Franchise Agreement shall be construed as creating a partnership or joint venture between District and Grantee. Neither Grantee nor its officers, agents, or employees shall obtain any rights to retirement or other benefits which accrue to District employees.

B. Right to Pass

Grantee shall have the right to enter or drive on any private street, court, place, easement, or other private property for the purpose of providing Solid Waste Handling services pursuant to its Franchise Agreement, so long as it is not in receipt of a written notice revoking permission to pass. Grantee shall have no rights greater than those then held by District.

C. Compliance with District Ordinances

Grantee shall comply with provisions of District's ordinances that are applicable to operations hereunder, and with any and all amendments, from time to time, to such provisions during the Term of this Agreement.

D. Notices

Any notice, information, request or reply ("Notice") required or permitted to be given under the provisions of this Agreement shall be in writing and shall be given or served personally, by mail, or by email. If given or served by mail, such Notice shall be deemed sufficiently given if: (1) (i) deposited in the United States mail, certified mail, return receipt requested, postage prepaid, (ii) sent by overnight service provided proof of service is available, or (iii) personal service; and (2) addressed to (i) the Grantee at its most recent address of record with District or (ii) to the Manager at the then-current address of District, as the case may be. The addresses of the parties at the time of signing this Agreement are:

To District: Laton Community Services District
Attn: Board of Directors
20798 S. FOWLER AVE. ~ P.O. BOX 447

To Grantee: Attn: Contract Administrator
Mid-Valley Disposal, LLC
15300 West Jensen Avenue
Kerman, CA 93630

Either party may from time to time designate by Notice to the other given in accordance with this Section. Notice shall be deemed effective on the date personally served or, if mailed, three (3) business days from the date such notice is deposited in the United States mail, or if by facsimile transmission, upon receipt of confirmation of delivery which confirmation may be transmitted by the same means, or if by overnight delivery service, the one (1) business day from the date such notice is submitted to the delivery service. Service by facsimile transmission shall not be effective unless the original of the document being served is deposited in the United States mail, postage prepaid, within twenty-four (24) hours after the facsimile transmission has been confirmed.

E. Exhibits Incorporated

Exhibits "A" through "C" are attached to and incorporated in this Agreement by this reference as if fully set forth.

F. Laws and Licenses

District and Grantee shall, at their own separate costs, comply with all federal, State, and District laws, ordinances, rules, and regulations applicable to the performance of the services hereunder and Grantee shall obtain and maintain in full force and effect throughout the term of this Agreement all licenses and permits necessary to perform the services hereunder.

G. Governing Law

This Agreement shall be governed by the laws of the State of California, with venue in the Superior Court of the County of Fresno or the Federal District Court with jurisdiction over District.

H. Waiver

No waiver by either party of any one or more defaults or breaches by the other party in the performance of this Agreement shall operate or be construed as a waiver of any already established or future defaults or breaches, whether of a like or different character or degree.

I. Counterpart Signatures

This Agreement may be executed in counterpart pages (counterparts), each of which shall be deemed an original and all of which shall constitute one and the same instrument, and shall become fully executed when counterparts have been signed by each of the Parties and delivered to the other Parties; it being understood that all Parties need not sign the same signature pages of this Agreement. The exchange of copies of this Agreement and of signature pages by electronic mail in "portable document format" (".pdf") form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, or by combination of such means, shall constitute effective execution and delivery of this Agreement as to the Parties and may be used in lieu of the original Agreement for all purposes. Signatures of the Parties transmitted electronically shall be deemed to be their original signatures for all purposes.

J. Attorneys' Fees

In the event either party pursues a legal action to enforce or interpret this Agreement, the party prevailing in such litigation shall be entitled to its reasonable attorneys' fees and costs.

