



CITY OF HEMET
Hemet, California
RESOLUTION NO. 4506

A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF HEMET, CALIFORNIA, APPROVING THE FIRST
AMENDMENT TO THE EXCLUSIVE FRANCHISE
AGREEMENT FOR COMPREHENSIVE REFUSE
SERVICES WITH CR&R INCORPORATED.

WHEREAS, the provision of comprehensive refuse services is an essential governmental service which the California Legislature has recognized must remain under local control because it involves extensive management of health and safety aspects including, but not limited to, frequency of collection, means of collection and transportation, level of services, charges and fees, and nature, location and extent of providing refuse services;

WHEREAS, the City has full discretion to provide for refuse services through its own forces, or by means of nonexclusive, partially exclusive or wholly exclusive franchise, contract, license or otherwise pursuant to the authority granted by Article XI, § 7 of the California Constitution and the California Integrated Waste Management Act of 1989 (Public Resources Code §§ 40000 *et seq.*) ("AB 939");

WHEREAS, Hemet Municipal Code ("HMC") Chapter 62, Article III (Fees, Franchises, Permits and Licenses) implements Article XI, § 7 of the California Constitution and AB 939 by authorizing the City Council to award one or more franchises, permits or licenses for collection of refuse;

WHEREAS, the City Council, at a duly noticed public hearing, during its regular meeting of October 11, 2011, approved the award of that Exclusive Franchise Agreement for Comprehensive Refuse Services with CR&R Incorporated ("Franchise Agreement"). CR&R was selected as the provider based on their response to the

1 City's Request for Proposals, which demonstrated that CR&R could provide enhanced
2 services to customers compared to the City's operation, at rates that would be
3 equivalent or lower than those the City would be required to charge;

4 **WHEREAS**, the City addressed the potential impact of its privatization of these
5 services on displaced City refuse employees by requiring under the Franchise
6 Agreement that CR&R offer employment to all qualified and displaced employees at
7 the same hourly rate of pay and with other employment benefits similar to those
8 presently received from the City;

9 **WHEREAS**, the City's action to contract out the comprehensive refuse services
10 did not rely upon the authority provided in California Government Codes sections
11 37103 or 53060, which statutes authorize public agencies to contract out certain
12 "special services;" rather, the City relied on the express authority to grant a franchise
13 under the Public Resources Code sections 40059 and 49300;

14 **WHEREAS**, the California Constitution Articles XIII (C) and (D), commonly
15 known as "Proposition 218", impose various substantive and procedural requirements
16 upon public agencies that provide certain property-related services;

17 **WHEREAS**, the Franchise Agreement details that as of December 1, 2011, the
18 City ceased providing comprehensive refuse services. On that date and for the term of
19 the Agreement, those services will be exclusively provided by CR&R Incorporated, a
20 private company;

21 **WHEREAS**, CR&R is under no obligation to comply with the requirements of
22 Proposition 218, because under the Franchise Agreement, the comprehensive refuse
23 services will be a private service, provided by a private company, which will serve only
24 those customers who choose to both receive the service (rather than self-haul, which
25 is authorized in HMC Chapter 62, pursuant to Ordinance No. 1842), and to pay the
26 service rates that are independently set and collected by CR&R;

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1 **WHEREAS**, under the Franchise Agreement, the parties negotiated and agreed
2 upon a schedule of various franchise fee payments. Like all franchise fees, those paid
3 under the Agreement are a form of consideration voluntarily paid to the City for the
4 privilege of being granted a special governmental privilege to provide essential
5 services to the general public. In this case, the special governmental privilege
6 conferred is the City's agreement to give up its right to provide comprehensive refuse
7 services and to award CR&R a franchise right to exclude all other haulers and to act as
8 the sole provider of comprehensive refuse services in the City for twenty (20) years by
9 occupying the City streets and rights of way in a manner that no other entity may do;

10 **WHEREAS**, the franchise fees are not imposed by law and are not a fee for a
11 service or a tax; therefore, they need not reflect the City's costs. There are no
12 statutory restrictions on the amount a city can charge the franchisee as a franchise fee
13 for the special governmental privilege to provide comprehensive refuse services.
14 Rather, franchise fees reflect the amount offered by the highest bidder or best
15 contractual offer;

16 **WHEREAS**, the City Council and CR&R have identified certain provisions of the
17 Franchise Agreement which either do not accurately reflect the intent of the parties
18 and/or for which a needed change as become apparent during the transition from City
19 service to CR&R service or in the actual implementation of the Franchise Agreement;
20 and,

21 **WHEREAS**, the City Council and CR&R desire to amend the Franchise
22 Agreement to clarify these matters.

23 **NOW, THEREFORE, the City Council of the City of Hemet does hereby**
24 **resolve:**

25 **SECTION 1. Incorporation of Recitals.**

26 The City Council, finds and determines that the above referenced recitals are
27 true and correct and material to this Resolution.

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1 **SECTION 2. City Council Actions.**

2 The City Council hereby takes the following actions:

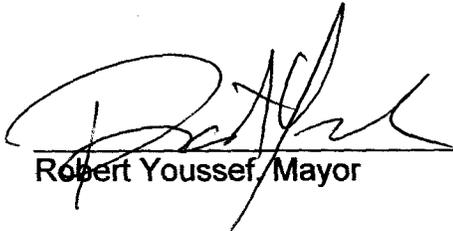
3 (a) The City Council hereby approves the First Amendment to Exclusive
4 Franchise Agreement for Comprehensive Refuse Services ("First Amendment") which
5 is attached hereto and incorporated herein by reference as Exhibit "A".

6 (b) The City Council hereby authorizes the Mayor to execute the First
7 Amendment.

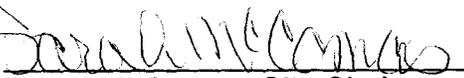
8 (c) With regard to the Franchise Agreement as amended by the First
9 Amendment, the City Council hereby authorizes the City Manager: (i) to administer the
10 contractual relationship with CR&R; (ii) to make reasonable interpretations of
11 contractual terms and conditions where necessary to effect the intent of the City; (iii) to
12 take such actions as are reasonably necessary to implement the Franchise agreement
13 as amended by the First Amendment; and (iv) to make minor modifications or
14 amendments to the Agreement by means of side letters. However, the City Manager
15 shall not have authority by means of such administration, interpretation,
16 implementation, modification or amendment to impose a material cost on the City or to
17 materially reduce the revenue due to City under the Franchise Agreement or increase
18 or add rates for services.

19 **PASSED, APPROVED, AND ADOPTED** this 12th day of June, 2012.

