2025 NON-EXCLUSIVE COMMERCIAL COLLECTION SERVICE AND TEMPORARY DEBRIS BOX SERVICE FRANCHISE AGREEMENT BETWEEN THE CITY OF CITRUS HEIGHTS AND

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2025 NON-EXCLUSIVE COMMERCIAL COLLECTION SERVICE AND TEMPORARY DEBRIS BOX SERVICE AGREEMENT BETWEEN THE CITY OF CITRUS HEIGHTS AND

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This Non-Exclusive Commercial Collection Service and Temporary Debris Box Service Franchise Agreement ("Agreement") is made and entered into this **JANUARY 1, 2025** by and between the City of Citrus Heights, a municipal corporation of the State of California, hereinafter referred to as "CITY", and

_____, hereinafter referred to as "FRANCHISEE".

RECITALS

WHEREAS, the Legislature of the State of California, by enactment of the California Integrated Waste Management Act of 1989 ("AB 939") (California Public Resources Code Section 40000 *et seq.*), has declared that it is in the public interest to authorize and require local agencies make adequate provisions for solid waste, recyclable materials and organic recyclable materials handing within their jurisdictions; and

WHEREAS, the Legislature of the State of California, by enactment of Commercial Recycling legislation ("AB 341") has declared that it is in the public interest to authorize and require local agencies to make adequate provisions for commercial recycling within their jurisdictions; and

WHEREAS, Legislature of the State of California, by enactment of Commercial Organics Recycling legislation ("AB 1826"), has declared that it is in the public interest to authorize and require local agencies to make adequate provisions for commercial organics recycling within their jurisdictions; and

WHEREAS, CITY has determined that the public health, safety and welfare require that non-exclusive Franchises be awarded to qualified franchisees for the collection, transport, processing and disposal of commercial solid waste, recyclable materials, and organic recyclable materials generated in the CITY; and

WHEREAS, the Legislature has found and declared in Section 49510 of the Public Resources Code that it is in the public interest to foster and encourage solid waste enterprises so that, at all times, there will continue to be competent enterprises willing and financially able to furnish needed solid waste handling service; and

WHEREAS, in September 2016 Senate Bill 1383 (SB 1383) was signed into law establishing methane emissions reduction targets representing the next step in California's environmental protection strategy; and

WHEREAS, SB 1383 sets forth organics and recycling compliance targets as stated in Health & Safety Code § 39730.6 which are designed to progressively achieve

California's goal of 75% recycling, composting or source reduction of solid waste by 2024; and

WHEREAS, one of the purposes of this Agreement is to regulate such non-exclusive Franchises in order to ensure the orderly collection, transportation, processing and disposal of commercial solid waste, recyclable materials, and organic recyclable materials generated in the CITY and to minimize the potential for adverse effects it may have on the local environment; and

WHEREAS, CITY requires all solid waste collectors providing commercial solid waste and temporary debris box services in the CITY to obtain a non-exclusive Franchise for the collection of commercial solid waste and drop box debris (Commercial Franchise) in order to regulate this business, ensure its orderly operation, and minimize the potential for adverse effects it may have on the local environment; and

WHEREAS, CITY has determined that the FRANCHISEE does meet the requirements for the granting of such a Franchise and that the grant of a Commercial Franchise to FRANCHISEE is in the public interest; and

WHEREAS, CITY intends to receive value for the Franchise issued, through the payment by FRANCHISEE to City of a franchise fee, which represents a toll or rental for the use of CITY streets and rights of way; and

WHEREAS, the franchise agreements confer significant benefits to franchisees including the use of City right of way to perform services; and

WHEREAS, the City’s franchise fees are similar to and in some instances lower than comparable or geographically proximate jurisdictions; and

WHEREAS, the City has analyzed the amount of franchise fees charged to franchised waste haulers and has determined that these fees are reasonable in relationship to the value and benefits conferred to each franchisee for the use of the City’s right of way to perform services pursuant to the franchise agreement as well as the increased burden to City to maintain its right of way attributed to traffic from franchisees’ vehicles; and

WHEREAS, FRANCHISEE agrees to and acknowledges that it shall arrange for the proper disposal of all garbage and the proper processing for maximum materials recovery of all designated recyclable materials, all designated organic recyclable materials, and all construction and demolition debris collected in the CITY. CITY is not instructing FRANCHISEE how to collect, transport, process or dispose of commercial garbage, recyclable materials or organic recyclable materials so long as its operation is consistent with the Citrus Heights Municipal Code and all applicable State and Federal laws; and

WHEREAS, CITY and FRANCHISEE desire to enter into a non-exclusive Commercial Franchise Agreement in order that FRANCHISEE may perform garbage, recyclable material and organic recyclable material collection, transportation, processing and disposal services in the CITY.