SECTION 16 - SEVERABILITY

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

SECTION 17 - ENTIRE AGREEMENT; AMENDMENT

This Agreement and its incorporated Exhibits constitute the entire agreement between the parties concerning the subject matter hereof and supersede any and all other communications, representations, proposals, understandings or agreements, either written or oral, between the parties hereto with respect to such subject matter. This Agreement may not be modified or amended, in whole or in part, except by written agreement signed by both parties hereto.

SECTION 18 - CONSTRUCTION OF FRANCHISE

The parties hereto have negotiated this franchise at arm's length and with advice of their respective attorneys, and no provision contained herein shall be construed against either party solely because it prepared the actual physical Agreement executed by the parties.

WITNESS the execution of this Agreement on the day and year written above.

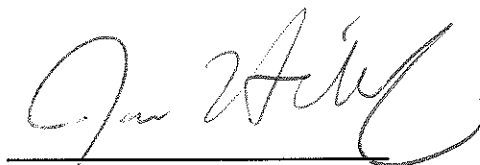
Laton Community Services District

MID-VALLEY DISPOSAL

General Manager

Attorney
Approved to Form

District Clerk
Attest



NAME:

JOE HEISDORF

CHIEF FINANCIAL OFFICER

TITLE:

EXHIBIT “A” - PROVIDED SERVICES

This Exhibit sets forth the level of services to be provided by Grantee pursuant to its Franchise, and the manner of providing such services which are in addition to the manner of providing services specified in this Agreement.

Grantee shall provide the Solid Waste Handling services in conformity with all provisions of this Agreement, including:

A. Single Family Residential

- (1) Weekly Cart Service - Unless otherwise required under applicable law or regulation, once per week Grantee shall collect the Solid Waste (except bulky items and Hazardous Waste), which has been separated, placed, kept, or accumulated in containers at residential units within the Franchise Area and placed at curbside prior to Grantee's normal weekly collection time. All Solid Waste must be placed within containers at curbside without obstructions so as to permit collection, unless otherwise agreed upon by District and Grantee. Grantee shall supply containers, and shall require the use of specific containers as specified in this Exhibit “A.” Grantee may provide special pickup procedures, above and beyond the services described above, with customers consistent with the Fees paid Grantee in Exhibit “C.” Grantee shall notify District immediately of any Changes in Service Level, and similarly, District shall notify Grantee of any Changes in Service Level.

B. Commercial, Industrial, and Multi-Residential

- (1) Multi-Residential Weekly Service - Unless otherwise required under applicable law or regulation, at least once per week Grantee shall collect the Solid Waste (including bulky items which have been placed in a closed bin, and excepting metallic white goods (see “BULKY WASTE” definition) and Hazardous Waste) which have been placed, kept or accumulated for collection in Solid Waste Bins at Multi-Residential Units.
- (2) Commercial and Industrial Weekly Service - Unless otherwise required under applicable law or regulation, at least once per week Grantee shall collect the Solid Waste which have been placed, kept or accumulated for collection in Solid Waste Bins at commercial units.

C. Construction and Demolition Waste Temporary Drop Box Services

Grantee shall provide construction and demolition debris removal, including temporary Drop Box services using Fees reflected in Exhibit “C” unless debris is generated by a declared emergency disaster such as floods, fires, earthquake or other such occurrence as deemed meeting the criteria of disaster debris. The District may provide for Rates and services solely for the timely and efficient removal of “disaster debris” with the Grantee or other qualified public or private entity.

D. Special Collection Programs

The following minimum special collection programs shall apply to this Franchise Agreement:

- (1) District Facilities: Grantee shall provide front load commercial service to the District at no cost for the following District-owned facilities:
 - i. District Office
- (2) Contractor shall include two annual community clean-up days. The time and location will be mutually agreed upon.
- (3) Christmas Trees: Contractor shall collect and dispose of Christmas trees left at curbside by Customers during the three regular pickups following each Christmas day.
- (4) Senior and Handicapped Service: When a Customer produces evidence that he or she is at least 65 years of age or a medical practitioner's statement showing that he/she is physically unable to place his/her solid waste bins at the curb for collection, together with his/her affidavit certifying that no able-bodied person under 65 years of age on the premises is available for such purposes, Grantee will provide walk-in service to such premises.

