2015 FRANCHISE AGREEMENT BETWEEN RECOLOGY SOUTH BAY
AND THE COUNTY OF SANTA CLARA
FOR GARBAGE COLLECTION DISTRICT EAST

This Agreement is by and between the COUNTY OF SANTA CLARA, a political subdivision of the State of California ("County") and RECOLOGY SOUTH BAY, a California corporation, ("Grantee").

RECATALS

WHEREAS, the public welfare of the inhabitants of the unincorporated areas within Collection District East requires that adequate provisions be made for the regulated collection, removal and disposal of garbage and rubbish;

WHEREAS, said public welfare also requires that a curbside recycling program be provided to allow residents to recycle materials which would otherwise be collected and disposed of as garbage or rubbish thus depleting valuable landfill space;

WHEREAS, pursuant to Public Resources Code sections 40057 and 40059, the County is authorized to enter into exclusive and/or nonexclusive franchises for the right to collect and remove all garbage and rubbish;

WHEREAS, pursuant to Public Resources Code section 40057, the County shall provide for source reduction, recycling, and composting activities; and

WHEREAS, the Board of Supervisors of the County of Santa Clara, State of California, does hereby find, resolve, and determine that in accordance with the California Environmental Quality Act (CEQA), execution of this 2015 Franchise Agreement, and approval of the garbage collection, recycling, Yard Waste and Food Waste collection programs contained therein, is a Class 8 categorical exemption from the requirements of CEQA;

NOW, THEREFORE, for and in consideration of the mutual covenants and provisions hereof, it is agreed as follows:

SECTION 1. DEFINITIONS. As used in this Agreement, the following terms shall have the respective meanings indicated:

a. "Anaerobic Digestion" means the controlled biological decomposition of organic materials under anaerobic conditions.

b. "Annual Clean-up Program" means clean-up events, held on a mutually agreed upon Saturday, in which Grantee will furnish all supervision, labor, materials, equipment, tools, expertise, and other items necessary to perform such services.

c. "Annual Outreach Plan" means the mutually agreed upon schedule for public education outreach pieces generated by Grantee that is submitted to the County by June 15 each year or next business day.

d. "Apartment Complex" means a multiple family dwelling of five units or more.

e. "Ash" means the material remaining after the incineration of garbage and rubbish, including bottom ash, fly ash and water.
f. “Base Rates” means the rates charged for garbage collection and disposal services provided for within this Agreement less pass-through costs and non-recurring, fully amortized Extraordinary Costs.

g. “Bulky Item Pick-Up” means wastes that cannot be collected in standard collection vehicles because of size or other characteristics which can damage collection vehicles. Such items include, but are not limited to, appliances and furniture. Grantee will provide the labor and vehicles necessary to collect, dispose of and/or recycle bulky items set out for collection by residents. Grantee will recycle or donate for reuse at least 50% of bulky items and 75% by 2020.

h. “Collection District East” means all that unincorporated territory in the County, shown on a map maintained by the County Department of Environmental Health and within the ZIP Codes as follows:

“Collection District East” means any and all unincorporated parcels in central and eastern Santa Clara County ZIP Codes 94550, 95002, 95035, 95116, 95121, 95122, 95127, 95131, 95132, 95133, 95134, 95135, 95138, 95140, and 95148. Garbage collection areas serviced under a separate franchise agreement by GreenWaste Recovery for the Burbank Sanitary District are excluded from Unincorporated Garbage Collection District East;

The boundaries and description of Garbage Collection District East shall be automatically amended to exclude any parcels annexed to a city during the term of this agreement.

i. “Commercial Service Recipient” means a business(es) and/or multi-family dwelling of five (5) or more units that is located and/or is operated within the areas of Unincorporated Garbage Collection District East not including home-based businesses, which are considered a “Residential Service Recipient”.

j. “Compost” means a highly stable humus-like product of the composting process that results from having the organic components of Yard Waste oxidatively metabolized to relatively stable intermediates; i.e., the material can be stored without producing a nuisance or can be applied to the soil and neither inhibits vegetative development nor cause adverse effects.

k. “Composting” means the controlled biological decomposition of organic solid waste under aerobic conditions.

l. “Construction and Demolition Debris” means debris resulting from construction, remodeling, repair and/or demolition of buildings and other structures as part of total services offered by a duly licensed company or contractor. Construction and demolition debris, including but not limited to concrete, rock, dirt, wood, roofing and drywall, will be source separated from Garbage and be free of any and all Yard Waste and putrescible materials.

m. “County Health Officer” means the Director of the Department of Environmental Health, County, or duly authorized designee.

n. “Curbside Clean-ups” means Residential Service Recipients can request Grantee to collect twice annually additional wastes. Waste will be limited to normal household debris; any one item or container must not exceed 70 pounds and must be manageable by one person, and be no larger than 6 feet x 6 feet x 6 feet. Dirt, rock, concrete, Freon-containing appliances, paint, and/or other hazardous materials will not be collected. Curbside Clean-ups that are not used by the residential Service Recipient during the calendar year will not be accumulated.
o. “E-waste” includes, but is not limited to, the following items: Cameras, CD & DVD players, cellular phones, computers & peripherals, copiers, fax machines, power cables, printers, radios, stereo equipment, telephone & telephone equipment, televisions, vacuum cleaners, video game systems and small electronic appliances (such as blenders, mixers, coffee makers, etc.).

p. “Extraordinary Costs” means costs arising from extraordinary changes in circumstances that materially increase Grantee’s cost of providing services and that are substantially beyond the control of Grantee (see Section 7b).

q. “Food Waste” means source-separated putrescible animal, fish, food, fowl, post-kitchen fruit or vegetable matter as well as paper products soiled with any of these materials.

r. “Garbage” means putrescible waste resulting from the preparation, storage, handling, decay or consumption of such substance, generated by all residential, commercial, industrial, institutional, agricultural and other activities within the Unincorporated Garbage Collection District East, except that garbage does not include hazardous waste, medical waste, ash, and Source Separated Recyclable Material, Yard Waste or Food Waste.

s. “Grantee” means the entity which holds and operates under the County Board of Supervisors approved Franchise Agreement(s).

t. “Green Business Program” means the County-sponsored recognition program for small to medium-sized consumer oriented businesses.

u. “Gross Receipts” means all gross operating revenues received by Grantee from the collection and removal of Garbage within Collection District East. Gross receipts do not include gross operating revenues received by Grantee from the collection and removal of Rubbish within Collection District East until such time as other firms providing Rubbish collection services in Collection District East are required to pay franchise fees on the collection and removal of Rubbish. Gross receipts do not include receipts from the collection and sale of Recyclable Materials, Food Waste or Yard Waste, Service Recipient refunds, and County surcharges.

v. “Hard-to-Serve” means an unincorporated Commercial or Residential Service Recipient whose regular collection of Garbage, Recyclable Materials, Yard Waste, or Food Waste requires the use of a non-standard collection vehicle due to conditions or circumstances which preclude the use of a standard collection vehicle. Such conditions or circumstances may include but not be limited to: weight restrictions on access roads/bridges; twisty or excessively narrow roads that a standard vehicle cannot navigate; etc.

w. “Hazardous Waste” means any of the following: All waste defined or characterized as hazardous waste by the federal Solid Waste Disposal Act, 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; All waste defined or characterized as hazardous waste by the principal agencies of the State of California having jurisdiction over hazardous waste generated by facilities within the State, and pursuant to any applicable State or local law or ordinance, and all future amendments thereto, or regulations promulgated thereunder; Radioactive wastes; Any sewage sludge or other residue from wastewater treatment facilities; Waste commonly known as cannery waste; Those substances or items which require special or extraordinary handling or disposal due to their hazardous, harmful, toxic or dangerous character or quality; and Those substances and items which are not normally expected to be disposed of by generally accepted sanitary landfill disposal methods.
“Hazardous Waste” will be construed to have the broader, more encompassing definition where a conflict exists in the definitions used by two or more governmental agencies having concurrent or overlapping jurisdiction over Hazardous Waste. If any governmental agency or unit having appropriate jurisdiction determines that substances which are, as of the date hereof, considered harmful, toxic, dangerous or hazardous, are not harmful, toxic, dangerous or hazardous, then those substances are not Hazardous Waste for purposes of this Agreement as of the effective date of such determination. If any governmental agency or unit having appropriate jurisdiction determines that substances which are not, as of the date hereof, considered harmful, toxic, dangerous or hazardous, are harmful, toxic, dangerous or hazardous, then such substances are Hazardous Waste for the purposes of this Agreement as of the effective date of such determination.

x. “Industry Standard Wage” means payment of standard industry wages to all collection employees for services provided under this Agreement, as specified below (previously listed as Prevailing Wage in County Franchise Agreements). Wage will be considered an Industry Standard Wage if:

1) Wage is negotiated under a collective bargaining agreement with a recognized union representing the garbage collection employees; or

2) Workers are paid not less than the general living rate of per diem wages and benefits which is determined by taking the average of the total of the hourly wage, plus the hourly benefit rate paid for work of a similar character in the locality in which the work is performed, and not less than the average of the general standard rate of per diem wages for legal holiday and overtime work in the County.

A copy of Industry Standard Wage information is on file in the County Department of Agriculture and Environmental Management, Recycling and Waste Reduction Division, where it is available to any interested party on request.

y. “Medical Waste” means waste, including biohazardous waste and sharps waste, as defined by California Health and Safety Code, Chapter 6.1, or subsequent revision. Medical Waste may originate from hospitals, public or private medical clinics, departments or research laboratories, pharmaceutical industries, blood banks, forensic medical departments, mortuaries, veterinary facilities and other similar facilities. Medical Waste does not include any such waste which is determined by evidence reasonably satisfactory to Grantee to have been rendered non-biohazardous. In any dispute regarding whether a specific type of waste is to be considered Medical Waste, the decision of the County Health Officer is final.

z. “Multi-Family Dwelling” means a multiple family dwelling of five (5) units or more. Multifamily dwellings of five (5) units or more are Commercial Service Recipients for the purposes of this RFP and the franchise agreement. Multifamily dwellings of four (4) units or less are Residential Service Recipients for the purposes of this RFP and the franchise agreement.


bb. “Pass-through Costs” under this Agreement shall include Disposal Costs, Regulatory Fees, County Franchise Fees, County Administrative and HHW Surcharges.

cc. “Processing” means the reduction, separation, recovery, conservation, or recycling of Recyclable Materials, Yard Waste and Food Waste.
dd. “Processing Facility” means the facility used by Grantee for the processing of Recyclable Materials, Food Waste or Yard Waste, as approved by the County.

ee. “Public Education Review and Approval” means all public education materials will be submitted to the County fifteen (15) working days prior to the scheduled distribution of any and all public education materials distributed by Grantee.

ff. “Recyclable Materials” means materials removed from the waste stream for purposes of reuse or reprocessing, and may include but are not limited to: newspapers, advertising inserts, magazines, computer paper, white office paper, mixed paper, junk mail, corrugated cardboard, brown craft paper, grocery bags, paperboard, glass, metal cans (aluminum, steel, bi-metal, and delabeled tin), plastic bottles (all types), waste motor oil, cardboard, telephone books, scrap metal, and holiday trees.


hh. “Residential Customer Survey” means a customer service survey developed by the County and distributed by the Grantee sent out to not less than twenty-five percent (25%) and not more than fifty percent (50%) of Residential Service Recipients. Grantee will, at its own cost and expense, conduct Residential Service Recipient surveys, as developed by the County. Customer surveys will be sent out to not more than 50% and not less than 25% of all Residential service recipients. Surveys will be printed on recycled content, 8.5 x 11 inch paper, printed on both sides. Surveys will be mailed in #11 envelopes via USPS first class mail with a #10 return envelope with applicable postage prepaid. Surveys will be conducted during the first quarter of calendar years 2017 and 2020. Return envelopes will be address to the County’s Recycling and Waste Reduction Division Manager or his/her designee.

ii. “Residential Service Recipient” means the inhabitant(s) of a single-family home, a duplex, a triplex or a 4-plex.

jj. “Residue” means materials that remain after processing Recyclable Materials, Food Waste or Yard Waste which cannot be cost-effectively recycled, marketed or otherwise utilized. Residue includes but is not limited to rocks, broken contaminated glass, Garbage and other debris.

kk. “Route Information Report” means a record of all Garbage and Recyclable Materials collected and removed; information on each collection route indicating the name and address of each Service Recipient, type and frequency of service and such other pertinent information and included in the Annual Report.

ll. “Route Map” means a map showing each collection route established to serve residential and/or commercial Service Recipients and coded to be consistent with the Route Information Report and included in the Annual Report.

mm. “Rubbish” means non-putrescible solid wastes including, but not restricted to paper, cardboard, crockery, rubber tires and other inert materials generated by all residential, commercial, industrial, institutional, agricultural and other activities within Collection District East. Rubbish contaminated by Garbage is considered Garbage. Rubbish does not include Hazardous Waste, Medical Waste, Ash, or source separated Recyclable Materials.
nn. "Schedule of Maximum Rates" The Board of Supervisors will establish the schedule of maximum rates following a public hearing conducted pursuant to Section 6 of Article 13D of the California Constitution (Proposition 218).

oo. "Service Rates" means the rates charged to the Service Recipient and include the Base Rate, the Recyclable Materials and Yard Waste Rates, the Household Hazardous Waste (HHW) and Administrative Surcharges, and the Franchise fee.

pp. "Service Recipient" means any residence or business located in Collection District East of the County which subscribes for collection services from Grantee pursuant to the Grant of Franchise under this Agreement.

qq. "Source Separated" means materials that are properly separated from the waste stream at the point of generation and consolidated for collection as Recyclable Materials, Yard Waste or Food Waste.

rr. "Vacation Stop" means the period of time where service is interrupted at the request of the resident to accommodate long term absence from the residence for a period of four consecutive weeks or more not to exceed two requests per calendar year.

ss. "Yard Waste" means all plant debris including: grass clippings; leaves; prunings; weeds; branches; brush; other forms of organic waste generated from landscapes and gardens in a quantity typical for a single-family dwelling, allowing for seasonal variations; tree trunks not exceeding six (6) inches in diameter and not exceeding twenty four (24) inches in length; and clean, unpainted and untreated wood no longer than twenty four (24) inches.