NOW, THEREFORE, based on the mutual promises contained herein, the parties agree as follows:

Section 1. Definitions.

For the purpose of this Commercial Franchise Agreement, the definitions contained in this Section shall apply unless otherwise specifically stated. If a word or phrase is not defined in this Section, the definition of such word or phrase as contained in the applicable sections of the Citrus Heights Municipal Code ("CHMC") shall control. When not inconsistent with the context, words used in the present tense include the future, words in the plural include the singular, and words in the singular include the plural. Use of the masculine gender shall include the feminine gender.

a. *"Alternative Compliance/Exemption*" means that a Customer is meeting the requirements of Recycling Materials Service and/or Organic Materials Recycling Service by either self-hauling/back-hauling materials to a recycling facility that diverts designated materials from disposal, rather than hiring a franchised waste hauler, as allowed by Citrus Heights Municipal Code Section 74-138, or by subscribing to Recycling Materials Service and/or Organic Materials Recycling Service from a franchised waste hauler that differs from the one providing Commercial Garbage Service, or the Customer has received an exemption from CITY as allowed by Citrus Heights Municipal Code Section 74-129.

b. *Alternative Compliance/Exemption Form"* means the City-approved form completed by Customers requesting an exemption and/or certifying that all self-hauling/back-hauling activities will be completed in accordance with the provisions of Citrus Heights Municipal Code or any other applicable law or regulation, or certifying that Recycling Materials Service and/or Organic Materials Recycling Service is being provided by a franchised waste hauler that differs from the one providing Commercial Garbage Service.

c. "*Applicable Law*" means all federal, state, county and local laws, regulations, rules orders, judgments, decrees, rulings, permits, approvals, or other requirement of any governmental entity or regulatory or quasi-regulatory authority having jurisdiction over an aspect of the Collection Services, including judicial interpretations thereof, that are in force on the Effective Date, and as may be enacted or amended thereafter, until termination or expiration of this Agreement.

d. *"Bulky Waste Collection Service"* means the periodic on-call Collection of Large Items, by the FRANCHISEE, and the delivery of items to a City-Approved Materials Recycling Facility or such other facility as may be appropriate under the terms of this Agreement. Bulky Waste Collection Service includes the collection of items such

as, but not limited to, furniture, carpets, mattresses, electronic equipment and appliances.

e. *"Business"* means a commercial entity, proprietorship, firm, partnership, joint-stock company, person in representative or fiduciary capacity, association, venture, trust, or corporation that is organized for financial gain or profit, including but not limited to, offices, retail stores, markets, industrial facilities, schools, school districts, manufacturing facilities, warehouse and distribution facilities, restaurants, motels and hotels, theaters, medical offices, gas stations and automotive facilities; and not-for-profit organizations, associations and entities, including but not limited to, churches, hospitals, and social service organizations.

f. *"CITY"* means the City of Citrus Heights, California and all the territory lying within its boundaries as presently existing or as such boundaries may be modified during the term of this Agreement.

g. *"City-Approved C&D Sorting Facility"* means a City-approved facility that receives C&D Debris and/or processes C&D Debris into its component material types for reuse, recycling, and disposal of residuals.

h. *"City-Approved Material Recovery Facility"* means a City-approved facility that receives mixed Recyclable Material and processes Recyclable Material into its component material types for reuse, recycling, and disposal of residuals.

i. *"City-Approved Organics Processing Facility"* means a City-approved facility that receives Organic Recyclable Material and/or processes Organic Recyclable Material into its component material types for the recycling of organic waste, and disposal of residuals.

j. "*Collection*" or "*Collect*" or "*Collecting"* means the act of picking up, and removing Garbage, Construction and Demolition Debris, Recyclable Materials or Organic Recyclable Materials from its place of generation.

k. "*Collection Services*" means FRANCHISEE's obligations under this Commercial Franchise Agreement to collect Solid Waste within the City. Collection Services includes Commercial Collection Services and Temporary Debris Box and Temporary C&D Debris Box Services.

l. *"Commercial Collection Services*" means Commercial Garbage Collection Service, Commercial Recycling Collection Service and Commercial Organics Recycling Collection Services.

m. "*Commercial Organics Recycling Collection Service*" means the Collection of Designated Organic Recyclable Materials and/or Designated Green Materials in the CITY by FRANCHISEE and the transportation and processing of those Designated Organic Recyclable Materials.

n. "*Commercial Recycling Collection Service*" means the Collection of Designated Recyclable Materials in the CITY by FRANCHISEE and the transportation and processing of those Designated Recyclable Materials.

o. "*Commercial Garbage*" means waste that is generated by a Business or Multi-Family Residential Property and Collected at such Business or Multi-Family Residential Property, but does not include Recyclable or Organic Recyclable Materials.