E. Emergency Disaster Debris Removal Services

- (1) In the event of a declared emergency disaster such as a fire, flood, earthquake, or other such occurrence as deemed meeting the criteria of a disaster in which debris is created, the Grantee will be given the first right of refusal in its franchise area to offer temporary bin/roll off services using Fees reflected in Exhibit "C", to transport debris to a staging area or disposal facility designated by the Manager.
- (2) During any period of time that Grantee is unable to service its franchise area during such declared emergency, either for loss of transportation, lack of assistance or an overabundance of debris material or other similar circumstances, the District reserves the right to contract with third-party entities for temporary bin/roll off services, including transportation of debris to a Solid Waste Facility, and for Solid Waste Handling service. Grantee shall notify District when it regains its ability to recommence service in its franchise area and District will, within a reasonable time period, terminate any contract with third-party entities for the same services.
- (3) The District reserves the right to direct roll off bin service to areas that have been designated as critical due to the emergency conditions.

EXHIBIT "B" - DEFINITIONS

For the purposes of this Franchise Agreement, the following terms, when used with initial capitalization, shall have the meanings set forth in this Section:

- A. AB 939. "AB 939" means the California Integrated Waste Management Act of 1989, being Division 30 of the California Public Resources Code, commencing with Section 40000 thereof, as it may be amended from time to time.
- B. AB 1826. "AB 1826" means the Organic Waste Recycling Act of 2014 (Chapter 727, Statutes of 2014 modifying Division 30 of the California Public Resources Code), also commonly referred to as "AB 1826," as amended, supplemented, superseded, and replaced from time to time
- C. BULKY WASTE. "Bulky Waste" means discarded furniture (including but not limited to chairs, sofas, mattresses, and rugs); appliances (including but not limited to refrigerators, ranges, washers, dryers, water heaters, dishwashers, plumbing, small household appliances, and other similar items, commonly known as "white goods"); discarded stereos, televisions, computers, VCR's, and other similar items (commonly known as "Electronic-Waste"); wood waste, tree trunks and large branches if more than six inches in diameter or four feet in length, scrap wood, rocks, sod and earth. Bulky Waste does not include construction and demolition waste, or large items such as car bodies, Jacuzzi tubs or spas, or other items that cannot be handled by two persons. In addition, Bulky Waste does not include waste tires.
- D. CHANGE IN LAW. "Change in Law" means the imposition (or removal), after the establishment of a Fee relative to a Franchise Agreement, of any duty or burden imposed upon the Grantee in the performance of the Solid Waste Handling services required of it under the Franchise Agreement which is or becomes additional to (or is subtracted from) or different from those duties required or contemplated in its Franchise Agreement, or which must be performed in a different manner from that in which it is initially contemplated to be performed, and which results from any of the following:
 - (1) the enactment, issuance, adoption, repeal, amendment or modification of any federal, state or local law, statute, ordinance or regulation.
 - (2) a regulatory agency or other administrative agency interpreting a regulation, a judicial decision of a federal court interpreting federal law or statute, or a judicial decision of a court having jurisdiction within California interpreting a federal, state or local law, statute, ordinance or regulation, in a manner different from the interpretation which had previously been generally relied upon in California within the solid waste collection and hauling industry.
- E. CHANGE IN LAW ADJUSTMENT. "Change in Law Adjustment" means the adjustment to Fee as determined under the provisions of Section 13-B (6) of this Agreement.
- F. CHANGE IN OWNERSHIP. "Change in Ownership" occurs when either a transaction or event, results in fifty percent (50%) or more of the beneficial ownership of the Grantee being different than such ownership as of the date of the approval by the