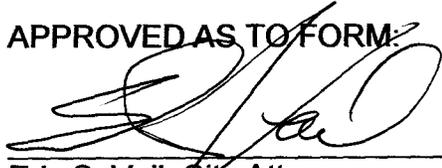
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Robert Youssef, Mayor

ATTEST:


Sarah McComas, City Clerk

APPROVED AS TO FORM:

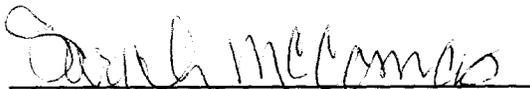

Eric S. Vail, City Attorney

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State of California)
County of Riverside)
City of Hemet)

I, Sarah McComas, City Clerk of the City of Hemet, do hereby certify that the foregoing Resolution is the actual Resolution adopted by the City Council of the City of Hemet and was passed at a regular meeting of the City Council on the 12th day of June, 2012 by the following vote:

AYES: Council Members Franchville, Krupa, Smith and Mayor Youssef
NOES:
ABSTAIN:
ABSENT: Mayor Pro Tem Foreman



Sarah McComas, City Clerk

EXHIBIT "A"

**First Amendment To
Exclusive Franchise Agreement for
Comprehensive Refuse Services**

**First Amendment To
Exclusive Franchise Agreement for
Comprehensive Refuse Services**

by and between

the

CITY OF HEMET

and

CR&R INCORPORATED

Dated June 12, 2012

**FIRST AMENDMENT TO EXCLUSIVE FRANCHISE AGREEMENT FOR
COMPREHENSIVE REFUSE SERVICE**

This First Amendment to Exclusive Franchise Agreement for Comprehensive Refuse Service ("**First Amendment**"), which is dated for reference as indicated on the cover page, is hereby entered into by and between the CITY OF HEMET, a California general law city ("**City**"), and CR&R Incorporated, a California corporation ("**Contractor**"), as follows:

RECITALS

- A. City and Contractor entered in that Exclusive Franchise Agreement for Comprehensive Refuse Services, dated October 11, 2011 as approved by City Resolution No. 4458 ("**Agreement**"). The Agreement provides that Contractor will provide comprehensive refuse services to, and within the City of Hemet, under an exclusive franchise, for which Contractor will pay City certain compensation.
- B. Through the implementation process of the Agreement, and as a consequence of a legal challenge to the Agreement, City and Contractor have identified specific amendments to certain provisions of the Agreement that are necessary to fully implement the arrangement as contemplated by the parties.
- C. This First Amendment contain the specific amendments to be made to certain recitals, paragraph, subparagraphs of and Exhibits to the Agreement.

OPERATIVE PROVISIONS

NOW, THEREFORE, in consideration of the promises made and recited herein, and for good and valuable consideration, the receipt and adequacy of which the Parties deem satisfactory, the Parties do hereby enter into this First Amendment:

- 1. **AMENDMENTS**. The Agreement is hereby amended as provided below:

1.1 **Recitals**. Each of the Recitals in the Agreement are hereby deleted and substituted by the following in their place:

"WHEREAS, Article XI, § 7 of the California Constitution authorizes cities to protect public health and safety by taking measures in furtherance of their authority over police and sanitary matters; and

WHEREAS, the Legislature of the State of California, by enactment of the California Integrated Waste Management Act of 1989, ("**AB 939**" or the "**Act**") (codified at Public Resources Code §§ 4000 et seq.) established a solid waste management process which requires cities and other local jurisdictions to implement plans for source reduction, reuse and recycling as integrated waste management practices for solid waste attributed to sources within their respective jurisdictions; and

WHEREAS, AB 939 provides that aspects of solid waste handling of local concern include but are not limited to frequency of collection, means of collection and transportation,

level of services, charges and fees, and nature, location and extent of providing solid waste services, and,

WHEREAS, AB 939 confers discretion on cities to provide for the delivery of refuse services to its residents by the city itself providing the services or by the city conferring the authority to do so on private profit-making entities; and,

WHEREAS, when cities confer the authority to provide refuse services on private profit-making entities; cities are authorized to do so by means which include the award of a nonexclusive, partially exclusive or wholly exclusive franchise, contract, license or otherwise; and,

WHEREAS, when a city exercises its legislative discretion to provide refuse services to its residents itself, it assesses and collects a fee from residents to recover its costs for providing those services; and,

WHEREAS, when a city exercises its legislative discretion to award a franchise to private profit-making entities to provide refuse services to residents, the private profit-making entities charges residents for those services from which it derives a profit; and,

WHEREAS, the Hemet Municipal Code implements Article XI, § 7 of the California Constitution and AB 939 in the City of Hemet and protects public health and safety by authorizing the City Council to provide refuse service itself or to award one or more franchises, permits or licenses to provide that service; and,

WHEREAS, the City Council has in the past chosen to provide comprehensive refuse services within the city limits by the City using its own forces and has assessed a fee on the recipient of the service in exchange for the services provided by the City; and,

WHEREAS, the City Council has determined, in its discretion, that the continued provisions of these services to residents by the City imposes significant and unwarranted financial and other burdens on the City and on the recipients of City refuse services because the City would be required to raise its currently service rates by 30% to raise sufficient funds to: (i) hire additional employees to ensure proper monitoring and compliance comply with the increasingly complex environmental, air quality, and health and safety laws and regulations governing comprehensive refuse services; (ii) to ensure property risk management procedures are followed to avoid the accidental release, transport or disposal of hazardous substances; and (iii) to provide revenue sufficient to fund the currently unfunded retirement liabilities of City refuse employees; and,

WHEREAS the City Council has therefore concluded, in the exercise of its legislative discretion, that it is in the best interests of the City and its residents for the City, itself, to cease providing these refuse services to City residents and to instead franchise comprehensive refuse service to a private enterprise with the special skills, knowledge, facilities and other capabilities to ensure a high level of service and compliance with the existing statutory and regulatory requirements; and

WHEREAS, when a private profit-making entity is awarded a city franchise authorizing it to derive profit in providing refuse services to city residents for a fee, the award of this valuable franchise right provides for compensation to the city and its taxpayers through the imposition of a franchising fee on the private profit-making entity payable to the city; and,

WHEREAS, the amount of such franchise fees are freely negotiated between the franchisee and the city awarding the franchise and are not limited by AB 939 or any other provisions of law; and,

WHEREAS, the City Council initiated a Request for Proposal process to consider and determine the award of a franchise for refuse services to a private profit making entity; and,

WHEREAS, the City Council, at a duly noticed public hearing, during its regular meeting of October 11, 2011 approved the award of an exclusive franchise agreement for comprehensive refuse services with CR&R Incorporated because the City Council determined, in the exercise of its legislative discretion, that CR&R could provide enhanced services to customers, compared to the City's operation, and that the rates it charged customers would be equivalent to or lower than those the City would be required to charge were it to continue to provide refuse services itself; and,

WHEREAS, the City residents are permitted to haul their refuse to a disposal facility themselves under Hemet Municipal Code Chapter 62, pursuant to Ordinance No. 1842 and are not required to utilize the services of CR&R; and,

WHEREAS, Contractor will set the rates that it will charge residents subject to a cap under the Franchise Agreement; and,

WHEREAS, Contractor will offer employment to all qualified and displaced City employees at the same hourly rate of pay and with other employment benefits similar to those they presently received from the City; and,

