

**AMENDMENT ONE TO AGREEMENT
FOR SOLID WASTE HANDLING AND RECYCLING SERVICES**

This Amendment to the Agreement for Solid Waste Handling and Recycling Services (the "Amendment") is made this _____ day of _____, 2018, by and between the County of Lake, a political subdivision of the State of California ("County"), and Lake County Waste Solutions, Inc., a California corporation ("Company").

WHEREAS, the County entered into an Agreement for Solid Waste Handling and Recycling Services (the "Agreement") with Company on December 9, 2014; and

WHEREAS, the annual rate modification allowed in the Agreement, based upon the Consumer Price Index, All Urban Consumers, U.S. City Average, is not representative of the solid waste handling and recycling industry to a point that the Company cannot sustain operational costs for services as required by the Agreement; and

WHEREAS, County wishes to amend the method of franchise fees remitted from Company to County from a combination of disposal-based fees and revenue-based fees to purely revenue-based fees, and appropriately adjust the revenue-based fee; and

WHEREAS, Company wishes to exercise the option to extend the term of the Agreement for ten (10) years; and

WHEREAS, the Agreement may only be modified by a written amendment thereto.

NOW THEREFORE, in and for the mutual covenants herein, the receipt and sufficiency of which are hereby acknowledged, County and Company wish to amend the Agreement on the following terms:

1. Section 2.36 of the Agreement is deleted and replaced with the following:

"2.36 "Universal Service Area" means those areas within the Territory that are subject to Universal Residential Collection Service as may subsequently be designated by the parties pursuant to Section 5.20 herein."

2. Section 3.2 of the Agreement is deleted and replaced with the following:

"3.2 Renewal Options. Company has elected, and County has agreed, to extend the Term of this Agreement for ten (10) years until December 31, 2045, pursuant to the terms and conditions of this Agreement. Company shall have no further options to extend the Term of this Agreement."

3. Effective as of July 1, 2018, Section 4.1 of the Agreement is deleted and replaced with the following:

"4.1 Franchise Fee. As consideration for County's grant of this exclusive franchise to Company, Company shall remit to County a franchise fee in accordance with the following:

(a) Continuing throughout the Term of this Agreement, ten percent (10%) of the gross amount of revenue received by Company for services rendered to residential premises and commercial customers pursuant to this Agreement. By April 15th of each year, Company shall submit an annual report to the County of said amounts received in the prior calendar year. Company's revenue and receipt records shall be subject to audit and inspection by County and its auditors or agents at any time upon reasonable advance written notice to Company. Such audit or inspection shall take place at County's Public Services Office or such other location as may be mutually agreed upon by the parties hereto. County shall bear the cost of such audit. If such audit discloses an underpayment of the franchise fees due under this Section 4.1(a), Company shall promptly remit amount of underpayment to County, together with interest accrued thereon from the date correct payment was originally due. Said accrued interest shall be at the rate of eighteen percent (18%) per annum or at the maximum interest rate permitted under California law, whichever is lesser, for each day past due. If the audit discloses an overpayment by Company, County shall promptly remit the overpayment or in the alternative, County

may elect to credit the overpayment against sums owed by Company. In any event, the overpayment amount owed by County shall not be subject to accrued interest.

(i) The franchise fee under this Section 4(a) shall be due and payable quarterly within forty-five (45) days ("grace period") after the end of the calendar quarter in which fees were earned. If payment is not received within said grace period, Company shall pay in addition to all the delinquent franchise fees owed to the County, a late payment penalty in an amount equal to two percent (2%) of the delinquent amount. Company shall pay an additional two percent (2%) on any delinquent balance for each subsequent thirty (30) calendar day period, or portion thereof, that the franchise fees remain unpaid. The late payment penalty amounts are not intended as interest on debt, but rather are intended as a predetermined penalty for failure to meet an obligation under this Agreement."

4. Section 4.2 of the Agreement is deleted and replaced with the following:

"4.2 Tipping Fees. During the Term of this Agreement, Company shall remit the gross aggregate amount of Tipping Fees it incurred during the preceding calendar month for disposal of Solid Waste deposited in the Eastlake Landfill pursuant to Section 1.5(b) above.

(a) The Tipping Fees shall be due and payable within thirty (30) days ("grace period") following the date of the County invoice for the calendar month in which said fees were incurred. On the 45th day after the invoice date, interest shall begin accruing on the delinquent balance at the rate of eighteen percent (18%) per annum or at the maximum interest rate permitted under California law, whichever is lesser.

(b) If any invoices are 75 days past due from their invoice date, the aggregate outstanding balance must be reduced by paying within five (5) days, any amounts that are 60 days or more past due from their original invoice date. If the Company fails to reduce the outstanding balances as required, such failure shall be considered a breach subject to the provisions of Section 10 below.