District of the Franchise Agreement or, if applicable, as of the date of the most recent consent of the District to a Change of Ownership. The owners of the beneficial ownership of Grantee on the date of the approval of the Franchise Agreement or, if applicable, on the date of the most recent consent of the District to a Change of Ownership, shall be referred to in this subsection as an "Initial Owner". A Change in Ownership will be determined by application of the following:

- (1) Any beneficial interest owned by an individual related by blood or marriage to an Initial Owner shall be considered as owned by an Initial Owner in determining if a Change in Ownership has occurred.
- (2) Any public offering of stock where the stock is offered for sale to the general public and does not constitute a private placement shall be disregarded in determining if a Change in Ownership has occurred.
- (3) Sales, transfers, issuances or pledges of non-voting shares of stock will not be considered in determining if a Change in Ownership has occurred, until and unless and only to the extent that such stock is converted into voting shares of stock.
- (4) The pledge of, or any other action taken relative to, voting shares of stock which results in any voting rights of such stock being exercised by other than an Initial Owner shall be considered to be a transfer of such stock for the purposes of determining if a Change in Ownership has occurred.

G. CHANGE IN SCOPE ADJUSTMENT. "Change in Scope Adjustment" means the adjustment to Fee as determined under the provisions of Section 13–B (5) of this Agreement.

H. COMMERCIAL EDIBLE FOOD GENERATORS. "Commercial Edible Food Generator" means a Businesses identified as Tier One and Tier Two edible food generators as defined in 14 CCR Section 18982.

I. CONSUMER PRICE INDEX. "Consumer Price Index" or "CPI" means the Consumer Price Index, All Items, Not Seasonally Adjusted, San Francisco-Oakland-Hayward, California, as published by the U. S. Department of Labor, Bureau of Labor Statistics, Series Id. CUURS49BSA0, Base Date 1982-84=100, or the most similar successor index if this index is no longer published.

J. DISTRICT. "DISTRICT" means the Laton Community Services District, State of California.

K. DISTRICT SOLID WASTE DISPOSAL SYSTEM. "District Solid Waste Disposal System" means at any particular time, the then-existing Solid Waste Facilities which the District owns, leases or has a contractual right to use.

L. CUSTOMER. "Customer" means any Person receiving Solid Waste Handling services pursuant to this Agreement.

M. DESIGNATED SOURCE SEPERATED ORGANIC WASTE FACILITY: "Designated Source Separated Organic Waste Facility" means a facility identified by Contractor that meets the definition of 14 CCR Section 18982(a)(33).

- N. DROP BOX. "Drop Box" means a steel, open-top container holding at least eight (8) cubic yards that rolls off and on a transport truck.
- O. EFFECTIVE DATE. "Effective Date" means July 1, 2021.
- P. ELECTRONIC WASTE. "Electronic Waste" for purposes of this Agreement means electronic waste materials generated by residential or commercial Customers that render the items hazardous depending upon their condition and density, such as, but not limited to, televisions, computer monitors containing Cathode Ray Tubes (CRTs), cell phones, scanners, fax machines and other items as determined by applicable laws and regulations.
- Q. EXCLUDED WASTE. "Excluded Waste" means Hazardous Substance, Hazardous Waste, Infectious Waste, Designated Waste, volatile, corrosive, Medical Waste, infectious, regulated radioactive waste, and toxic substances or material that Approved/Designated Facility operator(s) reasonably believe(s) would, as a result of or upon acceptance, Transfer, Processing, or Disposal, be a violation of local, State, or Federal law, regulation, or ordinance, including: land use restrictions or conditions, waste that cannot be Disposed of in Class III Landfills or accepted at the Facility by permit conditions, waste that in Contractor's reasonable opinion would present a significant risk to human health or the environment, cause a nuisance or otherwise create or expose Contractor or District to potential liability; but not including de minimis volumes or concentrations of waste of a type and amount normally found in Single-Family or Multi-Family Solid Waste after implementation of programs for the safe Collection, Processing, Recycling, treatment, and Disposal of batteries and paint in compliance with Sections 41500 and 41802 of the California Public Resources Code.
- R. FEE. "Fee" means the inclusive Fee schedule attached to this Agreement as Exhibit "C," which provides the Fees to be paid to Grantee by District in consideration of the Solid Waste Handling services provided by Grantee hereunder. Rates charged Customers by District may be higher than Fees paid Grantee in order to cover appropriate District costs.
- S. FOOD SCRAPS. "Food Scraps" means all discarded food such as fruits, vegetables, beans, pasta, and other materials accepted at the designated organics processing facility.
- T. FRANCHISE AGREEMENT. "Franchise Agreement" means the Agreement entered into between the District and the Grantee which authorizes/requires the Grantee to provide Solid Waste Handling services in a specified Franchise Area.
- U. FRANCHISE FEE. "Franchise Fee" means a defined portion of revenue from rates retained by District as compensation to District for the exclusive right assigned to Grantee to provide Solid Waste Handling services within the Franchise area.
- V. GRANTEE. "Grantee" means Mid-Valley Disposal, LLC, a California Limited Liability Company.