SECTION 2. GRANT OF EXCLUSIVE FRANCHISE. Except as provided for in Section 10, Grantee, its successors and assigns shall have the exclusive Franchise to collect and remove Garbage within Collection District East, the exclusive franchise to collect and recycle all discarded Recyclable Materials separated for collection within Collection District East, the exclusive franchise to collect and process all Yard Waste separated for collection within Collection District East, the exclusive franchise to collect and process all Food Waste separated for collection within Collection District East and the nonexclusive franchise for the collection of Rubbish within Collection District East.

SECTION 3. TERM OF AGREEMENT. The term of this Agreement for Collection District East shall be from July 1, 2015 through June 30, 2020. County, at its sole discretion, may extend this Agreement on the same terms for one (1), two (2), or five (5) additional years by providing Grantee with notice not less than thirty (30) days prior to the expiration of the Agreement. Prior to any offer of extension of the contract, the County may require a Performance and/or Financial Audit to be performed by a qualified firm to be selected by the County.

Extension of the franchise will not include a change in rates, except as provided for in this Agreement. Rates will continue to be reviewed and adjusted annually as described in Section 7 of this Agreement.

SECTION 4. FRANCHISE FEES. Grantee will pay to the County on or before the 30th day of each month a Franchise Fee calculated as a percentage of the Gross Receipts collected by Grantee within Collection District East during the preceding calendar month. At the date of execution of this Agreement, the franchise fee is fifteen percent (15%) of Gross Receipts collected for exclusively franchised services.

County reserves the right to review and modify the franchise fee percentage on an annual basis. Grantee shall be given thirty (30) days written notice prior to any increase in the franchise fee. Any change in the Franchise Fee must be established by resolution of the County Board of Supervisors and/or by amendment to this Agreement.
Each monthly remittance to County must be accompanied by a statement detailing gross receipts, recycling credits, customer refunds, and net revenues from exclusively franchised operations within Collection District East pursuant to this Agreement. The statement shall also identify the individual Franchise Fee and surcharge amounts remitted, and late payment fee, if any. Numbers of households served must be stated in whole numbers and all payment amounts are to be truncated at two (2) decimal places. If payment of fees is made without submittal of the required statement by the due date, the payment will be considered to be late. Grantee shall maintain copies of all billings and collection records for three (3) years following the date of billing for inspection and verification by County.

Late Payment Penalty. Franchise Fee and surcharge payments described herein below not received by the due date shall be subject to a 10 percent (10%) late penalty. Commencing 30 days from the original due date, an additional one percent (1%) penalty will be added for every month or portion thereof that payment is late.

SECTION 5. ADMINISTRATIVE FEES. Grantee shall pay to the County on or before the 30th day of each month an administrative fee calculated as a percentage of the Gross Receipts, less the amount of the Household Hazardous Waste Surcharge, collected by Grantee for contract administrative services provided by the County during the preceding calendar month. At the date of execution of an agreement, the Administrative Fee will be calculated in the amount of four percent (4%) of Gross Receipts. Beginning on July 1, 2017, the Administrative Surcharge will increase by one percent (1%) to a total of five percent (5%) for the duration of the agreement.

County reserves the right to review and modify the franchise fee percentage on an annual basis. Grantee shall be given thirty (30) days written notice prior to any increase in the franchise fee. Any change in the franchise fee must be established by resolution of the County Board of Supervisors and/or by amendment to this Agreement.

Each monthly remittance to County must be accompanied by a statement detailing gross receipts, recycling credits, customer refunds, and net revenues from exclusively franchised operations within Collection District East pursuant to this Agreement. The statement shall also identify the individual franchise fee and surcharge amounts remitted, and late payment fee, if any. Numbers of households served must be stated in whole numbers and all payment amounts are to be truncated at two (2) decimal places. If payment of fees is made without submittal of the required statement by the due date, the payment will be considered to be late. Grantee shall maintain copies of all billings and collection records for three (3) years following the date of billing for inspection and verification by County.

SECTION 6. SCHEDULE OF RATES AND COUNTY SURCHARGES. Grantee has the privilege of collecting and receiving from Service Recipients within Collection District East the rates as set forth in Exhibit A, entitled “Schedule of Monthly Residential Service Rates”, and Exhibit B, entitled “Schedule of Monthly Commercial Service Rates”, attached hereto and incorporated herein by reference. The schedules of monthly rates in Exhibits A & B include HHW surcharge collected on behalf of the County as outlined below. Neither the County nor any of its officers or employees shall be liable for the non-payment of any Service Rates or charges due Grantee for performing services within Collection District East.

a. Residential Billings. Grantee will bill residential Service Recipient accounts bi-monthly. Bills will not be mailed to Residential Service Recipients before the first day of the period covered by the billing, and payment will not be due from the Service Recipient until the last day of the period covered by the billing. Grantee will provide for monthly billing of households eligible for low income service and rates, at no additional cost, at the option of the Service Recipient. Grantee may provide for monthly billing of other residential Service Recipient accounts at Grantee’s option.
b. **Commercial Billings.** Grantee will bill Commercial Service Recipient accounts monthly. Bills will not be mailed to Commercial Service Recipients before the first day of the period covered by the billing, and payment from the Service Recipient will not be due for thirty (30) days after the date the bill is mailed.

**Surcharges.** Grantee will collect surcharges on behalf of the County in an amount to be determined by the County. Surcharges will be remitted as directed by County. At the date of execution of an agreement, the Administrative Surcharge will be calculated in the amount of four percent (4%) of Gross Receipts. Beginning on July 1, 2017, the Administrative Surcharge will increase by one percent (1%) to a total of five percent (5%) for the duration of the agreement. An additional Household Hazardous Waste (HHW) Surcharge of $0.30 per month per residential household served shall be in effect the first year of the Franchise Agreement. Beginning July 1, 2016 the HHW Surcharge will increase by $0.10 annually until it reaches $0.70 per household per month. The County reserves the right to review and modify the surcharges on an annual basis. Grantee will be given thirty (30) days written notice prior to any change in the surcharges. Any changes in the surcharges must be established by resolution of the County Board of Supervisors and/or by amendment to this Agreement.

**SECTION 7. RATE ADJUSTMENT PROCESS.**

a. **CPI-Based Rate Adjustment.** Except as otherwise provided herein, the Grantee’s rates may only be adjusted on July 1 of each year for the term of this Agreement, beginning July 1, 2016. If the net percentage change is negative, the rates will not be adjusted. Provided that rate increases are within the maximum rates specified below, rate adjustments must be approved by the Recycling and Waste Reduction Division Manager, with no further action by the Board of Supervisors.

For purposes of adjustment, the base rates are those in effect on January 1 in the calendar year the adjustment is made. The indices used are those published by the United States Department of Labor, Bureau of Labor Statistics. The indices are to be truncated at four (4) decimal places for the adjustment calculations. Annual Service Rate adjustments are to be made only in units of one cent ($0.01). Fractions less than one cent ($0.01) will not be considered on Base Rates and Recycling, Food Waste and Yard Waste Rates (see “Definitions”, Section 1.f and 1.r). Base Rates and Recycling and Yard Waste Rates will be adjusted on the basis of one hundred percent (100%) of the net annual percentage change in the Consumer Price Index (CPI) for All Urban Consumers (all items) for the San Francisco/Oakland/San Jose Metropolitan area from February to February. No rate increase will exceed five percent (5%) per year.

Grantee will provide information required by the County as part of its request for a Service Rate Adjustment at no expense to the County.

All net percentage changes will be calculated by the following formula:

\[
\text{Net Percentage Change} = \frac{V(i) - V(i-1)}{V(i-1)}
\]

Where:  
\(V(i)\) = Index value for February of the adjustment year; and  
\(V(i-1)\) = Index value for February of the preceding year

On or before May 1, Grantee shall send to County a Service Rate Adjustment Statement setting out the following information for each Service Rate:

1) The applicable index values;
2) The percentage change in the applicable index values as calculated by the formula above;
3) The percentage change equal to one hundred percent (100%) of the CPI referenced above; and
4) Grantee’s proposed new Service Rates.
Upon receipt of an accurate and correctly calculated Service Rate Adjustment Statement, County will determine the new Service Rates to be billed to Service Recipients, and will notify Grantee of new proposed Service Rates following approval. If a Service Rate adjustment request is not received by the May 1 deadline as established above, County will not process the request.

On the next billing date after County’s notification to Grantee of the new Service Rates, Grantee will bill Service Recipients at the new Service Rates in compliance with the effective date of those rates. Thereafter the Service Rates charged by Grantee will not be modified to reflect any change until a subsequent Service Rate Adjustment Statement is received and approved by County.

Should the index named in this Section not be published in February of any given year, the calculations shall be performed using the index values of the month immediately preceding the one contemplated by this Agreement.

b. Extraordinary Costs. In addition to the adjustment provided for herein based upon the Consumer Price Index, the parties agree to adjust the Service Rates based upon extraordinary changes in circumstances that materially increase Grantee’s costs of providing service hereunder that are substantially beyond the control of Grantee (including, without limitation, revisions to laws, ordinances, or regulations, or the interpretation or enforcement thereof).

The rate adjustment will be such that the allocable portion of the cost attributable to this Agreement will be recouped by Grantee from an adjustment in Service Rates. Any requested adjustment will be included by Grantee in its Service Rate Adjustment Statement sent to the County on or before May 1. The adjusted rate may include a lump sum equal to any increase applicable to that portion of the franchise year which has elapsed during which the extraordinary service was provided. Alternatively the increase applicable to that portion of the franchise year which had elapsed may be amortized over future rates.

Increases in Service Rates may be allowed to reimburse Grantee for Extraordinary Costs to the extent and in proportion to Grantee’s increased cost of providing service, subject to the following:

1) No increase in costs which result from Grantee’s failure to conform to existing, consistently interpreted applicable statues, rules or regulations will be added to the Service Rates.

2) Amortized cost: The Extraordinary Costs will be allocated as expenses or capital expenditures as determined by Grantee’s independent public accounting firm using generally accepted accounting principles. If the costs are determined to be allocated as capital expenditures, the costs may be spread over a number of Service Rate adjustments in accordance with generally accepted accounting principles.

3) If Extraordinary Costs incurred by Grantee are amortized over several years, the increase in the Service Rates due to such Extraordinary Costs shall be repealed at the end of such amortization period. The repeal shall not affect other increases resulting from Extraordinary Costs which were not amortized.

4) Prior Approval: Requested expenditure for Extraordinary Costs and the resulting rate increase must receive prior approval by the Board of Supervisors.

5) Adjustment for Franchise Fees and/or County Surcharges: Adjustments in Service Rates will be allowed for changes in franchise fee percentage and amount of County surcharges as established herein upon approval by Resolution of the Board of Supervisors and/or by amendment to this Agreement. The inclusion of any new or revised diversion plans shall be considered additional services hereunder.
6) Adjustment for Additional Services: If the scope of services changes to include additional services, Grantee may propose an increase in the per-household payment. Any resulting rate increase must be approved by Resolution of the Board of Supervisors and/or by amendment to this Agreement.

SECTION 8. SPECIAL RATES AND SERVICES.

a. Low Income Rates. Grantee will provide residential garbage collection services, including recycling, Food Waste and Yard Waste collection and processing services to eligible low-income residents at the reduced rates specified in Exhibit A, and incorporated herein by reference. The low-income rate is calculated at sixty percent (60%) of the regular rate. Eligibility for Low Income Rates will be based on Service Recipients ability to qualify for the Pacific Gas & Electric CARE program. Grantee may verify low-income residents' eligibility to receive reduced rates on an annual basis. Grantee agrees to provide and make available to low-income residents applications to determine eligibility for such reduced rate according to the criteria stated below:

1) Income standard. Combined total household gross income must not exceed standards specified in Exhibit A and updated annually.

2) Refuse Production. Must produce no more than one 20-gallon container of garbage per week, not to exceed forty-five (45) pounds for household of up to four (4) persons; must produce no more than one 32-gallon container of garbage per week, not to exceed seventy (70) pounds for a household of up to four (4) persons; must produce no more than one 64-gallon container of garbage per week, not to exceed one hundred fifty (150) pounds each, for a household of five (5) or more persons.

3) Delinquent Accounts. Must not have outstanding delinquent garbage service account.

A low-income Service Recipient who has been denied the applicable reduced rates by Grantee may appeal to the County Health Officer, whose decision regarding eligibility is final.

b. Hard-to-Serve. The Hard-to-Serve rate is initially established in the Agreement in Exhibit A. All increases will be based on CPI adjust as outlined in the Agreement.

c. Limited Mobility Service. If the County Health Officer determines that on premises collection is necessary by reason of a Service Recipient's physical inability to place Garbage, Recyclable Materials, Food Waste and/or Yard Waste containers at curbside/streetside, and Health Officer so notifies Grantee, then Grantee shall provide on premises pickup of Garbage, Recyclable Materials, Food Waste and Yard Waste at the rate specified in Exhibit A attached hereto and incorporated herein by reference. Service Recipients physically unable to place containers at the curb/ street who qualify for a low-income rate shall receive on premises collection at the low-income service rate.