WHEREAS, the City Council agreed to give up its right to provide comprehensive refuse services and to award to Contractor a franchise right to exclude all other haulers and to act as the sole provider of comprehensive refuse services in the City for twenty (20) years by occupying the City streets and rights of way in a manner that no other entity may do; and,

WHEREAS, City will receive compensation from Contractor as consideration for the award of the franchise in the form of a schedule of various franchise fee payments that the City and Contractor negotiated and agreed upon and intended to provide City with a stable and reliable source of revenue to fund public services; and,

WHEREAS, there are no statutory restrictions on the amount a city and a private profit-making entity may contractually agree to exchange as adequate compensation for the grant of the special governmental privileges conferred by a franchise;

WHEREAS, the City's action to contract out the comprehensive refuse services did not rely upon the authority provided in California Government Codes sections 37103 or 53060, which statutes authorize public agencies to contract out certain "special services;" rather, the

City relied on the express authority to grant a franchise under the Public Resources Code sections 40059 and 49300, part of AB 939; and,

WHEREAS, the California Constitution Articles XIII (C) and (D), commonly known as "Proposition 218", regulates a public agency's imposition of certain property related fees when the agency assesses the resident for a fee for the provisions of services provided by the public agency; and

WHEREAS, the California Constitution does not restrict or regulate what a private profit-making entity may charge residents when those same services are provided by a private entity; and,

WHEREAS, upon thorough analysis, the Parties have determined that the rates and fees established by the Franchise Agreement are not subject to California Constitution Articles XIII (C) and (D) because, among other reasons, such services are provided by a private corporation and not by City; Contractor independently establishes, charges and collects the customer rates for said services within the limits established in the Agreement; the receipt of said services is voluntary and not required of any property within City; and any owner or occupant of property within City has the opportunity to avoid the services provided under the Agreement either through self-hauling or use of property in such a manner that solid waste is not generated; and,

WHEREAS, City and Contractor are mindful of the provisions of the laws governing the safe collection, transport, recycling and disposal of residential and commercial Solid Waste, including AB 939, the Resource Conservation and Recovery Act ("**RCRA**"), 42 U.S.C. §§ 6901 *et seq.*, the Comprehensive Environmental Response, Compensation and Liability Act ("**CERCLA**"), 42 U.S.C. §§ 9601 *et seq.*; the Electronic Waste Recycling Act of 2003 (SB 20, Sher, Chapter 526, Statutes of 2003; SB 50, Sher, Chapter 863, Statutes of 2004; AB 575, Wolke, Chapter 59, Statutes of 2011), laws governing Universal Waste, including, but not limited to, Universal Waste Electronics Devices ("**UWED**"), non-empty aerosol cans, fluorescent tubes, high intensity discharge lamps, sodium vapor lamps, and any other lamp exhibiting a characteristic of a hazardous waste, batteries (rechargeable nickel-cadmium batteries, silver button batteries, mercury batteries, small sealed lead acid batteries [burglar alarm and emergency light batteries] alkaline batteries, carbon-zinc batteries and any other batteries which exhibit the characteristic of a hazardous waste), mercury thermometers, mercury-containing switches; and,

WHEREAS, City and Contractor desire to leave no doubts as to their respective roles and to make it clear that by entering into this Agreement, City is not thereby becoming a "generator" or an "arranger" as those terms are used in the context of CERCLA § 107(a)(3) and that it is Contractor, an independent entity, not City, which will arrange to collect Solid Waste from SFD, MFD, City and Commercial Service Units in the City of Hemet, transport for recycling and disposal and dispose of Solid Wastes which may contain small amounts of household products with the characteristics of hazardous wastes, collect and compost Green Waste and collect and recycle Recyclable Materials from SFD, MFD, City, and Commercial Service Units in the City of Hemet, and collect and recycle or dispose of Construction and Demolition Materials ("**C&D Materials**"); and,

WHEREAS, there are no places within the City limits of the City of Hemet where landfills are located, or which are suitable for the siting of a landfill and therefore Solid Waste must be exported from the City; and,

WHEREAS, City and Contractor agree that, subject to City's exercise of its reserved flow control right under Section 2 of this Agreement, it is Contractor, and not City, which will select the landfill or transformation facility destination of the non-recyclable residential and commercial Solid Waste and Construction and Demolition Materials which Contractor will arrange to collect, that City has not, and by this Agreement does not, instruct Contractor on its collection methods, nor supervise Contractor in the collection of waste and nothing in this Agreement or other action of the City shall be construed to give rise to any inference that the City has any title, ownership or right of possession of such Solid Waste; and,

WHEREAS, Contractor represents and warrants to City that Contractor has the experience and qualifications to conduct recycling and waste diversion programs, to provide City with information sufficient to meet the City's reporting requirements to CalRecycle and other agencies under the Act, to meet City's other requirements under the Act, to arrange with persons in charge of day-to-day activities of Service Units in the City of Hemet for the collection, safe transport and disposal of Solid Wastes which may contain small amounts of household products with the characteristics of Hazardous Wastes, in a safe manner which shall minimize the adverse effects of collection vehicles on air quality and traffic, and that Contractor has the ability to indemnify City in accordance with this Agreement; and,

WHEREAS, the City Council of the City of Hemet determines and finds pursuant to California Public Resources Code § 40059(a)(1) that the public interest, health, safety and well-being, including the minimization of adverse impacts on air quality and traffic from excessive numbers of collection vehicles, the implementation of measures consistent with the City's Source Reduction and Recycling Component, and in an effort to reduce the City's potential CERCLA liability, would be served if Contractor were to be awarded an exclusive Franchise for collection, recycling, diversion and disposal of Solid Waste from Service Units in the City of Hemet."

1.2 Paragraph E, Section 2. The first full paragraph of Paragraph E "Franchise Payments" of Section 2 of the Agreement is hereby amended to read as below, with all other subparagraphs (1 through 3) remaining as in the original Agreement:

"E. Franchise Payments. For the exclusive privileges and rights granted to and conferred upon Contractor by City under the Agreement, Contractor shall pay to City the amounts set forth below ("Franchising Payments"), over the Term of this Agreement, unless the Agreement is earlier terminated or specifically amended to require otherwise:"

1.3 Paragraph D & D. 1 - 4, of Section 3. Paragraph D and subparagraph 1 of Paragraph D of the Agreement are hereby amended to read as below, with all other subparagraphs (2 through 4) remaining as in the original Agreement:

"D. Minimum Requirements. The continued privilege of Contractor to provide Comprehensive Refuse Services to City and within City's boundaries is subject to the

satisfaction of each and all of the conditions set forth below, each of which may be waived in whole or in part by City. The Contractor must achieve all of the following Minimum Requirements. Failure to meet one or more of these requirements subjects Contractor to the dispute resolution process set forth in Sections 27, 28 and 29. of this Agreement.”