- W. GREEN WASTE. "Green Waste" means discarded Solid Waste consisting of grass clippings, leaves, branches, tree trunks and other vegetative matter not more than six (6) inches in diameter or four (4) feet in length.
- X. GROSS RECEIPTS.
- (1) "Gross Receipts" means all monies received by Grantee for providing the Solid Waste Handling services specified in its Franchise Agreement.
- (2) "Gross Receipts Less Disposal Charges" means Gross Receipts less that part of the monies received by the Grantee that are collected from Customers for payment of the fee imposed for disposing of the Solid Waste at a Solid Waste Facility.
- Y. HAZARDOUS WASTE. "Hazardous Waste" means any waste material or mixture of waste which is toxic, corrosive, flammable, an irritant, a strong sensitizer, or which generates pressure through decomposition, heat or other means, if such waste or mixture of waste may cause substantial personal injury, serious illness or harm to humans, domestic animals or wildlife during or as a proximate result of any disposal of such waste or mixture of wastes as defined in Article 2, Chapter 6.5, Section 25117 of the California Health and Safety Code and Title 22 of California Code of Regulations, Section 66261.3. The terms "toxic," "corrosive," "flammable," "irritant," and "strong sensitizer" shall be given the same meaning as in the California Hazardous Substances Act (Chapter 12, commencing with Section 28740.1, Division 21 of the California Health and Safety Code).
- Z. MANAGER. "Manager" means the District Manager of the Armona Community Service District, or designee of District Manager.
- AA. MATERIALS RECOVERY FACILITY. "Materials recovery facility" or "MRF" is a facility designed to remove recyclables and other valuable materials from the waste stream collected through a residential, commercial, or industrial Solid Waste Handling program that is approved to operate by the appropriate state and local agencies.
- BB. MULTI-JURISDICTION LOAD REPORT. "Multi-Jurisdiction Load Report" means a report which sets out the amount, and place of collection, of Solid Waste delivered to the District Solid Waste Disposal System.
- CC. ORGANIC MATERIAL. "Organic Material" means Green Waste and Food Scraps which are specifically accepted at an organics processing facility. No Discarded Material shall be considered to be Organic Materials, however, unless it is separated from Solid Waste and Recyclable Material.
- DD. PERSON. "Person" includes, without limitation, individuals, associations, clubs, societies, firms, partnerships, joint ventures, sole proprietorships, corporations, limited liability companies, schools, colleges and all governmental agencies and entities.
- EE. PROCESSING. "Processing" means the reduction, separation, recovery, conversion or recycling of Solid Waste.