p. "*Commercial Garbage Collection Service*" means the Collection of Commercial Garbage by FRANCHISEE and the transportation and disposal of that Garbage.

q. "*Construction and Demolition Debris*" or "*C&D Debris*" means used or discarded materials resulting from construction, renovation, remodeling, repair, or demolition operations on any pavement, house, commercial building, or other structure, and such other materials as may be removed during the normal cleanup process of such construction, renovation, remodeling, repair, or demolition operations. This includes mixed construction and demolition debris and source separated recyclable construction and demolition materials that are not hazardous as defined in California Health and Safety Code Section 25100 et seq. Such materials include, but are not limited to, concrete, asphalt, wood, metal, brick, dirt, sand, rock, gravel, plaster, glass, gypsum wallboard, cardboard and other associated packaging, roofing material, ceramic tile, carpeting, masonry, plastic pipe, trees, and other vegetative matter resulting from land clearing and landscaping.

r. "*Container*" means any box, tub, cart, bin, roll-off bin, debris box or other container provided by FRANCHISEE that is made of metal, hard plastic or other similar material, is suitable for Collection of Solid Waste, Organic Recyclable Materials and Recyclable Materials, and is approved by CITY.

s. "*Covered Generator"* means all Businesses and Multi-Family Residential Properties that are subject to the requirements of Section 74-128 of the Citrus Heights Municipal Code. A covered generator may include a Business or Multi-Family Residential Property owner or generator, and is dependent on whomever executes a contract(s) for solid waste removal and recycling collection services.

t. "*Covered Project*" means the project described in Section 74-43 of the Citrus Heights Municipal Code.

u. "*Customer*" means a Business or Multi-Family Residential Property owner or generator who enters into a Service Agreement with FRANCHISEE for Commercial Collection Service or C&D Debris Box Service. Where FRANCHISEE provides services to multiple Businesses or Multi-Family Residential Properties under one Service Agreement "Customer" refers only to the party(ies) that entered into the Service Agreement with FRANCHISEE.

v. "*Days*" means calendar days.

w. "*Drop Box Debris*" means used or discarded materials resulting from construction, remodeling, repair, demolition, or cleanup operations on any type of structure. May include commingled Green Materials, Recyclable Materials and non-recyclable C&D Debris.

x. "*Food Waste"* means food scraps and trimmings and other putrescible waste that results from food production, preparation, storage, consumption or handling.

Food Waste includes, but is not limited to, meat, fish and dairy waste, fruit and vegetable waste, grain waste, and compostable food soiled paper products.

y. "*Franchise*", "*Franchise Agreement*" or "*Agreement*" means this written document, and all exhibits and amendments hereto between CITY and FRANCHISEE.

z. "*Garbage*" All putrescible and non-putrescible solid, semi-solid, and associated liquid waste attributed to normal activities of a Customer and generated by and at the property wherein the Garbage is Collected. Garbage does not include Designated Recyclable Materials or Designated Organic Recyclable Materials set out for the purposes of collection and recycling, and that are not landfilled.

aa. *"Green Materials" or "Designated Green Materials"* means materials that are required to be separated by Covered Generators from Commercial Garbage and Designated Recyclable Materials prior to disposal and returned for use or reuse in the form of raw materials for new, used or reconstituted products. Green Materials include, but are not limited to: yard trimmings, grass, weeds, leaves, pruning, branches, dead plants, brush, tree trimmings, dead trees, small wood pieces and other types of organic yard waste. Green Materials does not include food scraps and paper contaminated with food scraps.

bb. "*Gross Revenue*" means all monetary amounts actually received by FRANCHISEE for the performance of Collection Services . Gross Revenues includes all receipts from Customers inclusive of container rentals, late charges, fuel surcharges, and contamination fees. Gross Revenue does not include revenues generated from the sale of Recyclable Materials, compost, energy, grants, cash awards, California Department of Conservation payments, or rebates.

cc. "*Hauler Route*" means the designated weekly itinerary or sequence of stops scheduled to be performed by each individual collection vehicle providing regularly scheduled Garbage, Recyclable Materials, and Organic Recyclable Materials collection service within the FRANCHISEE's collection Service Area under the Agreement.