“1. Diversión. Contractor must achieve a diversion from landfill rate of fifty percent (50%) by December 31, 2012 and fifty-five percent (55%) by December 31, 2016, and otherwise meet the diversion requirements set forth in Public Resources Code §§ 41780 *et seq.*, as those sections may be amended from time to time. For the purpose of determining compliance with the above diversion requirements, Contractor shall, at a minimum, adhere to the per capita disposal rates calculated for the City of Hemet using the criteria and methodology established under Public Resources Code § 41780.05(d)(1), as may be amended from time to time, including the California Department of Resources, Recycling and Recovery’s (“Cal Recycle”) implementation thereof. The Maximum Permissible Rate contemplates Contractor’s adherence to these Diversion requirements. Should the law change subsequent to the Effective Date of this Agreement and require higher Diversion rates than provided herein, then Contractor shall comply with such legally required Diversion rates and may adjust the Maximum Permissible Rate, as provided under Section 20.A.3.c, “Adjustment Due to Change In Law.” However, Contractor shall not be entitled to any rate adjustment in the event of a change in the CalRecycle criteria or methodology for calculating the 50% and 55% Diversion rate requirements set forth above, provided that such change in criteria or methodology does not require a significant change in current operational methodologies or programs. Contractor shall provide such documentation to city regarding its satisfaction of the Diversion requirements as is required under Section 22 and 23 of this Agreement.”

1.4 Paragraphs G and W of Section 4. Paragraphs G and W of Section 4 of the Agreement are hereby amended to read as follows:

“G. **“Cart” or “Carts”** means those 64 or 96-gallon containers provided by Contractor for the collection of Solid Waste, Recyclable Material, Mixed Recyclable Materials/ Solid Waste and Organic Waste.”

“W. **“Franchise Payment”** means the voluntarily negotiated payment agreed upon by the City and Contractor in consideration of City’s grant of the Franchise to Contractor and which, *inter alia*, is intended to compensate the City for the City’s agreement to give up its right to provide Comprehensive Refuse Services and to award Contractor a franchise right to exclude all other haulers and to act as the sole provider of Comprehensive Refuses Services in the City for the term of the Agreement by occupying the City streets and rights of way in a manner that no other entity may do.”

1.5 Paragraphs A and C of Section 7. Paragraphs A and C of Section 7 of the Agreement is hereby amended to read as follows:

“A. Conditions of Service. The Contractor shall provide SFD collection service to all SFD Service Units whose Solid Waste is properly placed in Solid Waste Carts, Recyclable Materials are properly placed in Recyclable Materials Carts, or Mixed Recyclable Materials and Solid Waste are properly placed in Mixed Recyclable Material/Solid Waste Carts except as set forth in Section 7.G. and Organic Waste is properly placed in Organic Waste Carts except as set forth in Section 7.H.5. Contractor shall offer Solid Waste Carts in 64 and 96-gallon sizes, and Recyclables Materials and Organic Waste Carts in 64 or 96-gallon sizes. Contractor shall offer Debris Boxes in 10, 20, 30, and 40 cubic yard sizes. The size of the Container shall be determined between the SFD service recipient and the Contractor. Except for charges related to supplying additional carts, as is provided for in this Agreement, Contractor shall not charge for collection of Recyclable Materials or Organic Waste collected in Carts.”

“C. Frequency and Scheduling of Service. SFD Solid Waste, Recyclable Materials and Organic Waste shall be provided with SFD Solid Waste Organic Waste, and Recyclable Materials collection services provided one (1) time per week on a scheduled route basis, until City and Contractor mutually agree that Contractor will implement a Mixed Recyclable Material/Solid Waste collection service. SFD collection services shall be scheduled so that a SFD Service Unit receives SFD Solid Waste collection service and SFD Recyclable Materials collection service, or SFD Mixed Recyclable Material/ Solid Waste collection service, and SFD Organic Waste collection service on the same Work Day.”

1.6 Subparagraph, 3 of Paragraph H of Section 7. Subparagraph 3 of Paragraph H of Section 7 of the Agreement is hereby amended to read as follows:

“3 Additional Organic Waste Carts. Contractor shall provide one (1) additional SFD Organic Waste Carts to SFD service recipients within five (5) days of request at no additional cost provided that the additional Cart is used by SFD service recipients for the purposes of setting out additional Organic Waste materials for regular weekly Organic Waste collection service.”

1.7 Subparagraph 1 of Paragraph J of Section 20. Subparagraph 1 of Paragraph J or Section 20 of the Agreement is hereby amended to read is follows:

“1. Residential Accounts. Contractor agrees not to discontinue service to residential customers except as provided herein. Residential Customers (owners or tenants) who have not remitted required payment within thirty (30) days after the date of billing shall be notified by Contractor, on forms that contain a statement that their account is past due and services will be discontinued if payment is not received within forty-five (45) days from the billing date. The delinquent and unpaid charges, including a 10% penalty and 1.5% monthly interest, may be charged to customer. Contractor may commence

delinquency collection efforts against a delinquent customer sixty (60) days from the billing date. Notwithstanding the foregoing, service shall not be discontinued earlier than sixty (60) days from the billing date.”

1.8 Paragraph C of Section 29. Paragraph C of Section 29 of the Agreement is hereby be amended to read as follows:

“C. **City’s Damages for Failure to Achieve Diversion Goals.** Contractor agrees that its failure to achieve the diversion goals set forth in Section 3.D above, arising from failure to make reasonable efforts to maximize diversion in accordance with the terms and conditions of this Agreement, or its failure to meet the requirements of Section 3.D and Section 19 above, related to waste diversion, shall be a default of this Agreement. If CalRecycle, or its successor agency, were to impose administrative civil penalties against City, then the City’s damages for Contractor’s failure to achieve the diversion requirements for the City as required by this Agreement, shall include, but not be limited to such administrative civil penalties, attorneys’ costs and fees and City’s staff time devoted to the resolution of the administrative civil penalties against City.

1.9 Exhibits 2, 6, 7, 8 & 10. The following Exhibits to the Agreement, are hereby amended to read as attached to this First Amendment:

1.9.1 Exhibits Amended. The Exhibits listed below are amended:

- Exhibit 2 – Maximum Permitted Rates
- Exhibit 6 – Transition Plan
- Exhibit 7 – Public Education Plan
- Exhibit 8 – Diversion Plan
- Exhibit 10 – Collection Service Operations Plan

1.9.2 Exhibits Not Amended. The Exhibits listed below are not amended and remaining in their original form:

- Exhibit 1 – Schedule of Monthly Payments to City
- Exhibit 3 – City Facilities
- Exhibit 4 – Approved Facilities
- Exhibit 5 – City-Sponsored Special Events
- Exhibit 9 – Customer Service Plan

2. GENERAL PROVISIONS.

2.1 Remainder Unchanged. Except as specifically modified and amended in this First Amendment, the Agreement remains in full force and effect and binding upon the parties.

2.2 Integration. This First Amendment consists of pages 1 through 10 inclusive, and Exhibits 2, 6, 7, 8, & 10 inclusive which constitute the entire understanding and agreement of the parties and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the transaction discussed in this First Amendment except as provide in Section 2.1 of this First Amendment.