- FF. PROHIBITED CONTAINER CONTAMINANTS. "Prohibited Container Contaminants" means (i) items placed in the Blue Container that are not identified as acceptable Recyclable Materials; (ii) items placed in the Green Container that are not identified as acceptable organic waste; (iii) items placed in the Gray Container that are acceptable to be placed in District's Green Container and/or Blue Container ; and (iv) Excluded Waste placed in any Container.
- GG. RATES. "Rate" or "Rates" means rates charged by District or by Grantee, as applicable, to Customers for Solid Waste Handling Services provided.
- HH. RECYCLABLE MATERIALS. "Recyclable Materials" means discarded Solid Waste which may be sorted, cleansed, treated, processed, and/or reconstituted, and which is segregated for the purpose of reuse or recycling, including, but not limited to, separated paper, glass, cardboard, plastic, ferrous materials or aluminum.
- II. RESIDUAL SOLID WASTE. "Residual Solid Waste" means the solid waste destined for disposal, transformation, further transfer/processing as defined in section 17402(a)(30) or (31) of the California Code of Regulations Title 14, Article 6, which remains after processing has taken place.
- JJ. SB 1383. "SB 1383" means Senate Bill 1383 of 2016 approved by the Governor on September 19, 2016, which added Sections 39730.5, 39730.6, 39730.7, and 39730.8 to the Health and Safety Code, and added Chapter 13.1 (commencing with Section 42652) to Part 3 of Division 30 of the Public Resources Code, establishing methane emissions reduction targets in a statewide effort to reduce emissions of short-lived climate pollutants as amended, supplemented, superseded, and replaced from time to time.
- KK. SECURITY. "Security" means a corporate surety bond, a letter of credit or other security device acceptable to District, as provided in Section 9–F.
- LL. SOLID WASTE. Except as provided in sub-subsections (1), (2), (3) and (4), "Solid Waste" means all putrescible and nonputrescible solid, semisolid, and liquid wastes, including garbage, trash, refuse, paper, rubbish, ashes, industrial wastes, demolition and construction wastes, abandoned vehicles and parts thereof, discarded home and industrial appliances (subject to salvage and other special handling requirements under applicable law and regulation), dewatered, treated, or chemically fixed sewage sludge which is not Hazardous Waste, manure, vegetable or animal solid and semisolid wastes, and other discarded solid and semisolid wastes, including Recyclable Materials and Green Waste.
- (1) "Solid Waste" does not include Hazardous Waste and does not include low-level radioactive waste regulated under Chapter 7.6 (commencing with Section 25800) of Division 20 of the California Health and Safety Code.
- (2) "Solid Waste" does not include medical waste (except treated medical waste) which is regulated pursuant to the Medical Waste Management Act (Chapter 6.1 (commencing with Section 25015) of Division 20 of the California Health and Safety Code).

- (3) Solid Waste does not include petroleum or a petroleum product or fraction thereof at reasonably detectable levels, asbestos and, with respect to a particular Solid Waste Facility, any waste or material which a regulatory agency, the Facility's solid waste facility permit or District policy, does not allow to be accepted for transfer, Processing, composting, transformation or disposal at that Facility.
- (4) Solid Waste does not include items which would be Recyclable Materials but for the fact that they are personally separated from other Solid Waste by the generator thereof and are donated or sold to third parties. For purposes of this section, no donation or sale shall be deemed to have occurred in any instance where a generator directly or indirectly pays the third party any sum (including without limit as a consulting fee, container rental or other fees or tangible consideration) either: (i) in lieu of being directly charged for collecting, transporting, processing or recycling such item; or (ii) to offset the payment to the generator for the purported sale of such item to the third party. Nor shall the receipt of a discount of, or reduction in, the disposal service rate on un-segregated Solid Waste containing such an item be deemed to be the donation or sale of such an item to a third party.

MM. SOLID WASTE FACILITY. "Solid Waste Facility" means any facility that is designed to manage any type of Solid Waste and includes transfer, Processing, composting, transformation and disposal facilities.

NN. SOLID WASTE FACILITY FEE. "Solid Waste Facility Fee" means the fee charged for use of a Solid Waste Facility.