(c) At the sole discretion of County, the Tipping Fee may be changed by County as is reasonably necessary to offset the costs of operating the Eastlake Landfill. County shall give Company a minimum of ninety (90) days' advance written notice of any changes in the Tipping Fee. Any such changes in the Tipping Fee will be subject to pass-through provisions established in accordance with Section 6.3 herein, whereby Company shall have the right to adjust its service rates to reflect the change in its costs which may result from said changes in Tipping Fees. County acknowledges that it will endeavor to implement any changes in Tipping Fees at the same time as the annual Consumer Price Index Rate Modification provided for in Section 6.2(a) herein."

5. Section 4.3, the first paragraph, is deleted and replaced with the following:

"Vehicle Impact Fee. Beginning on July 1, 2015 and continuing throughout the Term of this Agreement, Company shall pay a Vehicle Impact Fee to County each month equal to \$2,641.67. This fee is to reimburse County for maintenance costs incurred because of Company's solid waste collection vehicles traveling on County roads. The Vehicle Impact Fee shall be due and payable monthly within forty-five (45) days following the end of the calendar month in which said fees were earned. If payment is not received within said forty-five (45) day period, interest shall accrue thereon at the rate of eighteen percent (18%) per annum or at the maximum interest rate permitted under California law, whichever is lesser."

6. Section 5.1(e) is added as follows:

"(e) New Programs for the Collection of Food Scraps and Green-waste. Company will adopt programs to collect commingled food scraps and green-waste from residential customers and source

separated food scraps from commercial customers on the terms and at the dates determined by Company and County.”

7. Section 5.9(e) of the Agreement is deleted and replaced with the following:

“(e) Compensation. County shall compensate Company for its costs plus a reasonable profit for providing such HHW services. Such compensation shall be established pursuant to good faith negotiations between the Company and County and may be funded in whole or in part by an increase in the public gate rate and tipping fee charged by the County at the Eastlake Landfill. Company shall invoice the County quarterly for such HHW services and shall be itemized to the satisfaction of the County's Public Services Director who shall pay said invoices within 30 days of receipt. Additionally, to the extent eligible State or Federal funds are provided to County for such purposes, County will provide for additional collection events, improvement to the HHW collection facilities, the purchase of personal protective equipment and/or Hazardous Waste Operations and Emergency Response Standards (HAZWOPPER) training.”

8. Section 5.20 of the Agreement is deleted and replaced with the following:

“**5.20 Universal Residential Collection Service.** County and Company will use commercially reasonable efforts to establish compulsory curbside solid waste collection service in the Community Growth Areas of the Territory. Such service will be subject to the County having amended its codes or ordinances for such purpose and compliance with all applicable state laws.”

9. Section 6.2(a) of the Agreement is deleted and replaced with the following:

“(a) Annual Consumer Price Index Rate Modification. Subject to the process set forth in Section (b) herein, each service rate specified under this Agreement and then in effect shall be annually increased as follows:

(i) On July 1, 2018 and each July 1st thereafter during the Term of this Agreement, each service rate specified under this Agreement will be increased by 100% of the average of the percentage increase, if any, in the Consumer Price Index, All Urban Consumers, San Francisco-Oakland-San Jose, CA, All Items, published by the United States Department of Labor, Bureau of Labor Statistics, 1982-84=100, and the percentage increase, if any, in the Consumer Price Index, All Urban Consumers, U.S. City Average, Water and sewer and trash collection services (CUSR0000SEHG), published by the United States Department of Labor, Bureau of Labor Statistics, December 1997=100, (together, the “Index”), in each case for the prior year, using the Index most recently published before April 1st of such year and before the prior April 1st. Every reference in this Agreement to the Consumer Price Index or the Index (other than references to the Fuel Index) shall mean the combined Index (or relevant part thereof) described in the preceding sentence. Notwithstanding any other provision in the Agreement and in order to compensate Company for certain extraordinary costs, each service rate specified under the Agreement and then in effect shall be increased by four percent (4%) on each of July 1, 2018, July 1, 2019 and July 1, 2020, in addition to any adjustments under Section 6.2, 6.3 and/or 6.5 of the Agreement on or before each such date.”

10. Section 6.3 is deleted and replaced with the following:

“**6.3 Changes in Pass-Through Costs.** In addition to adjustments under Section 6.2 above, the fuel surcharges and credits under Section 6.4 below, and adjustments for extraordinary items under Section 6.5 below, the service rates hereunder shall be subject to increase or decrease to reflect changes in franchise fees, Vehicle Impact Fees and disposal costs (including Tipping Fees), as described in this Section 6.3. In the event of any increase or decrease in the franchise fees and Vehicle Impact Fees payable to County hereunder, or in the disposal costs for the disposal of solid waste collected by

Company hereunder (including Tipping Fees), Company's service rates shall be increased or decreased so as to eliminate, to the maximum extent possible, Company's increased or decreased costs resulting from the change in pass-through cost from the date(s) such change first occurred. Company shall give County the revised service rates at least thirty (30) days before such increase or decrease becomes effective. Company and County acknowledge that recyclable materials markets are evolving and that a rate charge or a credit may need to be adopted during the term of this Agreement for all or certain recyclable materials. Such rate charge or credit shall be mutually agreed upon by Company and County."