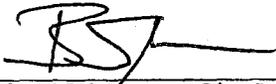
2.3 Effective Date. This First Amendment shall not become effective until the date it has been formally approved by the City Council and executed by the appropriate authorities of the City and Contractor.

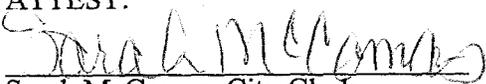
2.4 Applicable Law. The laws of the State of California shall govern the interpretation and enforcement of this First Amendment.

2.5 References. All references to the Agreement include all their respective terms and provisions. All defined terms utilized in this First Amendment have the same meaning as provided in the Agreement, unless expressly stated to the contrary in this First Amendment.

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment to the Agreement on the date and year first written above.

**CITY:
THE CITY OF HEMET**

By: 
Brian Nakamura, City Manager

ATTEST:

Sarah McComas, City Clerk

APPROVED AS TO FORM:

Eric S. Vail, City Attorney

**CONTRACTOR:
CR&R INCORPORATED**

By: 
Clifford R. Ronnenberg
CEO and Chairman of the Board

By: 
David E. Fahrion
President, Solid Waste Division

EXHIBIT 2

MAXIMUM PERMISSIBLE SERVICE RATES

EXHIBIT 2		
Maximum Permissible Service Rates		
December 1, 2011 – December 31, 2012		
RESIDENTIAL CART COLLECTION SERVICE		
Standard Residential Collection Rates (monthly rates):		
	64 Gallon	96 Gallon
Curbside Collection	\$15.35	\$18.25
Subscription Backyard Collection	\$19.15	\$22.20
Additional Solid Waste Cart - Curbside	\$10.05	\$14.80
Additional Solid Waste Cart - Subscription Backyard Collection	\$13.85	\$18.70
Mobile Home Park Solid Waste Collection – (monthly rates per occupied space)		
	64 Gallon	96 Gallon
Weekly Solid Waste Cart per Space (one cart per occupied space) and Shared Recyclables and Organics Carts or Bins	\$13.85	\$16.25
Weekly Solid Waste Cart and Weekly Green Waste Cart per Space (two carts per occupied space) and Shared Recyclables Carts or Bins	\$15.35	\$18.25
Household Hazardous Waste Collection*		
<p><u>Electronic Waste</u> – TV's, Computers, Cell Phones, Land Line Phones, printers, toasters, irons, VCR's, DVD's, CD Players, stereos and other similar electronic devices. Quantity: Up to five items per household per calendar year.</p>	No cost	
<p><u>Automotive Items</u> – Clean/Non Contaminated Antifreeze, Clean/Non Contaminated Motor Oil, Automotive Oil Filters Quantity: Up to two gallons of Antifreeze and/or Motor Oil per Household per month. Up to two Oil Filters per Household per month.</p>	\$115.00 per pick up	
<p><u>Universal Waste</u> – Common Household Batteries (AA, AAA, C, D, Cell and Button Batteries) and Fluorescent tubes and bulbs. Containers: One 6"x6" box for Batteries; one 6"x6" box for Compact Fluorescent Bulbs (CFL's); one four foot box for fluorescent tubes (one box holds eight fluorescent tubes). Customers may order as many boxes as they would like.</p>	<p style="text-align: center;">\$44.00 per box for batteries and CFLs (includes postage and recycling fees). \$49.00 per box for fluorescent tubes (includes postage and recycling)</p>	

EXHIBIT 2
Maximum Permissible Service Rates
December 1, 2011 – December 31, 2012

	fees).
Sharps Mail Back Program – Syringes and needles <u>Containers:</u> One three gallon Sharps container	\$109.47 per three gallon container (includes postage)

***Rates subject to change with prior City approval**

Special Charges - Residential	
Extra on-call Bulky Waste pick-up	\$25.00 per item
Additional Organic Waste Cart (3+ carts)	\$2.49/month per cart) 3+ carts
Additional Cart Exchange	\$15.00
Additional Cart Replacement	\$15.00
Freon Removal Fee	\$55.00
Residential Service Initiation and Cart Delivery Fee (January 1, 2013)	\$25.00
Residential Cart Removal Due to Non Payment	\$45.00 all carts
Residential Cart Replacement Due to Non Payment	\$45.00 all carts
Backyard Collection for Physical Disability	No Cost
Temporary Clean-up or C&D Materials (Up to 5 tons)	\$508.78/Box+\$70 Deliv.

COMMERCIAL COLLECTION SERVICE

Cart Service: (Includes Solid Waste and Recyclable Materials Only)

Service	Frequency					
	1/Week	2/Week	3/Week	4/Week	5/Week	6/Week
65 gallon cart	\$22.20	\$44.35	\$66.60	\$88.75	\$110.90	N/A
96 gallon cart	\$26.40	\$52.90	\$79.30	\$105.70	\$132.10	N/A

Bin Service – Non Compactors

Service	Frequency					
	1/Week	2/Week	3/Week	4/Week	5/Week	6/Week
2 CY Bin	\$106.60	\$189.05	\$271.45	\$353.90	\$436.40	\$518.90
3 CY Bin	\$154.50	\$269.30	\$384.05	\$489.80	\$613.60	\$764.82

EXHIBIT 2
Maximum Permissible Service Rates
December 1, 2011 – December 31, 2012

4 CY Bin	\$193.45	\$334.90	\$476.35	\$617.80	\$759.20	\$945.68
6 CY Bin	\$288.60	\$518.20	\$747.70	\$977.35	\$1206.85	\$1508.22

Bin Service: - Compactors Only

Service	Frequency					
	1/Week	2/Week	3/Week	4/Week	5/Week	6/Week
2 CY Bin	\$220.95	\$417.65	\$614.40	\$811.15	\$1,007.90	\$1,204.60
3 CY Bin	\$326.15	\$612.30	\$898.60	\$1,184.90	\$1,471.15	\$1,757.45
4 CY Bin	\$379.00	\$705.85	\$1,032.75	\$1,360.35	\$1,686.50	\$2,013.35

Commercial Green Waste Collection and Processing

Cart Service: (In addition to applicable Solid Waste rate)

Service	Frequency					
	1/Week	2/Week	3/Week	4/Week	5/Week	6/Week
65 gallon cart	\$10.30	\$20.60	\$30.90	\$41.20	\$51.50	\$61.80
96 gallon cart	\$15.17	\$30.34	\$45.51	\$60.68	\$75.85	\$91.02

Bin Service: (In addition to applicable Solid Waste rate)

Service	Frequency					
	1/Week	2/Week	3/Week	4/Week	5/Week	6/Week
2 CY Bin	\$90.61	\$160.69	\$230.73	\$300.82	\$370.94	\$543.66
3 CY Bin	\$131.33	\$228.91	\$326.44	\$423.98	\$521.56	\$787.95
4 CY Bin	\$164.43	\$284.67	\$404.90	\$525.13	\$645.32	\$986.60
6 CY Bin	\$245.31	\$440.47	\$635.55	\$830.75	\$1025.82	\$1471.86