OO. SOLID WASTE HANDLING. "Solid Waste Handling" means one or more of the following: the collection of Solid Waste from a commercial, residential, construction or industrial source; the transportation of such Solid Waste to a Solid Waste Facility; and the transfer, Processing, composting, transformation, or disposal of such Solid Waste at the Solid Waste Facility.

PP. SPECIAL WASTES. "Special Wastes" means all the items and materials which are designated as such in a Franchise Agreement.

QQ. TRANSFORMATION. "Transformation" as used in this Agreement shall have the same meaning as set forth in Public Resources Code Section 40201, as it may be amended from time to time.

EXHIBIT “C” – FEES

	Fees Paid to Mid Valley	Franchise Fee	Customer Rate
Description of Service	11/1/2022		11/1/2022
Residential - 96 Grey Refuse/96 Blue Recycle	\$22.72	\$3.50	\$26.22
Residential - Per additional 96 Cart	\$12.59	\$0.69	\$13.28
Residential - Snr Ctzn - 64 Grey Refuse/96 Blue Recycle	\$20.26	\$3.50	\$23.76
Commercial - 1 CU YD 1x	\$71.30	\$3.50	\$74.80
Commercial - 2 CU YD 1x	\$85.60	\$3.50	\$89.10
Commercial - 2 CU YD 2x	\$132.52	\$3.50	\$136.02
Commercial - 2 CU YD 3x	\$183.31	\$3.50	\$186.81
Commercial - 3 CU YD 1x	\$120.02	\$3.50	\$123.52
Commercial - 3 CU YD 2x	\$193.55	\$3.50	\$197.05
Commercial - 3 CU YD 3x	\$271.41	\$3.50	\$274.91
Commercial - 4 CU YD 1x	\$153.53	\$3.50	\$157.03
Commercial - 4 CU YD 2x	\$226.13	\$3.50	\$229.63
Commercial - 4 CU YD 3x	\$339.67	\$3.50	\$343.17
Commercial - 6 CU YD 1x	\$181.47	\$3.50	\$184.97
Commercial - 6 CU YD 2x	\$266.15	\$3.50	\$269.65
Commercial - 6 CU YD 3x	\$436.48	\$3.50	\$439.98
Recycling - Com 96 Gallon 1x	\$13.14	\$3.50	\$16.64
Recycling - Com 96 Gallon 2x	\$26.28	\$3.50	\$29.78
Recycling - Com 2 YD /1X	\$43.80	\$3.50	\$47.30
Recycling - Com 2 YD /2X	\$76.65	\$3.50	\$80.15
Recycling - Com 3 YD /1X	\$65.70	\$3.50	\$69.20
Recycling - Com 3 YD /2X	\$114.98	\$3.50	\$118.48
Organics 96 Gallon 1x	\$29.70	\$3.50	\$33.20
Organics 99 Gallon 2x	\$46.64	\$3.50	\$50.14
Miscellaneous Charges		No FF	Customer Rate
Cart Contamination	\$15.00	\$0.00	\$15.00
Bin Contamination 1st occurrence	\$25.00	\$0.00	\$25.00
Bin Contamination 2nd or more occurrence	\$45.00	\$0.00	\$45.00
Roll Off - Hauling and exchange, per box	\$267.00	\$0.00	\$249.00
Delivery Fee, per box	\$50.00	\$0.00	\$50.00
Tonnage Fee, per box	as billed	\$0.00	as billed
Enclosure Access	\$15.00	\$0.00	\$15.00
Locking Lid Fee	\$25.00	\$0.00	\$25.00

Push/Pull Charge	\$15.00	\$0.00	\$15.00
Extra Pick Up, per Cubic Yard			
Municipal Solid Waste	\$18.00	\$0.00	\$18.00
Recycle	\$12.05	\$0.00	\$12.05
Organics	\$15.65	\$0.00	\$15.65