SECTION 9. EXCLUSIVE SERVICES. Except as provided in Section 10 below, Grantee shall provide the following exclusive services under this Agreement:

a. Residential Garbage Collection. Grantee will furnish the personnel, labor and equipment required to collect and remove to the appropriate disposal facility, as agreed upon, all Garbage produced, generated, or accumulated in Collection District East during the period this Agreement is in effect.

1) Grantee will provide fully- or semi- automated, metered-cart residential garbage collection service in Collection District East at least once per week, or more often as mutually agreed upon between Grantee and the Service Recipient. Unless the Service Recipient specifies a higher level of service, one 32-gallon cart will be supplied.
2) Upon request of the Service Recipient and at the same collection rate as cart service for the same capacity container, Grantee will collect from resident provided containers where distance to the set out location or terrain make the use of Grantee-provided carts difficult for residents.

b. Curbside Clean-ups. Beginning July 1, 2015, grantee will provide residential Service Recipients with the opportunity to request and use up to two (2) Curbside Clean-ups per calendar year on an on-call basis. Residential Service Recipients will be required to call Grantee a minimum of 48 hours in advance of their next regularly scheduled collection day to request and schedule a Curbside Clean-up. Waste will be limited to normal household debris; any one item or container must not exceed 70 pounds and must be manageable by one person, and be no larger than 6 feet x 6 feet x 6 feet. Dirt, rock, concrete, Freon-containing appliances, paint, and/or other hazardous materials will not be collected. Curbside Clean-ups that are not used by the residential Service Recipient during the calendar year will not be accumulated, and therefore, will be lost if not used during the calendar year. Grantee will notify residents of the program annually through a bill insert which will be mailed with the first bill of each calendar year to the residents at the Grantees cost and expense. Additional notification of the program will occur through annual and quarterly customer newsletters.

c. Additional Wastes. Additional wastes in plastic trash bags not to exceed forty (40) pounds in weight, will be collected weekly at an additional cost to the Service Recipient as Specified in Exhibit A, to be billed on their next statement.

d. Residential Recycling. Grantee will provide unlimited curbside/streetside collection for recycling of Recyclable Materials as listed in Exhibit C and generated at that residence. Recyclable Materials generated by a home business or other commercial establishment are not eligible for residential curbside/streetside pickup. Grantee will provide residential Service Recipients with appropriate containers into which Recyclable Materials may be segregated from Garbage for collection. Residents will be given the option of either one 64-gallon or 96-gallon container for collection of Recyclable Materials. Those who do not specify a preference will be provided one 64-gallon recycling container. Additional containers will be made available upon request at no additional cost to the resident. Grantee will collect and remove Recyclable Materials from such containers weekly and subject to standards to be mutually agreed upon between County and Grantee. If County and Grantee cannot reach a mutually agreed upon standard, then the County Health Officer shall resolve the dispute. County has the right to review the handling of Recyclable Materials. Grantee will deliver Recyclable Materials to recycling facilities licensed and permitted to process said Recyclable Materials into usable and/or marketable materials. Grantee will accurately calculate tonnages of Recyclable Materials to be allocated to County based on the total number of setouts for the County. Failure to deliver Recyclable Materials to these recycling facilities may be grounds for termination of this Agreement under the provisions of Section 30. Grantee will not dispose of Recyclable Materials in any landfill or transfer facility, or knowingly contract with a recycling facility which so disposes of Recyclable Materials, without the prior consent of County. Landfill or transfer facility disposal of Recyclable Materials may be grounds for termination of this Agreement under the provisions of Section 30. Grantee may retain the revenues from the sale of Recyclable Materials. Revenue from the sale of any Recyclable Materials is not subject to the franchise fee or the surcharges provided for in Sections 4, 5 and 6.

e. Used Motor Oil and Used Oil Filter Collection. Grantee will provide curbside/streetside collection of used motor oil and used oil filters generated at that residence on a regular basis. Upon request, Grantee will provide residential Service Recipients with appropriate containers into which used motor oil and used oil filters may be placed for collection. Service Recipient-provided containers must meet Grantee specifications. Grantee will collect no more than two (2) 1-gallon filled containers per collection. Oil
and oil filter containers will be picked up on normal recycle service day and should be placed by Service Recipient next to the recycling cart.

f. **Used Household Batteries.** Grantee will provide curbside/streetside collection of used household batteries on a regular basis. Used batteries should be set out in a resident provided clear zipper-type plastic bag and placed on top of the recycling cart.

g. **Multi-family Dwelling Recycling.** Grantee will provide a system for weekly collection and processing of Recyclable Materials from all multi-family dwelling (MFD) complexes within Collection District East.

1) MFD complexes of four or fewer units which receive standard residential curbside garbage collection services will also receive standard curbside recyclables collection services. MFD complexes of four or fewer units which receive commercial (front load containers) garbage service will receive MFD recycling carts.

2) For MFD complexes of five or more units, Grantee will establish recycling programs in cooperation with complex owners and managers and at their sole option. Grantee will conduct site surveys with site owners or managers to make determinations regarding service levels and provisions for recycling by complex residents. Grantee will provide a collection system utilizing sets of 96-gallon wheeled carts for collection of Recyclable Materials, number of sets to be provided shall be based on the volume requirements of each complex.

Grantee will make provisions to collect clean holiday trees for recycling or composting in the three weeks following January 1. Recyclable Materials to be collected from MFDs are those listed in Exhibit C.

h. **Containerized Yard Waste Carts.** Grantee will provide up to five (5) wheeled 96-gallon Yard Waste containers to residential Service Recipients for weekly collection. Residents will be given one 96-gallon Yard Waste container with one additional 96-gallon Yard Waste container available by request at no additional cost to the resident. Up to three (3) more additional carts may be obtained for a rental fee of no less than $3.00 per month and not to exceed $5.00 per month during the term of this agreement.

i. **Yard Waste Processing.** County has the right to review the handling of Yard Waste materials. Grantee will accurately calculate tonnages of Yard Waste to be allocated to County based on the total number of setouts for the County. Grantee will deliver the Yard Waste to licensed and permitted Yard Waste processing facilities approved by the Recycling and Waste Reduction Division Program Manager. Failure to deliver Yard Waste to an approved Yard Waste processing facility may be grounds for termination of this Agreement under provisions of Section 30. Unavailability of the facility approved by the County shall not remove the Grantee from responsibility under this Agreement. In the event a facility approved by the County becomes unavailable, the Grantee shall be required to designate a fully permitted interim facility until such time as County approves another facility. If at any time during the period of this franchise, the public interest requires the use of another approved facility, the collection rates shall be equitably adjusted during the annual rate review process to reflect any changes in cost resulting therefrom. County has no obligation to consent to such use. Landfill or transfer facility disposal of Yard Waste may be grounds for termination of this Agreement under the provisions of Section 30. Grantee may retain the revenues from the sale of Yard Waste materials. Revenues from the sale of any Yard Waste materials will not be subject to the franchise fee or the surcharges provided for in Sections 4 and 5.
j. **Commercial Garbage Collection.** Grantee will furnish the personnel, labor and equipment required to collect and remove to the appropriate disposal facility, as specified in Section 18, all Garbage produced, generated, or accumulated by commercial Service Recipients during the period this Agreement is in effect. Grantee will provide commercial garbage service at least once per week, or more often, as mutually agreed upon between the Grantee and the Service Recipient, or as required by County Health Officer.

k. **Commercial Recycling and Yard Waste.** Grantee will provide for the collection, processing and marketing of Recyclable Materials and Yard Waste from all commercial Service Recipients at the option of the customer. Grantee is required to inform commercial Service Recipients on an annual basis of options for additional recycling services available free or at additional cost to the Service Recipient. Rates and service options for such recycling services are outside the scope of this agreement and may be negotiated at a rate to be mutually agreed upon by Grantee and commercial service recipient.

l. **Annual Cleanup Program.** Grantee will furnish all supervision, labor, materials, equipment, tools, expertise, and other items necessary to perform such services. Grantee will provide adequate number of events and debris box capacity to allow for each residential service recipient to participate in at least two (2) annual clean-up events per fiscal year, beginning on July 1, 2015.

m. **Event Sponsorship.** Grantee will sponsor a minimum of one event per Supervisorsial District per year at the County's request, with a maximum dollar amount per year not to exceed $2,000 per event. Events will be determined collaboratively between Board office, Recycling and Waste Reduction Division staff and Grantee.

n. **Donation of two (2) 40-yard debris boxes.** Grantee will provide up to two (2) non-hazardous material debris boxes annually for use at events in unincorporated Santa Clara County. Grantee will provide drop-off, pick-up and disposal costs. Events will be mutually agreed upon by Recycling and Waste Reduction Division staff and Grantee and may include, but are not limited to illegal dumping clean up, litter removal events, etc.

o. **Bulky Wastes.** Bulky wastes, such as large appliances and furniture, may be picked up by special arrangement, at an additional cost to the Service Recipient as specified in Exhibit A, to be billed on their next statement. Grantee will provide for reuse and recycling of bulky wastes to the extent feasible. Grantee will include information on reuse and recycling in required reports to the County.

p. **Additional Services.** At County’s request, and subject to the following, Grantee may provide other exclusive services not granted by this Agreement (New Services) upon receiving a written proposal from County and subject to the establishment of an appropriate rate for such New Services. However, if Grantee elects not to provide any proposed New Services and so notifies County in writing, or if County and Grantee fail to agree upon an appropriate rate and Grantee is so notified in writing, County may perform, or contract with other persons or entities to perform, these New Services. Grantee may not initiate New Services except upon amendment to this Agreement and upon adoption of a Resolution of the Board of Supervisors establishing new rates.

Nothing in this Agreement will be construed to limit or preclude Grantee from engaging in any lawful activity or business not otherwise granted exclusively herein to Grantee.

**SECTION 10. EXCEPTIONS TO EXCLUSIVE SERVICES.** The franchise granted herein is to be exclusive except with respect to the following:
a. Collection of Recyclable Materials from residential premises on days other than the normal day of
collection service, provided that the collector and hauler thereof:
   1) Is a not-for-profit organization as defined in Section 501 (c) (3) of the Internal Revenue Code of
      1986, as amended;
   2) Is an organization that has traditionally engaged in recycling activities within Collection District
      East;
   3) Has been permitted to engage in recycling activities within Collection District East by the County
      Executive or his/her designee; and
   4) Receives no consideration from the person or entity who discarded such Recyclable Materials other
      than the value of such materials; and
   5) Collects in containers other than those provided by Grantee.

b. Non-container hauling services incidental to other services to be performed at the premises of a service
   recipient by businesses such as gardeners, landscapers or tree services.

c. Non-container grease and liquid waste hauling services to be performed at the premises of a Service
   Recipient by businesses such as septic tank pumpers.

d. Non-container hauling services provided on an irregular and ad hoc basis by bulky item haulers.

e. Hauling of construction debris accumulated in debris boxes from construction sites by building
   contractors who have bona fide construction contracts pertaining to such sites, where the contractors
   demonstrably (by identification, markings or otherwise) own such debris boxes and the equipment used
   to haul such debris boxes.


g. Collection of Garbage, Food Waste, Recyclable Materials, Yard Waste and Rubbish from County of
   Santa Clara facilities services by the County’s Fleet and Facility Collection Contract.

h. Self-hauling by residents of their own materials.

i. Self-hauling of Garbage created, produced, processed, or accumulated at yards of garbage collectors or
   limited collectors permitted pursuant to Division B11 of the Santa Clara County Ordinance code, solid
   waste operations, solid waste facilities permitted pursuant to California Code of Regulations Title 27 or
   Title 14, and/or any recycling operations/facilities as defined by the California Public Resources Code or
   California Code of Regulations Title 14.

SECTION 11. NONEXCLUSIVE SERVICES. Rubbish Collection. Grantee may provide Rubbish
   collection service on a nonexclusive basis. Rates for such collection services are not covered under this
   Agreement. Rates for such collection will be agreed upon by the Grantee and the Service Recipient.

SECTION 12. COLLECTION TIMES. Except as otherwise provided herein, Garbage, Recyclable
   Materials, Food Waste, Yard Waste and/or Rubbish collection may not start before 6:00 a.m. or continue after
   6:00 p.m. of any day in residential areas or commercial areas adjacent to residential areas.

Grantee may not alter or adjust collection schedules or routes without prior written approval of County, and
without providing prior notice to all affected service addresses.
SECTION 13. HOLIDAYS. The following are legal holidays for purposes of this Agreement: New Year's Day, Thanksgiving Day, and Christmas Day. Any other legal holidays must have prior written approval from the County. When a regularly scheduled residential collection falls on a legal holiday, or later during the holiday week, the collection for that day will be rescheduled for one day later (except Sunday). Holiday disruptions of commercial collections will be handled in a manner mutually agreeable to the Grantee and individual service recipients.