Commercial Food Waste Collection and Processing

Bin Service: (In addition to applicable Solid Waste rate)

Service	Frequency					
	1/Week	2/Week	3/Week	4/Week	5/Week	6/Week
2 CY Bin	\$18.34	\$36.68	\$55.02	\$73.36	\$91.70	\$110.04
3 CY Bin	\$27.51	\$55.02	\$82.53	\$110.04	\$137.55	\$165.06

EXHIBIT 2
Maximum Permissible Service Rates
December 1, 2011 – December 31, 2012

4 CY Bin	\$36.68	\$73.36	\$110.04	\$146.72	\$183.40	\$220.08
6 CY Bin	\$55.02	\$110.64	\$165.06	\$220.08	\$275.10	\$330.12

Special Charges- Commercial

Additional Cart Exchange		\$15.00				
Additional Cart Replacement		\$15.00				
Additional Bin Exchange		\$25.00 per bin including delivery				
Additional Bin Replacement		\$25.00				
Cart Cleaning Each Occurrence		\$15.00				
Bin Cleaning Each Occurrence		\$25.00				
Commercial Service Initiation and Container Delivery Fee (Starts January 1, 2013)		\$28.00 for carts \$45.00 for bins				
Commercial Bad Debt Reinstatement Fee		\$50.00				
Commercial Cart or Bin Removal Due to Non Payment		\$50.00 all carts or bins				
Commercial Cart or Bin Replacement Due to Non Payment		\$50.00 all carts or bins				
Commercial Locking Lid Bin		\$20.00/bin per month				
Replacement Lock or Key for Locking Bin		\$25.00				
Commercial Scout Service		Additional \$45.00 per bin per month				
Operation Overflow Charge		\$40.00 per Occurrence				
Driver Return Fee on Scheduled Day		\$75.00				
Freon Removal Fee		\$55.00				
Commercial Push Rates	0-15 feet	16 – 25 feet	26-49 feet	50-75 feet	76-100 feet	101+ feet
	N/C	\$10.00	\$15.00	\$20.00	\$25.00	\$30.00

Debris Box and Compactor Collection Services

Debris Box Service:

3 CY	\$94.80 + \$70.00 delivery fee	Per Pull (500 lb. weight limit)
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EXHIBIT 2
Maximum Permissible Service Rates
December 1, 2011 – December 31, 2012

10 CY Box	\$258.78	Per Pull Rate
20 CY Box	\$258.78	Per Pull Rate
30 CY Box	\$258.78	Per Pull Rate
40 CY Box	\$258.78	Per Pull Rate
10 CY Lowboy	\$258.78	Per Pull Rate

Compactor Service:

1/Week	2/Week	3/Week	4/Week	5/Week	6/Week
\$405.00	\$810.00	\$1215.00	\$1620.00	\$2025.00	\$2430.00

All, 10, 20, 30, 40 CY Debris Boxes and Compactors are pull rates only; processing and/or disposal will be based on actual disposal costs

Special Charges- Debris Box and Compactor Services

Service Initiation Fee	\$28.00	
Demurrage Charge (not dumped every 7 days)	\$35.00	Per Week
Per hour Stand-by Charge (box not ready to be pulled)	\$75.00	Per Hour
Saturday Service	\$388.17	Per Pull + Disposal
Delivery Fee	\$70.00	Per Delivery
Trip Charge	\$95.00	Per Occurrence

Disposal and Processing Tipping Fees

Disposal	\$34.37/ton	Mixed C&D Materials Processing	\$45.00/ton
Green Waste Processing	\$29.00/ton	Wood Waste Processing	\$32.00/ton
Organic Waste Processing	\$38.00/ton	Inerts Processing	\$45.00/ton
Mixed Recyclables/Solid Waste Processing	\$50.00/ton	Recyclable Materials Processing	\$55.00 /ton

Emergency Services

Emergency Service – Employees

EXHIBIT 2
Maximum Permissible Service Rates
December 1, 2011 – December 31, 2012

Labor Position	Hourly Rate	
Class "A" Driver	\$55.00	
Class "B" Driver	\$45.00	
Equipment Operator	\$45.00	
Route Manager	\$75.00	
Laborer	\$27.50	
Emergency Service – Equipment		
Equipment Type	Make and Model	Hourly Rate
Residential	Autocar Side Loader	\$125.00
Commercial	Autocar Front Loader	\$125.00
Roll-off	Autocar Roll-off	\$125.00
Backhoe	Case or CAT	\$125.00
Pressure Washer	Hotsy	\$125.00
Street Sweeper	TYMCO 600	\$125.00

EXHIBIT 6
TRANSITION PLAN

**EXHIBIT 6
Transition Plan**

Program and Tasks	Agency Responsible	Year: 2011												Year: 2012											
		Due Dates												Due Dates											
		Apl	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Apl	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec						
Decal all Existing Bins in the City with CR&R decals	CR&R																	X							
Begin Bin Refurbishment Program	CR&R																	X							
25% Completion of Bin Refurbishment	CR&R																X								
50% Completion of Bin Refurbishment	CR&R															X									
75% Completion of Bin Refurbishment	CR&R																								
100% Completion of Bin Refurbishment	CR&R															X		X							

Street Sweeping Services

Obtain detailed route information for the City	City /																	
Prepare (2) City Street Sweepers for service	CR&R							X										
Commence Street Sweeping Services	CR&R																	X

Side & Front Loader Trucks

Take Delivery of City Equipment	CR&R																	X
Prepare CR&R Trucks to assist during the Transition	CR&R								X									
Clean, Decal and Prepare City's trucks for service commencement	CR&R																	X
Refurbish First (3) City Trucks to CR&R colors	CR&R																	
Refurbish next (3) City Trucks	CR&R																X	

EXHIBIT 7
PUBLIC EDUCATION PLAN

EXHIBIT 7
Public Education Plan

Plan A:

1. Residential 3 barrel system

Start Date: December 1, 2011

a. Mayor Letter

CR&R will draft a letter from the Mayor or designated city representative introducing the new company to the residents.

- CR&R to draft letter by October 1, 2011
- CR&R to send proposed letter to POC/Mayor's office for review within 48 hours of City Council's contract approval.
- Approved letter sent to Litco for printing by October 24, 2011.
- Letter to be mailed to residents week of November 21, 2011.

b. CR&R Letter and Brochure (*Note: This mailing will be included with Mayor's Letter)

A letter and detailed brochure will be mailed to the residents which describes the various services and types of materials to be recycled. Brochures will also be made available to residents at City Hall and other designated city facilities.

- CR&R to draft letter/brochure by October 1, 2011.
- CR&R to send proposed letter/brochure to City for review within 48 hours of City Council's contract approval.
- Approved letter/brochure sent to Litco for printing by October 24, 2011.
- Letter/brochure mailed to residents: week of November 21, 2011.

c. Website

The City of Hemet will have its own separate page on CR&R's website. Hemet's page will outline our new services. Our IT group can also work with the City to provide a hotlink from the City's website to our website.