dd. *"Hazardous Materials"* means those materials that may have a negative impact on human health or the environment, including but not limited to all hazardous materials defined in Health and Safety Code Section 25501, subdivision (n), namely any material that, because of its quantity, concentration, or physical or chemical characteristics, poses a significant present or potential hazard to human health and safety or to the environment if released into the workplace or the environment. Under this Agreement, "Hazardous Materials" include, but are not limited to, hazardous substances, hazardous waste, per- and polyfluoroalkyl substances ("PFAS"), lead-containing paint, polychlorinated biphenyls ("PCBs"), asbestos-containing materials ("ACMs"), asbestos containing construction materials ("ACCMs"), and any material that FRANCHISEE reasonably believe(s) would, as a result of or upon acceptance, be violation of local, state, or federal law, regulation, or ordinance, including waste that cannot be disposed of in Class III landfills or material or waste that in FRANCHISEE's reasonable opinion would present a significant risk to human health or the environment, cause a nuisance or otherwise create or expose FRANCHISEE or CITY to potential

liability. Hazardous Materials does not include any materials, wastes, or Solid Waste defined as allowable materials for collection through this Agreement.

ee. *"High Diversion Processing Facility"* means a facility that handles mixed waste and diverts C&D Debris, Organic Recyclable Materials, and/or Recyclable Materials to achieve maximum recovery.

ff. "*Large Items*" means those materials Collected as part of Bulky Waste Collection Services that includes, but is not limited to: furniture, carpets, mattresses, white goods, brown goods, clothing, tires, or some combination of such items.

gg. "*Multi-Family Residential Property*" *or "MFD Property"* means five (5) or more residential dwelling units located on a single parcel of land and any mobile home park located within the City.

hh. "Mixed use Premise" means all lots zoned with a blend of various compatible uses such as commercial and residential. The uses may be located in the same building or in separate buildings.

ii. "*National Contracts*" means contracts between waste management companies and multi-sited waste generating companies that currently operate in more than one state in the United States.

jj. "*Organic Recyclable Materials*" or "*Designated Organic Recyclable Materials*" or "*Organics*" means Food Waste and Green Waste, either separately or commingled with each other, that has been separated at the source of generation from Garbage and Recyclable Materials.

kk. *"Organics Recycling"* means the process of sorting and treating Organic Recyclable Materials and/or Green Materials that would have otherwise become Commercial Solid Waste and returning them to a safe, nuisance-free compost product by treating the materials to a controlled biological decomposition to ensure compliance with SB 1383.

ll. "*Prohibited Container Contaminants*" means any of the following:

(1) Non-Organic Recyclable Materials placed in the Organics Container, including but not limited to textiles and carpets, manure, biosolids, digestate, sludges, non-compostable paper, Construction & Demolition Debris, and Hazardous Waste;

(2) Material placed in the Garbage Container that is specifically identified under the Agreement for collection in the Organics Container or the Recyclables Container;

(3) Non-Recyclable Material placed in the Recyclables Container. Paper products and printing and writing paper may be considered acceptable and not considered Prohibited Container Contaminants if they are placed in the Recyclables Container.

mm. "*Recyclable Materials*" "*Designated Recyclable Materials*" or "*Recyclables*" means materials that are separated by Customer from Commercial Garbage and Organic Recyclable Materials prior to disposal and returned for use or reuse in the form

of raw materials for new, used or reconstituted products. Recyclable Materials include: newsprint (including inserts); mixed paper (including magazines, catalogs, envelopes, junk mail, corrugated cardboard, Kraft brown bags and paper, paperboard, paper egg cartons, and telephone books); glass containers; aluminum beverage containers; small scrap and cast aluminum (not exceeding ten (10) pounds in weight for any single item); steel including ”tin” cans and small scrap (not exceeding ten (10) pounds in weight for any single item); bimetal containers; mixed plastics, plastic containers (#1 & #2); aseptic containers, and those materials accepted by FRANCHISEE or CITY for Recycling, as updated from time to time.

nn. *“Recycling” or Recycled”* means the process of Collecting, sorting, cleansing, treating and constituting Recyclable Materials through what would otherwise become Commercial Solid Waste and returning them for use or reuse in the form of raw materials for new, used or reconstituted products that meet the quality standards necessary to be used in the marketplace. Recycling does not include transformation as defined in Public Resources Code Section 40201.

oo. “*Route Review*” means a visual inspection of Containers along a Hauler Route for the purpose of identifying Prohibited Container Contaminants, which may include mechanical inspection methods such as use of cameras.

pp. “*SB 1383*” means Chapter 13.1 (commencing with Section 42652) of Part 3 of Division 30 of the California Public Resources Code, as it may be amended and as implemented by the regulations of CalRecycle, together with Sections 39730.5 through 39730.8 of the California Health and Safety Code, as they may be amended.

qq. “*Service Area*” means that area within the corporate limits of the City of Citrus Heights, California.

rr. “*Service Agreement*” means a written agreement between FRANCHISEE and a Customer concerning the provision of Commercial Collection Service or C&D Debris Box Service.