SECTION 14. ADDITIONAL REQUIREMENTS. Grantee shall comply with each of the following requirements:

a. **Performance.** The collection and removal of Garbage, Rubbish, Recyclable Materials, Food Waste and Yard Wastes by Grantee will at all times during the term of this Agreement be performed to the reasonable satisfaction of the County Health Officer. The collection and removal of Garbage, Rubbish, Recyclable Materials, Food Waste and Yard Wastes, will be done in a prompt, thorough, lawful and professional manner.

b. **Disputes.** Disputes with regard to billing or service which Grantee cannot resolve directly with Service Recipients will be resolved by the County Health Officer. The County Health Officer has the right to issue orders, directions and instructions to Grantee with respect to the collection and removal of Garbage, Rubbish, Recyclable Materials, Food Waste and Yard Wastes, the performance of Grantee's services hereunder, and Grantee's compliance with the provisions of County ordinances and resolutions as they now exist or may from time to time be amended. Grantee agrees to comply therewith, provided, however, that the orders, directions and instructions of the County Health Officer be reasonably related to carrying out the purposes and intent of this Agreement.

c. **Missed Pickups.** Grantee will, on the next working day after demand, notice, or request, collect and remove any and all missed pick-ups which Grantee failed to collect and remove as required at the regularly scheduled collection day and time.

d. **Non-Collection Notices.** Grantee is not required to collect any Garbage, Recyclable Materials, Food Waste, Yard Wastes, or other materials that are not properly prepared by the Service Recipient. In the event of non-collection, Grantee must leave one part of a two part “Non-Collection Notice” which provides the time and date that the notice was made, and provides the reason for non-collection, and the manner in which the materials should be prepared for collection. Grantee will leave a hard copy attached to the container not collected, or attached to the doorknob of the house. Grantee will retain a record of each Non-Collection Notice for use in response to Service Recipient inquiries. If materials are not collected, and a Non-Collection Notice is not left at the residence or attached to the container, the materials will be considered a missed pickup.

e. **County Refuse Collection and Transportation Permit.** Grantee will maintain a valid County Refuse Collection and Transportation Permit for Collection District East. A final revocation or suspension of the permit by County may be grounds for termination of this Agreement under provisions of Section 30.

f. **Indiscriminate Dumping.** Grantee will require its employees to write down locations where seemingly indiscriminate or illegal dumping has occurred. Information on these locations shall be conveyed to the County Health Officer within twenty-four (24) hours of observation.

g. **Customer Service.** Grantee will maintain office hours. Normal office hours will be from 8:00 a.m. to 4:30 p.m. daily, except Saturdays, Sundays and holidays. Grantee will maintain a local (non-toll) telephone number for use by Service Recipients during normal office hours. Grantee will have customer
service representatives, or an answering service to respond to Service Recipient inquiries during normal office hours.

Grantee will maintain an emergency telephone number at all times, and have a representative available to respond to emergency calls. The emergency telephone number shall be made available to the County Health Officer, Recycling and Waste Reduction Division Manager, and emergency service providers, such as Sheriff and Fire Department.

Grantee will keep a log of Service Recipient work orders and will provide a monthly summary report on typical customer service complaints, questions, and problems to County, or more frequently upon request by County. Customer service log will be available for County inspection upon request.

h. **Route Information.** Grantee will keep records of all Garbage, Rubbish, Recyclable Materials, Food Waste and Yard Waste collected and removed and will maintain these records separately from other Grantee operations. Route status sheets for each collection route will be maintained by Grantee indicating the address of each Service Recipient, type and frequency of service and other pertinent information as may be reasonably required by County. Route maps will indicate which, if any, routes are served by vehicles that are also used to serve other jurisdictions or Service Recipients other than Service Recipients located in Collection District East. Route status sheets and route maps will be provided to County within thirty (30) days of written request and/or annually in the Annual Report. Grantee will provide County with quarterly summaries of collection operations within Collection District East including number of vehicles and amounts of Garbage, Recyclable Materials, Food Waste and Yard Waste collected.

i. **Litter Control.** Grantee will not litter any premises or public property in making collections pursuant to this Agreement, nor will any Garbage, Recyclable Materials, Food Waste or Yard Wastes be allowed to leak, blow or fall from collection vehicles. Any solid waste or miscellaneous debris dropped or spilled in collection, transfer or transportation will be immediately cleaned up by Grantee or Grantee’s employee on site. A broom and a shovel will be carried by all collection vehicles and route supervisor vehicles at all times on each vehicle for this purpose.

j. **Vehicle Specification.** All collection vehicles used to provide Garbage, Recyclable Materials, Food Waste and Yard Waste services must be less than 10 years old throughout the term of the contract; smaller, lighter-weight trucks (e.g. lighter weight “scout” trucks) may be used on private roads, where truck traffic is allowed on an as-needed basis.

k. **Vehicle Inventory.** Grantee will furnish the County Health Officer with an inventory of collection vehicles used by Grantee for Garbage, Recyclable Materials collection and Yard Waste and transportation under this Agreement and shall keep such inventory current. The inventory shall indicate the type, make, capacity, vehicle identification number, and license number of each vehicle.

l. **Wheeled Carts.** Grantee will provide 20, 32, or 64-gallon wheeled carts for garbage collection as requested by Service Recipients. Service Recipients may request a different size cart annually without charge. Grantee will provide 32-gallon wheeled charts for garbage collection (unless Service Recipient indicates otherwise), 64-gallon wheeled carts for recycling collection and 96-gallon wheeled carts for Yard Waste collection. Carts will be of “universal” design, suitable for collection by most types of semi-automated and automated equipment. Carts will be imprinted with the text, “County of Santa Clara” and a unique ID number for each Service Recipient, and will not include a company logo. Grantee must maintain and replace carts as necessary at Grantee’s sole cost and at no cost to County or residents. Prior to the ordering or reordering of wheeled carts, Grantee will provide County IWM
Manager with all appropriate documentation with descriptions including, but not limited to, artwork, cart color, text stamped on carts, and cart sizing not less than 30 business days prior to the ordering or reordering of wheeled carts. 20-gallon carts will be stand-alone type carts, rather than a larger sized cart with a 20-gallon insert.

m. **Ownership of Wheeled Carts.** Grantee will transfer ownership of and warranty on all wheeled carts: Garbage, Recyclable Materials and Yard Waste, whether distributed to Service Recipients or maintained in inventory, to County at the expiration or earlier termination of this Agreement, and will provide a listing of locations showing the size and number of carts at each address. In the event where Service Recipient is annexed, ownership of the wheeled carts will transfer to the Service Recipient.

n. **Hazardous Wastes.** Grantee will establish and maintain an educational program to train Grantee's employees in the identification of Hazardous Waste, and will provide employees with appropriate literature to leave behind at premises which present Hazardous Waste for collection along with Garbage, Food Waste, Yard Waste, Rubbish, or Recyclable Materials. Grantee's employees will not knowingly place such Hazardous Waste into collection vehicles, nor will they knowingly dispose of same at disposal sites.

If used oil is spilled at a set-out before Grantee arrives, Grantee is required to contain the spill immediately, thoroughly clean the area so that no liquid is left on the ground, and notify Service Recipient of the spill and cleanup. If Grantee’s employee inadvertently spills used oil during collection, Grantee is similarly required to contain the spill immediately, thoroughly clean the area so that no liquid is left on the ground, and notify the Service Recipient of the spill and cleanup. Grantee will equip all collection vehicles and route supervisor vehicles with absorbent material for this purpose. Any spills will be noted in quarterly reports and compiled into the annual reports.

o. **Holiday Trees.** Grantee will provide for annual curbside/streetside collection and recycling or composting of holiday trees, up to two holiday trees per Service Recipient, which have been cut in lengths not to exceed four (4) feet, for a three week period following December 25. Such collection may be part of regular Yard Waste collection. Any holiday trees with tinsel, ornaments, or plastic stands will not be collected.

p. **Industry Standard Wage.** In order to ensure the highest level of service and a stable workforce, Grantee agrees to payment of standard industry wages to all collection employees for services provided under this Agreement, as specified below:

1) Wage will be considered an industry standard wage if:
   
   (a) Wage is negotiated under a collective bargaining agreement with a recognized union representing the garbage collection employees; OR
   
   (b) Workers are paid not less than the general living rate of per diem wages and benefits which is determined by taking the average of the total of the hourly wage, plus the hourly benefit rate paid for work of a similar character in the locality in which the work is performed, and not less than the average of the general standard rate of per diem wages for legal holiday and overtime work in Santa Clara County. A copy of industry standard wage information is on file in the County of Santa Clara Department of Agriculture and Environmental Management, Recycling and Waste Reduction Division, where it is available to any interested party on request.

2) County may audit annually, or more often as may be deemed necessary, to determine compliance with this item.
3) As directed by County, Grantee will provide wage and benefit information to County or County’s designee sufficient to enable County to determine compliance with this item. Grantee will notify County of any changes in wages and benefits within thirty (30) days of the effective date of such changes.

4) County will collect wage information annually in December of every year of this agreement. Grantee shall adjust wages paid as necessary each year following the survey to remain in compliance with the Industry Standard Wage requirements hereof.

5) County will collect wage information annually in December from the following jurisdictions:
   (a) Burbank
   (b) Cupertino
   (c) Gilroy
   (d) Los Altos
   (e) Los Altos Hills
   (f) Milpitas
   (g) Morgan Hill
   (h) Mountain View
   (i) Palo Alto
   (j) San Jose 1
   (k) San Jose 2
   (l) San Jose 3
   (m) Santa Clara
   (n) Stanford
   (o) Sunnyvale
   (p) Unincorporated District West
   (q) Unincorporated District South
   (r) Unincorporated District East
   (s) West Valley Cities of Campbell, Los Gatos, Monte Sereno and Saratoga

6) Complaints regarding payment of industry standard wages and benefits to garbage collection employees may be filed with the Director of the County of Santa Clara Department of Agriculture and Environmental Management. Director will initiate an investigation within thirty (30) days of the receipt of a complaint.

7) If Grantee is in noncompliance with the requirements of this item:
   (a) Grantee will pay, as liquidated damages to County, two hundred fifty dollars ($250.00) per collection day or portion thereof for each garbage collection employee assigned to perform services under this Agreement, liquidated damages will be assessed for the period for which compliance requirements have not been met and will be remitted to County within sixty (60) days of demand;
   (b) Grantee will pay full restitution to employees for payroll periods for which wages and benefits are in noncompliance with this item;
   (c) Failure to bring wages and benefits into compliance with this item within thirty (30) days will be grounds for termination of this Agreement. Termination of this Agreement does not extinguish any liquidated damages or restitution payments due pursuant to this item.

SECTION 15. TRANSITION TO NEXT CONTRACTOR. In the event Grantee is not awarded an agreement to continue to provide services following expiration or termination of this Agreement, Grantee will cooperate fully with County and subsequent Grantee(s) to assure a smooth transition of services. Such
cooperation will include, but is not limited to, transfer of computer data and files, provision of routing information, route maps, vehicle fleet information, and a complete inventory of carts, taking all action necessary to transfer ownership of such carts to County. In addition, Grantee may offer to sell collection vehicles at their fair market value. Three months prior to the end of the franchise term, Grantee will furnish County with a detailed Service Recipient list showing name, address, type and frequency of service, and such pertinent information as may be reasonably required by County. Grantee will provide a final updated list at the end of the franchise term. These lists will be provided both as printed reports, and electronically in a format to be specified by County.

In connection herewith, Grantee acknowledges that the provisions of Public Resources Code Sections 49520-49523 have no application to this Agreement and agrees, to the extent such sections may have application, to waive whatever rights they may afford.

SECTION 16. REPORTS AND CUSTOMER SERVICE MEETINGS.

a. Quarterly Report. Grantee will compile and submit to County a quarterly report with information summarized by month for that quarter. Grantee will provide more frequent reports upon request by the County. Reports must be provided in a mutually agreed upon electronic format or printed on double-sided, recycled and recyclable white paper with no binding other than staples, and must contain the following information:

1) Customer Service Report: Grantee will compile and submit to County reports detailing each service inquiry and complaint, the date of the contact, the address of the Service Recipient, Grantee’s route designation, and the resolution of the inquiry or complaint. Driver based call-ins (including but not limited to: spills, Non-collection notices, illegal set outs) will also be noted and tabulated.

2) Tonnage Report: Grantee will keep data on the tonnage of garbage, recyclables, Yard Waste and Food Waste collected in Unincorporated Garbage Collection District East. Grantee will provide:

(a) The tonnage of garbage collected in Garbage Collection District East by gross number of tons collected;
(b) The tonnage of garbage collected in Unincorporated Garbage Collection District East which is actually delivered to any landfill;
(c) The tonnage of recyclable materials by type collected in Unincorporated Garbage Collection District East and delivered for recycling;
(d) The tonnage of Yard Waste and Food Waste collected in Unincorporated Garbage Collection District East and delivered for processing;
(e) Residual rate of recyclable materials, Food Waste, and Yard Waste processing
(f) Other related information upon request by the County.

3) Franchise Fee Revenue Report: Grantee will compile and submit to County reports listing the number of Service Recipients subscribing to each level of residential and commercial service and the revenue collected from these accounts. This report will be accompanied by the monthly franchise fee and surcharges submittal.

4) Additional Services Utilization (number of uses, tonnage, and other relevant information of:

(a) Multi-use vouchers
(b) Curbside clean-ups
(c) Curbside Motor Oil & Filter Collection
(d) Used household battery collection

b. Annual Report. Grantee will compile and submit to County an annual report listing the number of service recipients subscribing to each level of residential and commercial service and the revenue
collected from those accounts for the fiscal year. The Annual Report will be submitted by September 1 of each year, or the next business day, of this Agreement beginning September 1, 2016.

c. **Customer Service Meetings.** Grantee will attend monthly meetings for the first year of the Agreement to discuss any service issues, and thereafter, not to meet less than quarterly, with County staff to review the data in the Quarterly Report. The Grantees’ Single Point of Contact, Customer Service Manager, and Route/Field Manager will attend these meetings along with County Staff. Additional meetings may be called to address special projects or other service needs and concerns at County’s option.