- CR&R to have a draft Hemet page on website for City's review by November 15, 2011.
- Approved Hemet page goes live on CR&R website: December 1, 2011.

d. Public Service Announcement (Static Page)

If available, CR&R can work with the local cable provider in order to provide a PSA/static page which would outline residential services as well as our contact information.

- CR&R will contact PSA cable provider during the month of October 2011.
- CR&R to draft PSA by October 31, 2011.
- CR&R to send proposed PSA to City for review by October 24, 2011
- Approved PSA sent to local cable provider by November 15, 2011.
- PSA runs the week of December 1, 2011.

EXHIBIT 7
Public Education Plan

e. HHW

- HHW information will be included in educational material (i.e. brochure, website)

f. Bulky Item Collection

- Bulky item collection information will be included in all educational material (i.e. brochure, website)

***All dates subject to change if needed.**

Plan B –Commercial Service

Start Date: December 1, 2011

a. Mayor Letter

CR&R will draft a letter from the Mayor or designated city representative introducing the new company to businesses.

- CR&R to draft letter by October 1, 2011
- CR&R to send proposed letter to POC/Mayor's office for review within 48 hours of City Council's contract approval.
- Approved letter sent to Litco for printing by October 24, 2011
- Letter to be mailed to businesses week of November 21, 2011.

CR&R Letter and Brochure

A letter and detailed brochure will be mailed to businesses which describes the services and types of materials to be recycled. Brochures will also be made available to businesses at City Hall and other designated city facilities.

- CR&R to draft letter/brochure by October 1, 2011.
- CR&R to send proposed letter/brochure to City for review within 48 hours of City Council's contract approval.
- Approved letter/brochure sent to Litco for printing by October 24, 2011.
- Letter/brochure mailed to businesses week of November 21, 2011.

b. Website

The City of Hemet will have its own separate page on CR&R's website. Hemet's page will outline our new services. Our IT group can also work with the City to provide a hotlink from the City's website to our website.

c. Chamber Meetings

CR&R will provide a presentation at monthly Chamber of Commerce meeting to educate businesses on CR&R's services.

- CR&R will contact the Chamber of Commerce to set-up presentation dates by November 30, 2011.

***All dates subject to change if needed.**

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EXHIBIT 8
DIVERSION PLAN

Exhibit 8 Diversion Plan							
DIVERSION GOALS LISTED BY WASTE STREAM FOR 2012-2015							
WASTE STREAM	PROGRAM	FACILITY	TONNAGE	% OF TOTAL	RECOVERY RATE	DIVERTED	DIVERSION %
RESIDENTIAL							
Single-Family Curbside							
Trash	Curbside	Perris MRF	19,305	58%	0%	0	
Commingled Recyclables	Curbside	Perris MRF	6,095	18%	90%	5,486	17%
Yard Waste	Curbside	Perris MRF	7,216	22%	98%	7,072	22%
On-Call Bulky Items	Curbside	Perris MRF	600	2%	90%	540	4%
Residential Total			33,216	100%		13,097	39%
COMMERCIAL							
Mixed Waste "A" Route	Bins	Perris MRF	0	0%	60%	0	0%
Mixed Waste "B" Route	Bins	Landfill	18,146	92%	0%	0	0%
Source Separated Recyclables	Bins	Perris MRF	1,088	6%	98%	1,066	98%
Yard Waste	Bins	Perris MRF	494	3%	98%	484	98%
Commercial Total			19,728	100%		1,550	8%
DEBRIS BOX COLLECTION							
Mixed Waste "A" Route (1)	Various	Perris MRF	2,274	43%	75%	1,706	75%
Mixed Waste "B" Route	Various	Landfill	1,516	29%	0%	0	0%
Source Separated Recyclables	Various	Perris MRF	203	4%	98%	199	98%
Yard Waste	Various	Perris MRF	1,274	24%	98%	1,249	98%
Debris Box Total			5,267	100%		3,153	60%
CONSTRUCTION AND DEMOLITION (C&D) AND STREET SWEEPING							
Mixed Waste C&D (2)	Various	Perris MRF	3,584	71%	75%	2,688	75%
Source Separated C&D	Various	Perris MRF	838	17%	98%	821	98%
Street Sweeping Debris	Commercial	Perris MRF	600	12%	100%	600	100%
C&D Total			5,022	100%		4,109	82%
TOTAL CITYWIDE ALL PROGRAMS			62,233	100%	60-100%	21,909	35.2%
(1) Requires the City of Hemet to adopt an Illegal Hauling Ordinance							
(2) Requires the City of Hemet to adopt a C&D Recycling Ordinance							

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Exhibit 8 Diversion Plan							
DIVERSION GOALS LISTED BY WASTE STREAM FOR 2016							
WASTE STREAM	PROGRAM	FACILITY	TONNAGE	% OF TOTAL	RECOVERY RATE	DIVERTED	DIVERSION %
RESIDENTIAL							
Single-Family Curbside							
Trash	Curbside	Perris MRF	19,884	58%	0%	0	
Commingled Recyclables	Curbside	Perris MRF	6,278	18%	90%	5,650	17%
Yard Waste	Curbside	Perris MRF	7,432	22%	98%	7,284	22%
On-Call Bulky Items	Curbside	Perris MRF	618	2%	90%	556	4%
Residential Total			34,212	100%		13,490	39%
COMMERCIAL							
Mixed Waste "A" Route	Bins	Perris MRF	9,521	48%	50%	4,761	50%
Mixed Waste "B" Route	Bins	Landfill	7,206	37%	0%	0	0%
Source Separated Recyclables	Bins	Perris MRF	1,142	6%	98%	1,120	98%
Food Waste Collection	Bins	Lakeview	1,340	7%	95%	1,273	95%
Yard Waste	Bins	Perris MRF	519	3%	98%	508	98%
Commercial Total			19,728	100%		7,661	39%
DEBRIS BOX COLLECTION							
Mixed Waste "A" Route	Various	Perris MRF	2,274	43%	75%	1,706	75%
Mixed Waste "B" Route	Various	Landfill	1,516	29%	0%	0	0%
Source Separated Recyclables	Various	Perris MRF	203	4%	98%	199	98%
Yard Waste	Various	Perris MRF	1,274	24%	98%	1,249	98%
Debris Box Total			5,267	100%		3,153	60%
CONSTRUCTION AND DEMOLITION							
Mixed Waste C&D	Various	Perris MRF	3,584	71%	80%	2,867	80%
Source Separated C&D	Various	Perris MRF	838	17%	98%	821	98%
Street Sweeper Debris	Commercial	Perris MRF	600	12%	100%	600	100%
C&D Total			5,022	100%		4,288	85%
TOTAL CITYWIDE ALL PROGRAMS			64,229	100%	50-100%	28,592	44.4%

For additional diversion higher than 55%, CONTRACTOR and CITY will meet to discuss any additional or expanded programs and adjustments in the customers' rates.