ss. “*Solid Waste*” means all putrescible and non-putrescible solid, semisolid, and liquid wastes including Garbage, trash, refuse, paper, rubbish, ashes, industrial wastes, Construction and Demolition Debris, discarded home and industrial appliances, dewatered, treated or chemically fixed sewage sludge which is not hazardous waste, , vegetable or animal solid and semi-solid wastes, including manure, and other discarded solid and semi-solid wastes. “Solid Waste” does not include any Hazardous Materials including hazardous waste or low-level radioactive waste regulated under Chapter 7.6 (commencing with Section 25800) of Division 20 of the Health and Safety Code, or medical waste. “Solid Waste” includes Recyclable Materials and Organic Recyclable Materials set out for separate Collection for the purposes of Recycling or Organics Recycling, and that are not landfilled.

tt. “*Source Separate*” or “*Source Separated*” means the process of removing Recyclable Materials or Organic Recyclable Materials from Garbage for the purpose of Recycling or Organics Recycling, done by the Customer.

uu. “*Temporary Debris Box Service*” means Collection using 10-40 cubic yard containers provided to a Customer for the temporary Collection of Solid Waste,

including Drop Box Debris and C&D Debris, by a person or company that holds a valid non-exclusive Commercial Franchise Agreement with the City. For the purposes of C&D Debris Box Service, those materials are to be delivered to a certified C&D Debris sorting facility, whether from a covered project or not, where the material will be processed for recovery.

Section 2. Grant of Non-Exclusive Franchise.

a. CITY hereby grants to FRANCHISEE, non-exclusive Franchise for Commercial Collection Service and Debris Box Service authorizing FRANCHISEE to engage in the business of Collecting, transporting processing, and disposing of Commercial Solid Waste and Drop Box Debris kept, accumulated or generated in the CITY and to use the public streets and rights of way for such purpose.

Section 3. Acceptance of Franchise.

a. FRANCHISEE hereby accepts the Franchise on the terms and conditions set forth in this Agreement, subject to the applicable chapters of the Citrus Heights Municipal Code, and all related ordinances and resolutions. Execution of this Agreement shall not constitute the notification required by Public Resources Code Section 49520.

Section 4. Term of Franchise.

a. Subject to Section 32 of this Agreement, the term of the Franchise granted to FRANCHISEE shall be from January 1, 2025 through December 31, 2025. The effective date of this Agreement shall be January 1, 2025.

b. CITY may elect to extend the term of the Franchise granted to FRANCHISEE, for subsequent one (1) year terms. CITY shall notify FRANCHISEE no later than one hundred twenty (120) days prior to the end of the term of this Agreement that CITY is electing to extend the term of the Franchise for an additional one (1) year term.

c. In the event CITY offers to extend the term of this Agreement, and FRANCHISEE intends to accept such offer, FRANCHISEE shall provide CITY with an updated application information identifying all material changes since the submission of the initial application or the last application update no later than ninety (90) days prior to the end of the term of this Agreement.

d. In the event CITY offers to extend the term of this Agreement, either CITY or FRANCHISEE may give notice of a desire to negotiate material changes to this Agreement no later than ninety (90) days prior to the end of the term of this Agreement, and the parties agree to negotiate in good faith regarding such proposed changes.

Section 5. Conditions for Effectiveness.

The effectiveness of this Agreement is subject to FRANCHISEE's satisfaction of each and all of the conditions set forth below, each of which may be waived in whole or in part by CITY. Any such waiver must be in writing.

a. Accuracy of Representations. The representations and warranties made by FRANCHISEE in application for Franchise are true and correct on and as of the effective date of this Agreement.

b. Absence of Litigation. There is no litigation pending on the effective date in any court challenging the award or execution of this Agreement or seeking to restrain or enjoin its performance.

c. Furnishing of Insurance. FRANCHISEE has furnished evidence of the Insurance required by Section 20 of this Agreement.

Section 6. Limitations on Scope of Franchise.

Under the terms of this Franchise, FRANCHISEE has the authority to Collect only Commercial Solid Waste from Businesses and Multi-Family Residential Properties, and to provide Temporary Debris-Box Service to all generators.

a. No Collection of materials covered under the residential Collection Services Agreement between the City of Citrus Heights and Republic Services, or any successor contract entered into by the CITY for such service is allowed.

b. No Hazardous Waste collection, regardless of its source is allowed.