**SECTION 17. PUBLIC AWARENESS PROGRAM.**

a. Grantee acknowledges that all designs, prepress reviews, press checks, and digital files of public education materials are subject to review and approval by the County.

b. All outreach materials will be provided to the County fifteen (15) working days prior to printing or publication of any type for Public Education Review and Approval. Failure to provide materials fifteen (15) prior to printing, posted and/or distributing will result in liquidated damages under Section 22.d. of this agreement.

c. All informational materials will be provided in English, Spanish and/or Vietnamese, as appropriate.

d. **Initial Program Start.** Grantee will, at no additional charge, inform and educate Service Recipients of available recycling services through distribution of a start-up announcement to each Service Recipient before any new garbage, recycling Yard Waste and Food Waste services begin. New service start-up materials will be provided to the County by May 1, 2015 for review. Initial Program Start materials will be provided to all Service Recipients by June 15, 2015. Separate Initial Program Start materials will be created for residential and apartment complex/commercial accounts. A separate, robust “how to” guide educating service recipients of how to participate in the Food Waste collection program will be created prior to the start of service, be included in new account service starts and be made available upon request during the term of this agreement.

e. **Outreach Program.** Grantee will provide an outreach program including, but not be limited, to the following:

1) **Annual Public Outreach Outline** will be completed by Grantee in cooperation with County staff. The outline will include all planned public outreach. Annual public outreach outlines are due by June 15th of the preceding fiscal year, or the next normal business day.

2) **New Service Recipient Brochure.** Grantee will, at no additional charge, create and distribute to new Service Recipients a New Service Recipient Brochure. Brochure will be designed to introduce all services offered, including a description of residential services, what to place at curbside/street side, a graphic illustrating correct set-out procedures, and special services provided by Grantee and/or County. Brochure will be distributed to new Service Recipients throughout the course of the Agreement, and to any Service Recipient upon request. Newsletters will include proper recycling information, County program information, Hauler contact information, and other solid waste, recycling or organics topics deemed timely and necessary by Grantee and/or the County.

3) **Residential Service Recipient Newsletter** will at no additional charge, create a residential Service Recipient newsletter to be distributed twice annually. Newsletters will be printed double-sided on recycled and recyclable paper and may be included with Service Recipient billing. Newsletters will include proper recycling information, special events/days, County program information, Hauler contact information, and other topics deemed timely and necessary by Grantee and/or the County.
Additionally, all changes to collection services, acceptable materials, neighborhood clean-ups, and other services provided by Grantee shall be included in the next scheduled newsletter.

4) **Apartment Complex Recycling Newsletter.** Grantee will, at no additional charge, create and distribute an annual newsletter to all apartment complex owners/managers and residents about available recycling and garbage services. Newsletters will include proper recycling information, County program information, Hauler contact information, and other solid waste, recycling or organics topics deemed timely and necessary by Grantee and/or the County.

5) **Commercial Brochure.** Grantee will, at no additional charge, create and distribute an annual brochure to all owners/operators of commercial facilities. Brochures will introduce recycling opportunities available and explain how recycling services can reduce costs among other benefits to participants. Brochures will include proper recycling information, County program information, Hauler contact information, and other solid waste or recycling topics deemed timely and necessary by Grantee and/or the County.

6) **Neighborhood Clean-up Notification.** Grantee will, at no additional charge, provide notification to residents in neighborhoods where clean-up events are conducted. Notifications will be distributed four (4) weeks prior to neighborhood clean-up date.

7) **Letters or Postcards** sent by first class mail or bill inserts notifying residents of rate increases and service modifications approved by the Board of Supervisors or Recycling and Waste Reduction Division Manager, as necessary.

8) **Food Waste Brochure.** Grantee will, at no additional charge, create and distribute a brochure to all service recipients regarding Food Waste collection services. Brochures will introduce the new Food Waste collection services and explain the benefits of Food Waste collection. Brochures will include proper set out specifications, “how-to” information, Hauler contact information, and other topics deemed timely and necessary by Grantee and/or the County.

9) **Service Recipient Email Database.** Grantee will, at no additional charge, develop and maintain a Service Recipient email database and distribute information to this database as appropriate. Grantee will not sell, market, share, or in any way distribute information contained in this database base for any reason or cause. Service Recipient will be able to opt out of email communications at any time via link or instructions contained in each email message. All email outreach materials will be provided to the County by Grantee fifteen (15) working days prior to distribution of any type for review and approval.

10) **Curbside Clean-up Bill Insert.** Grantee will, at no additional charge, create, print, and distribute in the first bill of each calendar year a bill insert promoting the Curbside Clean-up program.

11) Grantee will develop a total of four (4) signs to be attached to collection vehicles; two (2) signs would be developed targeting underutilized and/or seasonally available services provided under the Franchise Agreement and two (2) signs would be developed targeting other related program topics of interest to be agreed upon by the County and Grantee. On an annual basis thereafter, Grantee will develop up to one additional sign to either replace existing signs or to be included in the signage rotation. Signs will be maintained to ensure a professional appearance and will be replaced as needed at no additional cost to the County.

12) Grantee will develop and distribute up to three (3) non-insert outreach pieces for direct mail (non-insert) to promote underutilized and/or timely announcements.

13) **Other Informational Material.** In addition to the above, Grantee will provide for a minimum of two distributions per year of solid waste, recycling or Yard Waste and Food Waste informational materials provided by County. Materials provided by County will be in the form and size to fit into Grantee’s regular billing envelopes. Informational materials must be printed double-sided, if format
of materials permits, and on recycled and recyclable paper. Grantee will be responsible for any and all costs relating to the printing, production, shipping and inclusion of these information materials.

f. **Green Business Program.** Grantee will maintain Green Business certification at all administrative offices over the term of this Agreement.

Grantee will make a good faith effort to promote the Green Business Program to a minimum of 50 businesses throughout the County of Santa Clara (both unincorporated and cities) and provide a list of referral made to the Program as part of its regular reporting. Grantee will also encourage appropriate and eligible businesses enrollment by offering technical assistance for compliance with the Solid Waste Reduction & Recycling portion of the Green Business Program. Grantee will distribute written materials provided by the County to candidate businesses whenever possible and practicable.

**SECTION 18. DISPOSAL.** Grantee will, as set forth above, provide for the collection and disposal of all solid waste matter generated within County Garbage Collection District East and will advise County Integrated Waste Management Division Manager of such provisions. The County reserves the right to direct which disposal facility Grantee should use, if at any time during the term of this Agreement County determines that the public interest requires a disposal program differing from that which Grantee has established. The collection rates will be equitably adjusted to reflect any changes in cost resulting therefrom by Resolution of the Board of Supervisors and/or by amendment to this Agreement. Unavailability of proper disposal facilities will not remove the Grantee from responsibility under this agreement. In the event a facility currently being used becomes unavailable, the Grantee will be required to designate an interim disposal site, subject to approval by County.

Notwithstanding any other provisions of this Agreement to the contrary, Grantee has the right to market, sell or otherwise lawfully dispose of all Recyclable Materials collected and removed by Grantee pursuant to this Agreement, including the right to retain the revenues from any such sale. The revenues from the sale of any Recyclable Materials are not subject to the fees and surcharges provided for in Sections 4, 5 and 6.

Grantee will make best effort to use local recyclers and processors in an effort to reduce Greenhouse Gas emissions and carbon footprint in support of County’s sustainability goals.

**SECTION 19. ACCOUNTING PROVISIONS.** Grantee must maintain current, accurate and complete financial records of accounting relating to services provided under this Agreement. All records will be maintained in accordance with generally accepted accounting principles. The County Executive, or his/her designated representative, has the right to audit and inspect all financial records pertaining to the County’s Agreement-related account and any other records of Grantee reasonably and directly necessary for County’s review, approval or enforcement of this Agreement.

Financial reports and operating data required by the County for this purpose of any Service Rate review will be furnished by the Grantee at no expense to the County and will be prepared in the manner and form reasonably prescribed by County.

**SECTION 20. INDEMNITY AND INSURANCE REQUIREMENTS.**

a. **Indemnity.** The Grantee shall indemnify, defend, and hold harmless the County of Santa Clara, its officers, agents and employees from any claim, liability, loss, injury or damage arising out of, or in connection with, performance of this Agreement by Grantee and/or its agents, employees or subcontractors, excepting only loss, injury, or damage caused by the sole negligence or willful misconduct of personnel employed by the County. It is the intent of the parties to this Agreement to
provide the broadest possible coverage for the County. The Grantee shall reimburse the County for all costs, attorneys' fees, expenses and liabilities incurred with respect to any litigation in which the Grantee is obligated to indemnify, defend and hold harmless the County under this Agreement.

b. **Insurance.** Without limiting the Grantee’s indemnification of the County, the Grantee shall provide and maintain at its own expense, during the term of this Agreement, or as may be further required herein, the following insurance coverages and provisions:

(1) **Evidence of Coverage.** Not less than thirty (30) days prior to commencement of this Agreement, the Grantee shall provide a Certificate of Insurance certifying that coverage as required herein has been obtained. Individual endorsements executed by the insurance carrier shall accompany the certificate. In addition, a certified copy of the policy or policies shall be provided by the Grantee upon request. This verification of coverage shall be sent to the requesting County Recycling and Waste Reduction Division, unless otherwise directed. The Grantee shall not receive a Notice to Proceed with the work under the Agreement until it has obtained all insurance required and such insurance has been approved by the County. This approval of insurance shall neither relieve nor decrease the liability of the Grantee.

(2) **Qualifying Insurers.**
   (a) All coverages, except surety, shall be issued by companies which hold a current policy holder’s alphabetic and financial size category rating of not less than A–V, according to the current Best’s Key Rating Guide or a company of equal financial stability that is approved by the County’s Insurance/Risk Manager.

(b) When surety bonds are required, they shall be issued by companies that meet the following minimum requirements:
   (i) For projects in excess of $250,000:
      (a) A California admitted surety with either a current A.M. Best rating of A-IV or a current Standard and Poors (S&P) rating of A.

      OR

      (b) An admitted Surety insurer which complies with the provisions of Code of Civil Procedure, Section 995.660*.

      OR

   (c) In lieu of 1 and 2, a company of equal financial size and stability that is approved by the County’s Insurance/Risk Manager.

   (ii) For project under $250,000:
      (a) A California admitted surety with either a current A.M. Best rating of B or a current Standard and Poors (S&P) rating of BB.

      OR

      (b) An admitted surety insurer which complies with the provisions of Code of Civil Procedure, Section 995.660*.

      OR

   (c) In lieu of 1 and 2, a company of equal financial size and stability that is approved by the County’s Insurance/Risk Manager.

*California Code of Civil Procedure section 995.660, requires that an admitted surety provide: 1) the original, or a certified copy of instrument authorizing the person who executed the bond to do so, within 10 calendar days of receipt of a request to submit the instrument; 2) a certified copy of the Certificate of Authority issued by the Insurance Commissioner, within 10 calendar days of receipt of a request to submit the copy; 3) a certificate
from the County Clerk that Certificate of Authority has not been surrendered, revoked, cancelled, annulled or suspended, within 10 calendar days of receipt of the certificate; 4) copies of the surety’s most recent annual statement and quarterly statement filed with the Department of Insurance pursuant to Article 10, within 10 calendar days of receipt of a request to submit the statements.

(3) Notice of Cancellation. All coverage as required here shall not be cancelled or changed so as to no longer meet the specified County insurance requirements without 30 days’ prior written notice of such cancellation or change being delivered to the County of Santa Clara or their designated agent.

(4) Insurance Required.

(a) Commercial General Liability Insurance for bodily injury (including death) and property damage which provides limits as follows:
   (i) Each occurrence - $1,000,000
   (ii) General aggregate - $2,000,000
   (iii) Products/Completed Operations aggregate - $2,000,000
   (iv) Personal Injury - $1,000,000
(b) General Liability coverage shall include:
   (i) Premises and Operations
   (ii) Products/Completed
   (iii) Personal Injury Liability
   (iv) Severability of Interest

(c) General Liability Insurance coverage shall include the following endorsement, a copy of which shall be provided to the County:

**Additional Insured Endorsement**, which shall read: “County of Santa Clara and member of the Board of Supervisors of the County of Santa Clara, and the officers, agents, and employees of the County of Santa Clara, individually and collectively as additional insureds.”

Insurance afforded by the addition insured endorsement shall apply as primary insurance, and other insurance maintained by the County, its officers, agents, and employees shall be excess only and not contributing with insurance provided under this policy. Public Entities may also be added to the additional insured endorsement as applicable and the Grantee shall be notified by the Integrated Waste Management Division of these requirements.

(d) Automobile Liability Insurance for bodily injury (including death) and property damage which provides total limits of not less than two million dollars ($2,000,000) combined single limit per occurrence applicable to all owned, non-owned and hired vehicles. Coverage shall include Environmental Impairment Liability Endorsement MCS90 for contracts requiring the transportation of hazardous material / wastes.

(e) Worker’s Compensation and Employer’s Liability Insurance:
   (i) Statutory California Workers’ Compensation coverage including broad form all-states endorsement.
   (ii) Employer’s Liability coverage for not less than one million dollars ($1,000,000) per occurrence.

(f) Contractors Pollution Liability Insurance or Pollution Errors and Omissions Liability Insurance: Coverage shall provide a minimum of not less than five million dollars ($5,000,000) per occurrence and aggregate for bodily injury, personal injury, property damage and clean-up costs both on and offsite.