11. Section 6.6 of the Agreement is deleted.

12. Section 8.6 of the Agreement is deleted and replaced with the following:

"8.6 Bad Debt Collection. Company shall be responsible for collection of payment from all types of customers with past due (delinquent) accounts. Company shall exercise reasonable business efforts to obtain payment of such delinquent accounts."

13. Exhibit D to the Agreement is deleted.

Except as specifically modified herein, all other terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first above written.

COUNTY OF LAKE

Chair, Board of Supervisors

ATTEST:
CAROL J. HUCHINGSON
Clerk of the Board of Supervisors

By: _____

COMPANY



Lake County Waste Solutions, Inc.

APPROVED AS TO FORM:
ANITA L. GRANT
County Counsel

By:  _____

Lake County Waste Solutions, Inc.
Rate Schedule July 1, 2018

RESIDENTIAL / COMMERCIAL

| Residential Carts | | 20 Gal | 32 gal | 64 gal | 96 gal | Recycle |
|---------------------------|---------------------|---------------|---------------|---------------|---------------|----------------|
| July 1, 2018 Rates | | 1x/WK | 1x/WK | 1x/WK | 1x/WK | Only |
| | Roadside | 17.03 | 19.54 | 39.08 | 58.62 | 11.51 |
| | in under 75' | 20.13 | 22.67 | 43.52 | 64.40 | 13.38 |
| | in over 75' | 23.22 | 29.01 | 49.92 | 70.78 | 15.12 |

| Commercial Bins | | Number of pick-ups per week | | | | | Extra |
|------------------------|---------------------------|------------------------------------|--------------|--------------|--------------|--------------|----------------|
| Yards | July 1, 2018 Rates | 1x/WK | 2x/WK | 3x/WK | 4x/WK | 5x/WK | Pick-up |
| 2.0 | | 262.48 | 524.96 | 787.44 | 1,049.92 | 1,312.40 | 83.35 |
| 3.0 | | 393.72 | 787.44 | 1,181.16 | 1,574.88 | 1,968.60 | 110.83 |
| 4.0 | | 524.96 | 1,049.92 | 1,574.88 | 2,099.84 | 2,624.79 | 138.40 |
| 6.0 | | 787.44 | 1,574.88 | 2,362.31 | 3,149.75 | 3,937.19 | 181.71 |

| Clean-Up Bins and Boxes | New Rate 7/1/2018 |
|--|------------------------------|
| 3.0 Yd | 147.07 |
| 15.0 Yd | 544.17 |
| 20.0 Yd | 626.45 |
| 30.0 Yd | 807.89 |
| 15.0 Compactor | 1,097.87 |
| 15.0 Yd Lake Pillsbury | 933.66 |
| 15.0, 20.0, 30.0 yd green/wood/metal/R/C | 406.50 |
| 15.0 Yd only - concrete box(1/2 full Only) | 451.65 |
| 3 yd Recycle Bin - 1X Rental | 126.95 |

Note: Roll-Off Box tonnage limits: 3 tons(15 yd); 4 tons(20Yd); 5 tons(30 Yd)
Additional Tonnage will be charged at the current tipping fee

| Misc Charges | New Rate 7/1/2018 |
|---|------------------------------|
| Extra Can/Bag - MSW | 6.75 |
| On-Call Bag Service | 6.75 |
| Additional Green Waste or R/C Cart | 10.09 |
| Additional Bulky Item (over 2 allowed) | 40.31 |
| R/C Container Rental Fee * | 25.20 |
| Damage Cart Replacement | 100.79 |
| Extra Day Charge - Roll-off | 40.31 |
| Extra Day Charge - Bin | 20.14 |
| Compactor Cleaning | 302.36 |
| Container Cleaning | 151.21 |
| Per Yard Extra Charge - MSW | 35.34 |
| Locking Bar Installation with Lock/Key | 86.93 |
| Pal Out Charge | 18.12 |
| Pal Out Charge | 78.54 |
| Contamination Fee | 47.80 |
| Returned Check Fee | 35.00 |
| Container Turn-Away Fee Per Occurrence | 60.83 |
| Roll-Off Turn-Away Fee Per Occurrence | 86.93 |
| Open gate / Close gate or Pull Out per Time | 9.12 |
| In / Out Charge for Less than 6 Mo. Service | 58.07 |
| Wheels | 25.31 |

***Customers with R/C Service exceeding MSW Service**