Section 7. Franchise Fees.

a. During the term of the Franchise, FRANCHISEE shall pay to CITY franchise fees for the privilege of using CITY streets and public rights-of-way to engage in the business of providing Commercial Collection Services and Temporary Debris Box Services in CITY.

b. FRANCHISEE shall pay franchise fees on revenue generated from all Commercial Solid Waste and Drop Box Debris Collected pursuant to this Agreement regardless of the method of disposal or handling. FRANCHISEE shall pay franchise fees on all Gross Revenues collected pursuant to this Agreement.

c. Franchise fees shall be a percentage of all Gross Revenues, less franchise fees received from Customers, including those Customers that are state or federal agencies or entities located within CITY, for the provision of Commercial Collection Services and Temporary Debris Box Services. The franchise fee shall be calculated based on Gross Revenues prior to FRANCHISEE imposing the franchise fee on its Customers.

d. The franchise fee percentage shall be **ten percent (10%)** of FRANCHISE'S Gross Revenue, or such other amount that may be adopted at any time during the term of this Agreement by a resolution of the City Council, or by the City

Manager if the City Council has delegated such authority to the City Manager by resolution.

e. In the event the franchise fee or any other CITY fee, fine, or penalty is determined by a court to be excessive, invalid or unenforceable, then: (i) FRANCHISEE shall not be obligated to remit to the CITY the future portion of the franchise fee of CITY fee deemed excessive, invalid, or unenforceable; (ii) to the extent the Customers are entitled to a reimbursement of any excessive, invalid, or unenforceable franchise fee or CITY fee and CITY is required to reimburse FRANCHISEE in the amount of the franchise fee or CITY fees previously remitted to CITY that have been deemed excessive, invalid or unenforceable, thereafter, FRANCHISEE shall directly reimburse all Customers entitled to reimbursement in the amount attributable to each Customer account. In no event shall FRANCHISEE retain any portion of the fees reimbursed by CITY; (iii) to the extent the Customers are entitled to a reimbursement of any excessive, invalid or unenforceable franchise fee or CITY fees, and CITY is required by a court to directly reimburse Customers, FRANCHISEE shall assist CITY in identifying all Customers entitled to a reimbursement, quantifying the reimbursement amount attributable to each Customer account, and obtaining and providing to CITY any other information needed to satisfy the obligations imposed by a court; and (iv) CITY and FRANCHISEE will, within thirty (30) days following such court decision meet and confer to negotiate in good faith and using reasonable efforts to attempt to agree on modifications to the Agreement.

Section 8. Franchise Fee Payment.

a. Franchise fees shall be payable on a monthly basis and shall be due and payable on the first day of the second month immediately following the month in which Gross Revenue is received. Each payment shall be calculated in accordance with the provisions of this Agreement and the Citrus Heights Municipal Code.

b. The franchise fee shall be paid to the City at the address set forth in Section 8(f) of this Agreement. Each payment shall be accompanied by a “gross revenue form,” verified by the person making the payment, or a duly authorized representative of that person, showing the calculation of the franchise fee payable in such form and detail as the Operations Manager may require and such other information as the Operations Manager may determine is material to a determination of the amount due.

c. If no revenue subject to the franchise fee is collected during a given month, the gross revenue form must still be submitted to the Operations Manager in the manner described in Section 8(b) of this Agreement.

d. No statement filed under this Section shall be conclusive as to the matters set forth in such statement, nor shall the filing of such statement preclude CITY from collecting by appropriate action the sum that is actually due and payable.

e. If franchise fees are not paid by FRANCHISEE in the time and manner described in this Section 8 of this Agreement, then in addition to the franchise fees,

FRANCHISEE shall pay a late payment charge in an amount equal to one hundred dollars ($100.00), for each business day in which the franchise fee was not timely paid.

f. FRANCHISEE shall pay all required franchise fees to:

City of Citrus Heights
Attn: Operations Manager
6360 Fountain Square Drive
Citrus Heights, CA 95621

Franchisee shall remit a copy of the gross revenue form to the Operations Manager by email at CHrecycles@citrusheights.net.

g. If FRANCHISEE remits franchise fees by personal delivery to CITY, such franchise fees shall be deemed timely paid only if delivered on or before 4:00 p.m. on the due date. If FRANCHISEE remits franchise fees by mail or other delivery service, such franchise fees shall be deemed timely only if: (1) the envelope containing the franchise fee payment bears a postmark or receipt showing that the payment was mailed or sent on or before the due date; or (2) FRANCHISEE submits proof satisfactory to CITY'S Operations Manager that the franchise fee payment was in fact deposited in the mail or sent on or before said due date. An electronic remittance of the gross revenue form shall be delivered by email on or before 5:00 p.m. on the due date.

h. In the event FRANCHISEE believes that it has paid franchise fees in excess of the fees due to CITY, FRANCHISEE may submit a request for refund to the Operations Manager on a form provided by the Operations Manager. If proof of overpayment is satisfactory to the Operations Manager, the City shall refund to FRANCHISEE any overpayment. FRANCHISEE shall not apply any overpayment as a credit against any franchise fees or other amounts payable to CITY unless specifically authorized by the Operations Manager in writing.