(g) Claims Made Coverage – If coverage is written on a claims made basis, the Certificate of Insurance shall clearly state so. In addition to coverage requirements above, such policy shall provide that:
(i) Policy retroactive date coincides with or precedes the effective date of the Franchise Agreement (including subsequent policies purchased as renewals or replacements).

(ii) Policy allows for reporting of circumstances or incidents that might give rise to future claims.

(5) Special Provisions. The following provisions shall apply to this Agreement:

(a) The foregoing requirements as to the types and limits of insurance coverage to be maintained by the Grantee and any approval of said insurance by the County or its insurance consultant(s) are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by the Grantee pursuant to the Agreement, including but not limited to the provisions concerning indemnification.

(b) The County acknowledges that some insurance requirements contained in this Agreement may be fulfilled by self-insurance on the part of the Grantee. However, this shall not in any way limit liabilities assumed by the Grantee under the Agreement. Any self-insurance shall be approved in writing by the County upon satisfactory evidence of financial capacity. Grantee’s obligation hereunder may be satisfied in whole or in part by adequately funded self-insurance programs or self-insurance retentions.

(c) Should any of the work under this Agreement be sublet, the Grantee shall require each of its subcontractors of any tier to carry the aforementioned coverages, or Grantee may insure subcontractors under its own policies.

(d) The County reserves the right to withhold payments to the Grantee in the event of material noncompliance with the insurance requirements outlined above.

SECTION 21. PERFORMANCE BOND. Grantee shall secure and deliver to the County Integrated Waste Management Division Manager, a twelve (12) month performance bond, or other surety acceptable to County to secure the full, true and faithful performance of all terms, obligations and conditions of this franchise agreement on the part of the Grantee, in the following amount:

District East – Two Hundred and Twenty Five Thousand Dollars ($225,000)

to secure the full, true and faithful performance of all the terms, obligations and conditions of this franchise on the part of Grantee. Grantee shall present said bond, and upon request of County, Grantee shall present proof of payment for the bond to the County Recycling and Waste Reduction Division Manager at least 30 (thirty) days prior to the commencement of operations pursuant hereto. At least 30 (thirty) days prior to the start of each subsequent year of this Agreement, Grantee shall present proof of a one year renewal of the bond to the office of the County Recycling and Waste Reduction Division.

Should any surety or sureties be deemed unsatisfactory at any time by the County, notice will be given to Grantee to that effect and Grantee shall forthwith substitute a new surety or sureties satisfactory to the County. No further payment shall be deemed due or will be made under the Agreement until the new sureties qualify and are accepted by the County.

SECTION 22. LIQUIDATED DAMAGES. County will charge the Grantee any costs County incurs for the Grantee’s failure to: collect wastes, divert Recyclable Materials set out for separate collection, and operate equipment properly; or the costs of responding to complaints and problems; and other costs relating to failure of the Grantee to comply with all other aspects of this Agreement.

County and Grantee agree that the following liquidated damage amounts represent a reasonable estimate of the amount of such damages, including the relationship of the sums to the range of harm to County that reasonably could be anticipated, and the anticipation that proof of actual damages would be costly or inconvenient.

Grantee agrees to pay liquidated damages (as damages, not as a penalty) as set forth below:
a. **Collection Reliability.**
   1) For each failure to commence service to a new Service Recipient account within seven (7) days after order, which exceed 12 such failures annually: $150.00
   2) For each failure to collect Garbage, Recyclable Materials, Yard Waste and/or Food Waste, which has been properly set out for collection, from an established Service Recipient on the scheduled collection day and not collected within the period described in this Agreement which exceeds 20 such failures quarterly: $150.00
   3) For each failure to collect Garbage, Recyclable Materials, Yard Waste and/or Food Waste, which has been properly set out for collection, from the same Service Recipient on two (2) consecutive scheduled pickup days: $150.00
   4) For each failure to prepare for or properly conduct Annual Cleanups including advertising: $250.00
   5) For each failure to perform and submit billing reviews: $250.00
   6) For each collection day or portion thereof that Grantee fails to pay “Industry Standard Wage” to each garbage collection employee assigned to perform services under this Agreement, liquidated damages will be assessed for the period for which compliance requirements have not been met: $500 per employee.

b. **Collection Quality.**
   1) For each occurrence of damage to private property which exceeds 24 such occurrences annually: $250.00
   2) For each occurrence of failure to properly return empty containers to avoid pedestrian or vehicular traffic impediments or to place cans upright with lids secured which exceeds 36 such occurrences annually: $150.00
   3) For each occurrence of excessive noise or discourteous behavior: $250.00
   4) For each failure to clean up Garbage, Recyclable Materials, Yard Waste and/or Food Waste spilled from containers which exceeds 20 such failures annually: $150.00
   5) For each day one or more routes Grantee collects Garbage, Recyclable Materials, Yard Waste and/or Food Waste during unauthorized hours (occurrences in the first ninety (90) days of this Agreement will not apply towards Rate Year one total): $150.00
   6) For each day one or more routes Grantee collects Garbage, Recyclable Materials, Yard Waste and/or Food Waste during unauthorized hours which exceeds 20 such occurrences quarterly (occurrences in the first ninety (90) days of this Agreement will not apply towards Rate Year one total): $500.00
   7) In the event 20 days of collecting Garbage, Recyclable Materials Yard Waste and/or Food Waste during unauthorized hours occurs in two consecutive quarters then the Grantee will add one route (occurrences in the first ninety (90) days of this Agreement will not apply towards Rate Year one total). Cost absorbed by Grantee.
   8) For each instance where used motor oil spill are not immediately cleaned with absorbent and reported: $200.00.

c. **Customer Responsiveness.**
   1) For each failure to initially respond to a customer complaint within one (1) business day: $100.00
   2) For each failure to initially respond to County Staff within one (1) business day: $100.00
   3) For each failure to process complaints from Service Recipients to the County as required in quarterly customer service reports: $500.00
   4) For each failure to carry out responsibilities for establishing service: $500.00
d. **Public Education.**

1) For each failure to send initial mailing to Residential Service Recipients on or before the date specified in the implementation plan in the Annual Outreach Plan. $300.00 per day for each day until mailer is distributed.

2) For each failure to prepare and distribute "how-to" brochure/calendar to Residential Service Recipients on or before the date specified in the implementation plan in the Annual Outreach Plan. $150.00 per day for each day until mailer is distributed.

3) For each failure to prepare and distribute door hanger, flyer or mailer to applicable Service Recipients regarding specific collection day, holiday, holiday tree, and clean-up events. $150.00 per day for each day until mailer is distributed.

4) For each failure to prepare and mail newsletters to all Residential Service Recipients by the date specified in the Annual Public Outreach Plan $150.00 per day for each day until mailer is distributed.

5) For each failure to send initial mailing to Commercial Service Recipients on or before the date specified in the Annual Outreach Public Plan. $150.00 per day for each day until mailer is distributed.

6) For each failure to provide County staff the minimum review time of 15 businesses days prior to distribution date of Grantees Public Education materials as specified in this Agreement. $75.00 per occurrence.

7) For each failure to send initial mailing to Service Recipients on or before the date specified in the Transition Plan. $500.00 per day for each day until mailer is distributed.

8) For each failure to refer fifty (50) businesses to the County’s Green Business Program per Fiscal Year. $250.00 per occurrence.

e. **Timeliness of Submissions to County.** Any report shall be considered late until such time as a correct and complete report is received by The County in the manner specified. For each calendar day a report is late, the daily liquidated damage amount shall be:

1) Quarterly Reports: $250 per day

2) Annual Reports: $500 per day

The County reserves the right to establish penalties for other Service Recipient service problems by giving Grantee ten (10) days written notice.

Incidents will be based on records or contacts by Service Recipients made directly to Grantee which are included in the Customer Service Report, contacts by Service Recipients made directly to the County, by direct observation of the County Integrated Waste Management Program Manager or his/her duly authorized designee, and/or by direct observation of the County Health Officer or his duly authorized designees.

Damages will start at $100.00 per incident, and may increase, at sole discretion of County in increments of up to $50, to a maximum of $500 per incident for repeated failure to perform any one condition as specified in the Agreement.

Within ten (10) days of notification by County, Grantee may submit a written appeal of the assessment of liquidated damages to County, with an explanation of why the damages should not be assessed. The decision of the County Integrated Waste Division Manager is final. Grantee will pay any liquidated damages within thirty (30) calendar days after they are assessed, or the appeal is denied. Payment of liquidated damages will in no way be a waiver of County’s authority to terminate this Agreement.
SECTION 23. COMPLIANCE WITH LAWS. Grantee will comply with all laws and regulations of the State of California and the County. Grantee and County agree to be bound by all County Ordinance provisions or any amendments thereto, or other legal requirements that might affect the collection or disposal of Garbage or Rubbish or provision of Recyclable Materials services in the County. It is understood that said ordinances are intended to be minimum standards and that higher standards and regulations may be required under the franchise.

SECTION 24. ASSIGNMENT. For the purposes of this Section, “assignment” includes, but is not limited to, (1) a sale, exchange or other transfer to a third party of substantially all of Grantee’s assets dedicated to service under this Agreement, (2) the issuance of new stock to or the sale, exchange, or other transfer of thirty percent (30%) or more of the then outstanding common stock of Grantee to a Person other than the shareholders owning said stock at the date of this Agreement.

This Agreement will inure to the benefit of and be binding upon the parties and their respective successors and permitted assigns. The terms of this Agreement will survive an acquisition, merger, divestiture or other transfer of rights or assignment involving Grantee. In the event of an acquisition, merger, divestiture or other transfer of rights, Grantee shall ensure that the acquiring entity or the new entity agrees to be bound by the terms of this Agreement and act in the place of Grantee with respect to all of its obligations as set forth herein. The acquiring entity shall honor all the terms and conditions in this Agreement and provide the same services at the same pricing levels. If the acquiring entity or the new entity does not agree to the honor all the terms and conditions in this Agreement, County may in its sole discretion terminate this agreement immediately without cost to the County.

Grantee shall provide thirty (30) calendar days written notice to the County following the closing of an acquisition, merger, divestiture or other transfer of right involving Grantee.

Grantee must not assign this Agreement, or any interest herein, or any privilege or right granted herein, without the written consent of the Board of Supervisors of the County and then only to a person or persons approved by County on such terms and conditions as County may require. Such consent shall not be unreasonably withheld or untimely delayed. Consent to one assignment will not be deemed to be a consent to any subsequent assignment. Any assignment without such consent is void and may terminate this Agreement under the provisions in Section 30.

Grantee shall provide reasonable assistance to County during the transition period.

SECTION 25. SUBCONTRACTING. Grantee will not subcontract all or any portion of the work or business of this Agreement without the prior written consent of the County Board of Supervisors or Integrated Waste Management Division Manager.

SECTION 26. AFFILIATED AND SUBSIDIARY COMPANIES. Services under this Agreement may be provided by affiliated or subsidiary companies provided they do not exceed the market rate charged by third parties for similar services. The County has the right to require Grantee to present an independently prepared market rate analysis demonstrating that the services performed by affiliates/subsidiaries of Grantee and the associated costs do not exceed the market rate charged by third parties for the same, or if not available, similar services under the same terms and conditions. The County also has the right to require Grantee to submit a market rate analysis in connection with any service rate adjustment application or request to recover Extraordinary Costs as defined in Section 7.b. Assignment or subcontracting is permitted only as provided for in Sections 24 and 25 of this Agreement. Subsidiary or affiliated companies providing services to County must meet insurance guidelines as established in Section 20.
SECTION 27. WORKER RETENTION. Grantee will retain for a 90-day period non-management employees who worked for the terminated contractor in Unincorporated Santa Clara County at the time of the Agreement award. Grantee is under no obligation to retain non-management employees who worked in an area outside of unincorporated Santa Clara County. During this 90-day period, the hired employees may only be terminated for cause. At the end of the 90-day period, Grantee will prepare a written performance evaluation of each employee’s performance. If the employee’s performance is satisfactory, Grantee will consider offering the employee continued employment.

SECTION 28. INDEPENDENT CONTRACTOR. Grantee will perform all work and services described herein as an independent contractor and not as an officer, agent, servant, or employee of County. Grantee is solely responsible for the acts and omissions of its officers, agents, employees, contractors, and subcontractors, if any. Nothing herein shall be considered as creating a partnership or joint venture between the County and Grantee. No person performing any of the work or services described hereunder shall be considered an officer, agent, servant, or employee of County, nor will any such person be entitled to any benefits available or granted to employees of the County.

SECTION 29. INTERRUPTION OF GARBAGE COLLECTION SERVICE. In the event the garbage collection services required to be provided under this Agreement are interrupted by a labor dispute or other unforeseen events and scheduled collection or disposal services are discontinued for more than seventy-two (72) hours, County shall have the right to take forthwith temporary possession of all facilities and equipment of Grantee for the purpose of continuing the service which the Grantee has agreed to provide to preserve and protect the public health and safety. County has the right to retain possession of said facilities and equipment and to render the required service until Grantee can demonstrate to the satisfaction of the County that required services can be resumed by Grantee; provided, however, that such temporary assumption of Grantee's obligations under this Agreement shall not be continued by the County for more than one hundred twenty (120) days from the date such operations were undertaken. Should Grantee fail to demonstrate to the satisfaction of County that required services can be resumed by Grantee prior to the expiration of the aforementioned one hundred twenty (120) days, this Agreement will be terminated and the rights and privileges granted in this Agreement shall be canceled and annulled.