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EXHIBIT 9
CUSTOMER SERVICE PLAN

EXHIBIT 9
Customer Service Plan**Billing**

- Meet with the City's personnel to discuss current billing practices, communication plan, data exchange, key members of transition team, etc.
- Plan would be developed to identify the time frames and tasks need for billing transition including:
 - Communication methodology for customers (letter from City, letter or postcard from CR&R) and timeframes
 - Cut off date that City will stop billing; start date for CR&R billing
 - Sample invoices from City and CR&R
 - Files needed from City to build accounts in CR&R's system
 - Set up master files in billing system
 - Communication process between City of Hemet and CR&R during transition
 - Discuss customer payment options (by mail, phone, online, automatic payment); e-delivery option for invoice
- Periodic Billing Transition Team meetings to review the project plan progress

Customer Service

- Add 2 full time Customer Service Representatives to staff – (Hemet city employees if available)
- Create training reference materials for City of Hemet and update procedure manual
 - Services and Rates listing
 - Unique features
- Create training agenda for new and existing representatives
 - Comprehensive training for new representatives to integrate into existing call center
 - Hemet specific training for existing representatives
- Set up desks, phones, and computers to include
 - On-line reference/library access
 - Quality assurance monitoring program
 - Score card performance access

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EXHIBIT 10

COLLECTION SERVICE OPERATIONS PLAN

EXHIBIT 10
Collection Service Operations Plan

A. VEHICLES

1. Attached as Exhibit "A", CR&R has prepared a list of all vehicles owned and operated by the Company that will be available to the City of Hemet to service the franchise agreement.
2. CR&R is proposing to utilize the City's existing collection fleet for the first 12 months of the new contract. At that time, CR&R will begin to replace the older equipment with new Alternative Fueled Vehicles. The transition to Alternative Fueled Vehicles will meet the requirements of the South Coast Air Quality Management District (AQMD) and will be completed in the timeline established in Rule 1193.
3. CR&R will utilize the existing Alternative Fueled Trucks in operation today by the City of Hemet and begin to replace the diesel powered equipment as required by AQMD Rule 1193. The transition to Alternative Fueled Vehicles from the current diesel vehicles will have a 100% improvement in the air emissions in the City of Hemet since currently half of the vehicles utilized are powered by diesel fuel. CR&R is proposing to right size the fleet and the number of vehicles serving the City through route efficiencies which we believe will have a significant benefit to the wear and tear on the streets. CR&R, through its logistic routing system, will strive to reduce the number of truck trips in the City by creating efficient and effective routes and route patterns.
4. We have and will continue to deploy GPS tracking equipment in all of our trucks. This technology is currently installed in our equipment and will be included in the new replacement vehicles serving the City of Hemet. CR&R currently utilizes a proprietary system for GPS tracking, camera surveillance and the completion of the driver's daily log.
5. All City of Hemet trucks will be painted to match the CR&R color and theme that is currently displayed on our trucks. The colors are red, white and blue. All trucks will be labeled with the CR&R number and toll-free telephone number.
6. All vehicle maintenance is performed on schedule or as needed in case of a mechanical failure. CR&R currently tracks all preventative and scheduled maintenance on the company's master computer systems. These records are and will be available to the City for review as needed with 72 hours notice.
7. All vehicles and equipment are washed and cleaned on a daily basis. As mentioned above, all maintenance is performed on a strict schedule and in conformance with the California Highway Patrol BIT inspection procedure.

B. Containers

1. CR&R intends to purchase Toter carts for residential customers. These containers are

EXHIBIT 10

Collection Service Operations Plan

stackable to make the delivery of them easier and they are similar to the containers currently utilized by the City. In regards to the city's current inventory of containers, CR&R proposes to use the existing carts as we initially take over operations. CR&R will replace carts at a rate of 5% each year during 2012, 2013, 2014, and 2015, and will replace additional carts as needed to ensure City-wide uniformity.

2. The capacity and the various sizes required in the RFP should be more than adequate to service the City.
3. All new containers will be uniform in color and will have a hot stamp with the company name and detailed instructions on how to use the containers.
4. CR&R currently maintains an inventory of well over two million containers. The maintenance program is very simply, the customer request an exchange to their container and it is performed on the next scheduled collection day no questioned asked. All maintenance is performed by CR&R employees and is not out sourced to a third party.

C. Route Operations

1. We will initially assign the following vehicles to the City collection.

<u>Units</u>	<u>Vehicle Type</u>	<u>Service Sector</u>
5	Residential	Trash
4	Residential	Recyclables
3	Residential	Yard Waste
1	Residential	Bulky-Item
2	Commercial	Trash – Landfill
2	Commercial	Trash – MRF
1	Commercial	Recyclables
2	Roll-off	Various
1	Residential	Street Sweeper
1	Commercial	Street Sweeper

2. The automated residential trucks will service and/or pass approximately 1,100 homes per day per route and the commercial will service approximately 140 to 150 bins per route per day.
3. CR&R runs one operator trucks and has for the past 20 years. The Operator is required to operate the vehicle and service their required route in the target time designated for that specific route. All routes are monitored by GPS and camera system and if an operator gets behind on a route the Route Manager can inquire about any issues and possibly provide help to complete the route in the allotted time. All routes are prepared with the most efficient travel path and have start and finish times assigned in order to monitor

EXHIBIT 10

Collection Service Operations Plan

the driver's performance.

4. CR&R is proposing to initially utilize the same type and size of equipment that is currently in place today. As CR&R replaces the older diesel equipment with Alternative Fueled vehicles, the noise and emissions will be reduced. CR&R will introduce 4 axle vehicles in the City which will allow for larger pay loads and better route efficiency. This will help to minimize truck traffic, truck noise and reduce our carbon footprint by minimizing vehicle impacts. The larger vehicles will still meet all legal weight limit requirements per the California Highway Patrol.
5. All vehicles deployed into the City will be equipment with a Nextel Radio and Cell Phone. The dispatch center at the Perris facility will be responsible for communicating with the trucks and dispatching any additional work, customer service requirements or collection disputes. All calls prior to 10am will be handled the same day and calls after 10am are handle the following morning unless it is an emergency in which case it is handled as soon as possible.

E. SAFETY

1. Prior to the hiring of any personnel for the purposes of providing services in the City of Hemet, CR&R will offer employment to qualified and properly licensed personnel employed by the city. All applicants seeking employment with CR&R would be scheduled for an interview conducted by our Human Resources Manager, Corporate Recruiter, and General Manager. Applicants successfully completing the interview process would be required to undergo a pre-placement physical examination, background investigation, and drug screening at the Company's designated facilities. The pre-hire requirements are the standards required by all potential employees seeking employment with CR&R. These procedures would be scheduled in order to avoid any interruption of service or performance with the City.
2. The Corporate Safety Director conducts monthly meetings with all drivers and maintenance personnel. Topics relating to safe operating procedures are taught in both English and Spanish. Personnel are encouraged to bring to the company's attention any unsafe working condition which may exist for the immediate attention of management.

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