Section 9. Diversion Requirements.

a. FRANCHISEE shall be required to divert from disposal a minimum of **thirty percent (30%)** of all material Collected by FRANCHISEE in each quarter of the calendar year, beginning January 1, 2025.

b. FRANCHISEE will also assist the CITY in reaching CalRecycle's seventy-five percent (75%) goal to the extent FRANCHISEE can do so without incurring additional expense or interfering with FRANCHISEE's ability to perform its other obligations under this Agreement.

c. Diversion Requirements Calculation. For purposes of determining if FRANCHISEE achieves FRANCHISEE'S diversion requirements, the Parties agree the quarterly diversion rate will be calculated using the following formula: "the tons of materials Collected by FRANCHISEE from the provision of Collection Services in CITY that are sold or delivered to a recycling facility, materials recovery facility, recycler, re-user, or other processing facility, divided by the total tons of materials Collected in CITY by FRANCHISEE in each quarter." Notwithstanding any other provision of this

Agreement to the contrary, no Liquidated Damages shall be assessed against FRANCHISEE for failure to meet diversion requirements during a particular quarter if during that quarter FRANCHISEE has demonstrated good faith efforts to achieve the diversion requirements by (i) implementing public education and outreach efforts as outlined in Section 17; (ii) delivering all Recyclable Materials collected hereunder to a City-Approved Materials Recovery Facility; (iii) delivering all Organic Recyclable Materials collected hereunder to a City-Approved Organics Processing Facility; and (iv) delivering all C&D Drop Box debris to a City-Approved C&D Sorting Facility for processing and material recovery. In addition, in determining whether to assess Liquidated Damages for failure to meet diversion requirements, City may also take into account FRANCHISEE's other good faith efforts, changes in Recyclable Materials markets, availability of organics processing facilities, and documented changes in waste characterization.

d. The Quarterly Reports submitted by FRANCHISEE to CITY pursuant to Section 18, shall include documentation stating and supporting each calendar quarter's diversion rate. Diversion from sources other than FRANCHISEE'S diversion shall not be counted as diversion achieved by FRANCHISEE.

Section 10. Temporary C&D Debris Box Service Diversion.

FRANCHISEE shall deliver all loads of C&D Debris Box Debris to a City-Approved C&D Sorting Facility, whether from a Covered Project or not, where the material shall be processed for maximum recovery. Under no circumstances shall C&D Debris Box loads be taken to a landfill or disposed of otherwise. All weight tickets issued by City-Approved C&D Sorting Facility(ies) for C&D Debris Box loads shall clearly indicate that the materials were sorted in a manner to achieve maximum recovery of Recyclable Materials. Exhibit 4 Includes invoice templates for all City-Approved C&D Sorting Facility(ies) to be used by Franchisee. FRANCHISEE must receive written approval from CITY prior to delivering C&D Debris Box loads to a facility other than that listed in Exhibit 4.

Section 11. Ownership of Commercial Solid Waste, C&D Debris and Drop Box Debris.

CITY does not gain any ownership or right to possess Commercial Solid Waste, C&D Debris or Drop Box Debris Collected by FRANCHISEE pursuant to this Agreement. Subject to the provisions of this Agreement, FRANCHISEE shall have the right to retain any benefit resulting from its right to retain, recycle, process, dispose of, or use the Commercial Solid Waste or Drop Box Debris that it Collects pursuant to the terms of this Agreement.

Section 12. Transportation, Processing and Disposal of Commercial Solid Waste. C&D Debris and Drop Box Debris.

a. Secure Processing and Disposal Capacity. FRANCHISEE shall secure processing facility(ies) and disposal facility(ies) approved by City and provide Collection,

processing, and disposal capacity to accommodate the quantity and type of Commercial Collection Service, C&D Debris and Drop Box Debris Service provided to all of its Customers.

b. Transportation of Recyclable and Organic Recyclable Material.

(1) FRANCHISEE shall Collect, transport, and deliver all Organic Recyclable Materials set out for Collection in Containers identified as containing Organic Recyclable Materials to a City-Approved Organics Processing Facility listed in Exhibit 4 for Organics Recycling.

(2) FRANCHISEE shall Collect, transport, and deliver all Recyclable Materials set out for Collection in Containers identified as containing Recyclable Materials to a City-Approved Materials Recovery Facility listed in Exhibit 4 for processing and Recycling.

(3) FRANCHISEE shall Collect, transport, and deliver all residual materials resulting from the processing of Recyclable and Organic Recyclable Material to a landfill or other disposal site for disposal as set forth in Section 12 c).

c. Transportation of Garbage. FRANCHISEE shall dispose of or process Commercial Garbage and residual resulting from the processing of Recyclable and Organic Recyclable Material Collected or transported by FRANCHISEE only by taking such Commercial Garbage to a landfill, transfer station, or a City-Approved High Diversion Processing Facility which is lawfully authorized to accept such Commercial Garbage. FRANCHISEE shall not dispose of such Commercial Garbage by depositing it on any other land or location, whether public or private. FRANCHISEE shall not dispose of such Commercial Garbage in any river, stream or other waterway, or in any sanitary sewer or storm drainage system.