During any period in which the County has temporarily assumed the obligations of the Grantee under this Agreement, County will be entitled to the gross revenue attributable to operations during such period and shall pay therefrom only those costs and expenses applicable or allocable to said period. The excess, if any, of revenue over applicable or allocable costs and expenses during such period will be deposited in the treasury of County to the credit of the General Fund. The loss, if any, during that period will be a charge against Grantee and will be paid to County by Grantee upon demand. Final adjustment and allocation of gross revenue, costs and expenses to the period during which County temporarily assumed the obligations of Grantee shall be determined by an audit by a certified public accountant and prepared in report form with his/her opinion annexed thereto.

Employees of the Grantee may be employed by the County during any period in which the County temporarily assumes the obligations of the Grantee under this Agreement. Provided, however, that the rate of compensation to be paid such employees, or any other employees, will be the rate or rates in effect at the time the Grantee's service was interrupted.

In the event the County exercises its option to take temporary possession of the facilities and equipment of Grantee or assignee of Grantee, County shall indemnify, defend and hold harmless Grantee or assignee of
Grantee, their officers, agents, and employees from any claim, liability, loss or injury arising out of or in connection with the performance by County of the services required by Grantee or its assignee.

SECTION 30. TERMINATION FOR CAUSE. County may terminate this Agreement for default by Grantee in its performance under this Agreement. Before terminating this Agreement for default of Grantee, County will give Grantee thirty (30) days written notice with the opportunity to correct the default within the said thirty (30) days. In the event Grantee fails to correct the default within thirty (30) days, then County without further notice may terminate this Agreement. It is not the intention of the parties to authorize repeated violations of this Agreement. Continued violations in the areas specifically described in the notice shall be grounds for termination without opportunity to correct the default. In the event of termination, the County shall forthwith have the right to take possession of the equipment of Grantee and to use the same for such period of time as may be required with reasonable diligence by the County to obtain its own equipment or conclude other arrangements for the type of services herein. In such event, a reasonable rent for such equipment shall be paid for such use.

SECTION 31. USE OF COUNTY MAINTAINED STREETS. County grants to Grantee during the term of this Agreement the right and privilege to use and operate on County maintained streets and public rights-of-way to the extent necessary or convenient to perform Grantee’s obligations specified herein. Grantee must obtain permission of the owner to use any private streets within Collection District East.

SECTION 32. PERFORMANCE AUDIT. At the County’s sole option during the term of this Agreement, an audit of the Grantee (herein called the “Performance Audit”) may be conducted as set forth below.

a. If conducted, the performance audit shall:
   (1) Be performed by a qualified firm to be selected by the County;
   (2) Be included by Grantee as an Extraordinary Cost in the operating budget in the year of the audit; any deficit or surplus will be reflected in the rate review for the subsequent year;
   (3) Address only those areas of Grantee’s operations directly and specifically related to the services provided by Grantee hereunder and shall only include a review of the following:
      (a) Grantee’s billing and collection system and all policies with regard to uncollected accounts.
      (b) Grantee's compliance with all laws and regulations relating to employment, including, but not limited to, wages, compensation and discrimination.
      (c) Verifying that the County has received all franchise fees and other fees due to the County.
      (d) Procedures for receiving and resolving Service Recipient complaints and concerns, including damage to Service Recipient owned containers and disappearance of container covers.
      (e) Assessment of recycling collection programs and evaluation of the feasibility of adding commodities to the list of Recyclable Materials.
      (f) Quality of public education and information programs.
   (4) The audit shall provide specific reasonable and good-faith recommendations for resolving any breaches of this Agreement found by the audit, if any.

b. Upon receipt of notice of such breaches which are reasonably and in good faith discovered by such audit, Grantee will, within thirty (30) days (or such other time as the parties may mutually agree) cure such matters to the reasonable satisfaction of the County. If the audit discloses a gross violation of this Agreement by the Grantee, the County will not be required to provide the Grantee with the opportunity to cure, and the County will have the right to terminate the Agreement immediately.

c. If after the time for cure has elapsed, and the Board of Supervisors has reviewed a specific Performance Audit and has considered any evidence presented by Grantee in connection therewith, the Board determines to its satisfaction that all covenants, provisions, terms, and conditions of this Agreement on
the part of the Grantee to be performed, kept, and observed, continue to not be fully and faithfully performed, kept, and observed, then this Agreement may be terminated by County at its option and without prejudice to any other remedy to which it may be entitled to either at law, in equity, or under this Agreement by giving written notice of termination, either by mail or personal service, to Grantee not less than thirty (30) days prior to the date upon which the termination is to become effective. This right of termination is in addition to the right of the County to terminate this Agreement under the provisions of Section 30.

d. In connection with the review of a particular Performance Audit, County reserves the right to propose any amendment or amendments to this Agreement which the Board of Supervisors determines to be necessary by reason of the finding or results of the Performance Audit to carry out the intent of the terms and conditions of this Agreement.

SECTION 33. NONDISCRIMINATION. Grantee shall comply with all applicable Federal, State, and local laws and regulations including Santa Clara County's policy concerning nondiscrimination and equal opportunity in contracting. Such laws include but are not limited to the following: Title VII of the Civil Rights Act of 1964 as amended; Americans with Disabilities Act of 1990; the Rehabilitation Act of 1973 (Sections 503 and 504); California Fair Employment and Housing Act (Government Code sections 12900 et seq.); California Labor Code sections 1101 and 1102. Grantee shall not discriminate against any subcontractor, employee, or applicant for employment because of age, race, color, national origin, ancestry, religion, sex/gender, sexual orientation, mental disability, physical disability, medical condition, political beliefs, organizational affiliations, or marital status in the recruitment, selection for training including apprenticeship, hiring, employment, utilization, promotion, layoff, rates of pay or other forms of compensation. Nor shall Grantee discriminate in provision of services provided under this contract of age, race, color, national origin, ancestry, religion, sex/gender, sexual orientation, mental disability, physical disability, medical condition, political beliefs, organizational affiliations, or marital status.

SECTION 34. TERMINATION FOR BANKRUPTCY. If Grantee is adjudged to be bankrupt or should have a general assignment for the benefit of its creditors, or if a receiver should be appointed on account of Grantee's insolvency, the County may terminate this Agreement immediately without penalty.

SECTION 35. INTELLECTUAL PROPERTY INDEMNITY. Grantee represents and warrants for the benefit of the County and its users that, to its knowledge, as of the effective date of this Agreement, Grantee is the exclusive owner of all rights, title and interest in the Deliverables and/or services provided pursuant to this Agreement. Grantee shall defend, indemnify and hold the County harmless against any claim, action or litigation (including but not limited to all judgments, costs, fees, and reasonable attorney's fees) by a third party alleging the Deliverables and/or services provided pursuant to this Agreement infringe upon any intellectual property rights of third parties.

SECTION 36. CPRA INDEMNITY. The County is a public agency subject to the disclosure requirements of the California Public Records Act (“CPRA”). If the County receives a CPRA request for documents (as defined by the CPRA) and said request relates to the Deliverables and/or services provided pursuant to this Agreement, the County will notify Grantee of the request and confer with Grantee regarding an appropriate response to said request. If Grantee contends that any documents are Grantee’s confidential or proprietary material, not subject to the CPRA, and/or exempt from the CPRA, and Grantee wishes to prevent disclosure of said documents, Grantee shall obtain a protective order, injunctive relief or other appropriate remedy from a court of law in Santa Clara County before the County’s deadline for responding to the CPRA request. If Grantee fails to obtain such remedy within County’s deadline for responding to the CPRA request, County may disclose the requested
information without liability. Grantee shall defend, indemnify and hold the County harmless against any claim, action or litigation (including but not limited to all judgments, costs, fees, and reasonable attorney’s fees) that may result from denial, withholding or redaction of a CPRA request for information arising from any representation, or any action (or inaction), by the Grantee.

SECTION 37. CONTRACTING PRINCIPLES. Grantee agrees to comply with the County’s Contracting Principles set forth in the Board Policy Manual section 5.5.5.4.

SECTION 38. NO SMOKING. Grantee and its employees, agents and sub-contractors, shall comply with the County’s No-Smoking Policy, as set forth in the Board of Supervisors Policy Manual section 3.47 (as amended The County is a public agency subject to the disclosure requirements of the California Public Records Act (“CPRA”). If the County receives a CPRA request for documents (as defined by the CPRA) and said request relates to the Deliverables and/or services provided pursuant to this Agreement, the County will notify Grantee of the request and confer with Grantee regarding an appropriate response to said request. If Grantee contends that any documents are Grantee’s confidential or proprietary material, not subject to the CPRA, and/or exempt from the CPRA, and Grantee wishes to prevent disclosure of said documents, Grantee shall obtain a protective order, injunctive relief or other appropriate remedy from a court of law in Santa Clara County before the County’s deadline for responding to the CPRA request. If Grantee fails to obtain such remedy within County’s deadline for responding to the CPRA request, County may disclose the requested information without liability. Grantee shall defend, indemnify and hold the County harmless against any claim, action or litigation (including but not limited to all judgments, costs, fees, and reasonable attorney’s fees) that may result from denial, withholding or redaction of a CPRA request for information arising from any representation, or any action (or inaction), by the Grantee from time to time), which prohibits smoking: (1) at the Santa Clara Valley Medical Center Campus and all County-owned and operated health facilities, (2) within 30 feet surrounding County-owned buildings and leased buildings where the County is the sole occupant, and (3) in all County vehicles.

SECTION 39. FOOD AND BEVERAGE STANDARDS. Except in the event of an emergency or medical necessity, the following nutritional standards shall apply to any foods and/or beverages purchased by Grantee with County funds for County-sponsored meetings or events:

a. If food is to be provided, healthier food options shall be offered. “Healthier food options” include (1) fruits, vegetables, whole grains, and low fat and low calorie foods; (2) minimally processed foods without added sugar and with low sodium; (3) foods prepared using healthy cooking techniques; and (4) foods with less than 0.5 grams of trans-fat per serving. Whenever possible, Grantee shall (1) offer seasonal and local produce; (2) serve fruit instead of sugary, high calorie desserts; (3) attempt to accommodate special, dietary and cultural needs; and (4) post nutritional information and/or a list of ingredients for items served. If meals are to be provided, a vegetarian option shall be provided, and the Grantee should consider providing a vegan option. If pre-packaged snack foods are provided, the items shall contain: (1) no more than 35% of calories from fat, unless the snack food items consist solely of nuts or seeds; (2) no more than 10% of calories from saturated fat; (3) zero trans-fat; (4) no more than 35% of total weight from sugar and caloric sweeteners, except for fruits and vegetables with no added sweeteners or fats; and (5) no more than 360 mg of sodium per serving.

b. If beverages are to be provided, beverages that meet the County’s nutritional criteria are (1) water with no caloric sweeteners; (2) unsweetened coffee or tea, provided that sugar and sugar substitutes may be provided as condiments; (3) unsweetened, unflavored, reduced fat (either nonfat or 1% low fat) dairy milk; (4) plant-derived milk (e.g., soy milk, rice milk, and almond milk) with no more than 130 calories per 8 ounce serving; (5) 100% fruit or vegetable juice (limited to a maximum of 8 ounces per container);
and (6) other low-calorie beverages (including tea and/or diet soda) that do not exceed 40 calories per 8 ounce serving. Sugar-sweetened beverages shall not be provided.

SECTION 40. ASSIGNMENT OF CLAYTON ACT, CARTWRIGHT ACT CLAIMS. Grantee shall assign to the County all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, materials, or services by the Grantee for sale to the County pursuant to this Agreement.

SECTION 41. CONFLICT OF INTEREST.

a. Grantee shall comply, and require its sub-contractors to comply, with all applicable (i) requirements governing avoidance of impermissible client conflicts; and (ii) federal, state and local conflict of interest laws and regulations including, without limitation, California Government Code section 1090 et. seq., the California Political Reform Act (California Government Code section 87100 et. seq.) and the regulations of the Fair Political Practices Commission concerning disclosure and disqualification (2 California Code of Regulations section 18700 et. seq.). Failure to do so constitutes a material breach of this Agreement and is grounds for immediate termination of this Agreement by the County.

b. Grantee covenants that it presently has no interest, and will not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of this Agreement. Grantee further covenants that, in the performance of this Agreement, it will not employ any Grantee or person having such an interest.

c. If the disclosure provisions of the California Political Reform Act of 1974 (“Act”) are applicable to any individual providing service under this Agreement, Grantee shall ensure that all such individuals identified pursuant to this section understand that they are subject to the Act and shall conform to all requirements of the Act and other laws and regulations.

SECTION 42. NON-WAIVER. No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance. Any waiver granted by a party shall be in writing and shall apply to the specific instance expressly stated.

SECTION 43. USE OF COUNTY’S NAME. Grantee may not use the name of the County or reference any endorsement from the County in any fashion for any purpose, without the prior express written consent of the County as provided by the Director of Procurement, or authorized designee.

SECTION 44. AMBIGUITIES. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party does not apply in interpreting this Agreement. Should any ambiguities or conflicts between contract terms and conditions contained in this Agreement and its exhibits exist, the terms and conditions in this Agreement shall control over its exhibits.

SECTION 45. SURVIVAL. All representations, warranties, indemnities, and covenants contained in this Agreement, or in any instrument, certificate, exhibit, or other writing intended by the parties to be a part of their Agreement, will survive the termination of this Agreement.

SECTION 46. SEVERABILITY. Should any part of this Agreement be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect the validity of the remainder of this Agreement which shall continue in full force and effect; provided that the remainder of the
Agreement can, absent the excised portion, be reasonably interpreted to give the effect to the intentions of the parties.

SECTION 47. ENTIRE AGREEMENT. This document embodies the entire Agreement between the parties with respect to the subject matter hereof. All prior negotiations, written agreements, and oral agreements between the parties with respect to the subject matter of this Agreement are merged into this Agreement.

SECTION 48. CONTROLLING LAW. This Agreement is governed and construed in accordance with the laws of the State of California and proper venue for legal action regarding this Agreement is the County of Santa Clara.

SECTION 49. AMENDMENT. Amendment to or modification of the terms and conditions of this Agreement shall be effective only upon the mutual agreement in writing by the parties hereto.

SECTION 50. OTHER PROGRAMS. Throughout the term of the Agreement, programs that identify opportunities to increase diversion may be conducted with mutual agreement between the County and the Grantee. The inclusion of any new or revised diversion plans shall be considered “additional services” for purposes of Extraordinary Costs.

SECTION 51. NOTICE. Any notices required herein must be in writing and be given personally or by certified mail, return receipt requested, addressed to the respective parties as follows:

**GRANTEE:** Recology South Bay  
650 Martin Avenue  
Santa Clara, CA 95050

**COUNTY:** Recycling and Waste Reduction Division Manager  
1555 Berger Drive, Building 2, Suite 300  
San Jose, CA 95112

and  
Director of Environmental Health  
1555 Berger Drive, Building 2, Suite 300  
San Jose, CA 95112

or to such other address as either party may from time to time designate in writing.

FRANCHISE AGREEMENT DULY EXECUTED. The person signing this Franchise Agreement on behalf of Grantee has been authorized by Grantee to do so, and this Franchise Agreement has been duly executed and delivered by Grantee in accordance with the authorization of its Board of Directors, or shareholders if necessary, and constitutes a legal, valid, and binding obligation of Grantee enforceable against Grantee in accordance with its terms.

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IN WITNESS WHEREOF, the parties hereto execute this Agreement on the dates stated herein below.

COUNTY OF SANTA CLARA

By:

Dave Cortese, President
Board of Supervisors

Date

COUNTY

Attest:

Lynn Regadanz
Clerk of the Board of Supervisors

Date

Approved as to form and legality:

Michael L. Rossi
Deputy County Counsel

Date

RECOLOGY SOUTH BAY

Michael J. Sangiato
President and CEO

Date

By:

Roxanne E. Sny

Date

GRANTEE
EXHIBIT A: SCHEDULE OF MONTHLY RATES
RESIDENTIAL RATES FOR GARBAGE DISTRICT EAST
EFFECTIVE JULY 1, 2015

A. Regular Monthly Service Rates

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic curbside collection:</td>
<td></td>
</tr>
<tr>
<td>20-gallon cart provided by Grantee</td>
<td>$28.61</td>
</tr>
<tr>
<td>32-gallon cart provided by Grantee</td>
<td>$29.61</td>
</tr>
<tr>
<td>64-gallon cart provided by Grantee</td>
<td>$55.06</td>
</tr>
<tr>
<td>Each additional 32-gallon unit</td>
<td>$30.61</td>
</tr>
<tr>
<td>Low-Income curbside collection</td>
<td></td>
</tr>
<tr>
<td>20-gallon container</td>
<td>$17.17</td>
</tr>
<tr>
<td>32-gallon cart provided by Grantee</td>
<td>$17.77</td>
</tr>
<tr>
<td>64-gallon cart provided by Grantee</td>
<td>$33.04</td>
</tr>
<tr>
<td>(available only to families of 5 or more persons)</td>
<td></td>
</tr>
</tbody>
</table>

One-time extra bag with regular weekly set out         $15.00

B. Special Monthly Residential Service Rates

Hard to Serve Areas

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-gallon container</td>
<td>$33.30</td>
</tr>
<tr>
<td>32-gallon cart provided by Grantee (80 pound limit)</td>
<td>$34.45</td>
</tr>
<tr>
<td>64-gallon cart provided by Grantee (150 pound limit)</td>
<td>$63.25</td>
</tr>
<tr>
<td>Each additional 32-gallon unit</td>
<td>$35.45</td>
</tr>
</tbody>
</table>

One-time extra bag with regular weekly set out

C. Special Pickups (Arranged by customer call-in)

Basic Trip Charge                     $15.00
Charge per Container                  $15.00
Bulky Item Pick-Up for 2 Items        $60.88

ELIGIBILITY STANDARDS, LOW INCOME GARBAGE RATES

To qualify for the low-income rate, subscriber must be head of household and not claimed as a dependent

<table>
<thead>
<tr>
<th>Number of persons in the household</th>
<th>Gross Annual Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2</td>
<td>$31,460</td>
</tr>
<tr>
<td>3</td>
<td>$39,580</td>
</tr>
<tr>
<td>4</td>
<td>$47,700</td>
</tr>
<tr>
<td>5</td>
<td>$55,820</td>
</tr>
<tr>
<td>6</td>
<td>$63,940</td>
</tr>
<tr>
<td>7</td>
<td>$72,060</td>
</tr>
<tr>
<td>8</td>
<td>$80,180</td>
</tr>
<tr>
<td>Each additional person</td>
<td>$8,120</td>
</tr>
</tbody>
</table>

*Data from PG&E - valid through May 31, 2015*
## EXHIBIT B

**SCHEDULE OF MONTHLY SERVICE RATES**

**COMMERCIAL RATES FOR DISTRICT EAST - EFFECTIVE JULY 1, 2015**

<table>
<thead>
<tr>
<th># Pick ups per week</th>
<th>1 Cart</th>
<th>2 Carts</th>
<th>3 Carts</th>
<th>4 Carts</th>
<th>5 Carts</th>
<th>6 Carts</th>
<th>8 Carts</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$71.65</td>
<td>$144.60</td>
<td>$216.25</td>
<td>$287.92</td>
<td>$359.57</td>
<td>$431.20</td>
<td>$574.51</td>
</tr>
<tr>
<td>2</td>
<td>$149.75</td>
<td>$302.20</td>
<td>$451.96</td>
<td>$601.76</td>
<td>$751.51</td>
<td>$901.21</td>
<td>$1,200.72</td>
</tr>
<tr>
<td>3</td>
<td>$221.40</td>
<td>$446.80</td>
<td>$668.20</td>
<td>$889.68</td>
<td>$1,111.09</td>
<td>$1,332.42</td>
<td>$1,775.23</td>
</tr>
<tr>
<td>4</td>
<td>$293.06</td>
<td>$591.40</td>
<td>$884.45</td>
<td>$1,177.61</td>
<td>$1,470.66</td>
<td>$1,763.62</td>
<td>$2,349.73</td>
</tr>
<tr>
<td>5</td>
<td>$364.71</td>
<td>$735.99</td>
<td>$1,100.70</td>
<td>$1,465.53</td>
<td>$1,830.24</td>
<td>$2,194.82</td>
<td>$2,924.24</td>
</tr>
<tr>
<td>6</td>
<td>$436.36</td>
<td>$880.59</td>
<td>$1,316.95</td>
<td>$1,753.45</td>
<td>$2,189.81</td>
<td>$2,626.03</td>
<td>$3,498.75</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th># Pick ups per week</th>
<th>1 cu yd</th>
<th>1.5 cu yd</th>
<th>2 cu yd</th>
<th>3 cu yd</th>
<th>4 cu yd</th>
<th>6 cu yd</th>
<th>8 cu yd</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$171.01</td>
<td>$201.19</td>
<td>$236.69</td>
<td>$369.98</td>
<td>$493.65</td>
<td>$721.48</td>
<td>$1,010.07</td>
</tr>
<tr>
<td>2</td>
<td>$329.23</td>
<td>$387.33</td>
<td>$455.68</td>
<td>$708.83</td>
<td>$936.67</td>
<td>$1,392.34</td>
<td>$1,949.28</td>
</tr>
<tr>
<td>3</td>
<td>$484.70</td>
<td>$570.23</td>
<td>$670.86</td>
<td>$1,050.59</td>
<td>$1,392.34</td>
<td>$2,031.56</td>
<td>$2,844.18</td>
</tr>
<tr>
<td>4</td>
<td>$639.25</td>
<td>$752.06</td>
<td>$884.78</td>
<td>$1,382.22</td>
<td>$1,835.37</td>
<td>$2,863.82</td>
<td>$4,009.35</td>
</tr>
<tr>
<td>5</td>
<td>$795.63</td>
<td>$936.04</td>
<td>$1,101.22</td>
<td>$1,720.18</td>
<td>$2,278.35</td>
<td>$3,350.48</td>
<td>$4,690.68</td>
</tr>
<tr>
<td>6</td>
<td>$954.76</td>
<td>$1,123.25</td>
<td>$1,321.47</td>
<td>$2,064.21</td>
<td>$2,734.01</td>
<td>$4,020.58</td>
<td>$5,628.81</td>
</tr>
</tbody>
</table>

**Compactor Service (per pull)**
- Base Charge $281.78
- per yard Charge $28.18

**Push and Pull Charges (charge per 25' increment)**
- Cart $16.91
- Bin $28.18
Exhibit C
Annual Rate Adjustment
Garbage District East

The County of Santa Clara and Recology South Bay have agreed to the following rate increases, in addition to the CPI increase, for a 5-year term Franchise Agreement for Garbage District East, beginning July 1, 2015:

- Year 2 – 2.55%
- Year 3 – 2.55%
- Year 4 – 2.55%
- Year 5 – 2.55%

These additional rate increases shall not be subject to the same terms and conditions of CPI adjustments, specifically the CPI floor and cap, and shall be applied independent from and prior to the annual CPI adjustment.

Except as otherwise provided above, the Grantee's rates may only be adjusted on July 1 of each year for the term of this Agreement, beginning July 1, 2015. If the net percentage change is negative, the rates will not be adjusted. Provided that rate increases are within the maximum rates specified below, rate adjustments must be approved by the Recycling and Waste Reduction Division Manager, with no further action by the Board of Supervisors.

For purposes of adjustment, the base rates are those in effect on January 1 in the calendar year the adjustment is made. The indices used are those published by the United States Department of Labor, Bureau of Labor Statistics. The indices are to be truncated at four (4) decimal places for the adjustment calculations. Annual Service Rate adjustments are to be made only in units of one cent ($0.01). Fractions less than one cent ($0.01) will not be considered on Base Rates and Recycling, Food Waste and Yard Waste Rates (see “Definitions”, Section 1.f and 1.gg). Base Rates and Recycling and Yard Waste Rates will be adjusted on the basis of one hundred percent (100%) of the net annual percentage change in the Consumer Price Index (CPI) for All Urban Consumers (all items) for the San Francisco/Oakland/San Jose Metropolitan area from February to February. No CPI rate increase will exceed five percent (5%) per year.

Grantee will provide information required by the County as part of its request for a Service Rate Adjustment at no expense to the County.

All net percentage changes will be calculated by the following formula:

\[
\text{Net Percentage Change} = \frac{V(i) - V(i-1)}{V(i-1)}
\]

Where:  
- \(V(i)\) = Index value for February of the adjustment year; and  
- \(V(i-1)\) = Index value for February of the preceding year
On or before May 1, Grantee shall send to County a Service Rate Adjustment Statement setting out the following information for each Service Rate:

1) The applicable index values;
   2) The percentage change in the applicable index values as calculated by the formula above;
   3) The percentage change equal to one hundred percent (100%) of the CPI referenced above; and
   4) Grantee’s proposed new Service Rates.

Upon receipt of an accurate and correctly calculated Service Rate Adjustment Statement, County will determine the new Service Rates to be billed to Service Recipients, and will notify Grantee of new proposed Service Rates following approval. If a Service Rate adjustment request is not received by the May 1 deadline as established above, County will not process the request.

On the next billing date after County’s notification to Grantee of the new Service Rates, Grantee will bill Service Recipients at the new Service Rates in compliance with the effective date of those rates. Thereafter the Service Rates charged by Grantee will not be modified to reflect any change until a subsequent Service Rate Adjustment Statement is received and approved by County.

Should the index named in this Section not be published in February of any given year, the calculations shall be performed using the index values of the month immediately preceding the one contemplated by this Agreement.
EXHIBIT D
Process for Establishing Industry Standard Wage

1) County will collect wage information annually in December of every year of this agreement. Grantee shall adjust wages paid as necessary each year following the survey to remain in compliance with the Industry Standard Wage requirements hereof.

2) County will collect wage information annually in December from the following jurisdictions:
   (a) Burbank
   (b) Cupertino
   (c) Gilroy
   (d) Los Altos
   (e) Los Altos Hills
   (f) Milpitas
   (g) Morgan Hill
   (h) Mountain View
   (i) Palo Alto
   (j) San Jose 1
   (k) San Jose 2
   (l) San Jose 3
   (m) Santa Clara
   (n) Stanford
   (o) Sunnyvale
   (p) Unincorporated District East
   (q) Unincorporated District South
   (r) Unincorporated District West
   (s) West Valley Cities of Campbell, Los Gatos, Monte Sereno and Saratoga

The wage information being collected includes the following and is based on an entry-level, non-probationary, fully benefited garbage collection driver and does not include Yard Waste or recycling collection drivers:
- Hourly Rate of Pay
- Hourly cost break out of Pension
- Hourly cost break out of Medical Benefits (medical, dental, vision) paid by employer
- Hourly cost break out of Paid Time Off (vacation, holidays and sick leave)

County staff will take every reasonable step to assure that the numbers reported are true and correct.