Section 13. On-Call Multi-Family Residential Property Bulky Waste Collection Service

a. FRANCHISEE shall offer Multi-Family Residential Property Bulky Waste Collection Service to Multi-Family Residential Property Customers that have a Service Agreement with FRANCHISEE and whose Large Items have been placed within five (5) feet of the curb, swale, paved surface of the public or private roadway, closest accessible roadway, or other such location agreed to by FRANCHISEE and the Customer. The agreed upon location for placing Large Items must provide safe and efficient accessibility to FRANCHISEE's collection crew and vehicle. Multi-Family Residential Property management must call in advance to schedule Multi-Family Residential Property Bulky Waste Collection Service. Collection will occur on the day agreed to between the Multi-Family Residential Property management and FRANCHISEE and/or within five (5) business days of request of service from Multi-Family Residential Property management. The cost for receiving this service shall be negotiated between the FRANCHISEE and Multi-Family Residential Property Customer.

Section 14. Commercial Collection Service.

FRANCHISEE must perform all Commercial Collection Services under this Agreement in a thorough and professional manner, including:

a. Commercial Recycling and Commercial Organics Recycling Collection Services. FRANCHISEE must provide Commercial Recycling and Commercial Organics Recycling Collection Services to each of its Customers unless the City grants Alternative Compliance/Exemption to the Customer as described in Citrus Heights Municipal Code. The thresholds for the services Customers are required to obtain are as follows:

(1) Recycling Requirements. All Customers, regardless of the volume of Solid Waste generated, are required to arrange for Commercial Recycling Collection Services unless operating under a City approved alternative compliance or exemption as set forth in Section 14.a. (3), below; and

(2) Organics Recycling Requirements. All Customers, regardless of the volume of Solid Waste generated, are required to arrange for Commercial Organic Recycling Services unless operating under a City approved alternative compliance or exemption as set forth in Section 14.a. (3), below; or

(3) Alternative Compliance/Exemption Form. As an alternative to Sections 14.a. (1) or 14.a. (2) herein, FRANCHISEE must obtain written approval from the City of Alternative Compliance/Exemption. In the event that the FRANCHISEE must stop providing Commercial Garbage Collection Service to a Customer due to non-compliance with the CITY's municipal code, the FRANCHISEE shall take the following steps:

i) Issue a written "Service Termination Notice" to the non-compliant Customer that the FRANCHISEE shall terminate Commercial Garbage Collection Services within 14 days of providing that Service Termination Notice to the Customer. That "Service Termination Notice" shall clearly state that it is mandatory for the Customer to subscribe to Commercial Garbage Collection Service, Commercial Recycling Collection Service, and Commercial Organic Recycling Collection Service as required by CHMC;

ii) Notify the CITY by email no more than fourteen (14) days and no less than seven (7) days before it intends to suspend service for all Commercial Garbage Collection Service Containers;

iii) Lock or remove all Containers; and

iv) Notify the Operations Manager or his or her designee in person or by telephone within 24 hours after locking or removing all Containers.

b. FRANCHISEE, upon request, shall provide the Operations Manager and/or his or her designee, with a copy of a Service Agreement, or other document (e.g., receipt from a recycling or composting facility) demonstrating that the Customer's Recyclable Materials and Organic Recyclable Materials are being taken to a City-Approved Material Recovery Facility and/or City-Approved Organics Processing Facility. The Service Agreement, or other documents shall be available for inspection by the Operations Manager, and/or his or her designee, at FRANCHISEE'S place of business during normal business hours within five (5) business days of request.

c. Route Reviews. FRANCHISEE shall conduct a Route Review for Prohibited Container Contaminants in containers in a manner that results in twenty percent (20%) of each Hauler Route being reviewed annually.

(1) General Requirement. Each inspection shall involve lifting the Container lid and observing the contents, but shall not require FRANCHISEE to disturb the contents or open any bags. Route reviews may be performed using camera technology during the collection process, in lieu of manually viewing contents by a person. FRANCHISEE may select the Containers to be inspected at random, or (if mutually agreed with City) by any other method not prohibited under the SB 1383 Regulations. For the avoidance of doubt, FRANCHISEE shall not be required to inspect every Container on a Hauler Route annually. FRANCHISEE shall include the results of each Route Review in its next regularly scheduled report to City, as required by Section 18.

(2) Notice of Contamination Upon finding Prohibited Container Contaminants in a Container during a Route Review, FRANCHISEE shall notify the Customer of the violation in writing. The written notice shall include information regarding the Customer's requirement to properly separate materials into the appropriate Containers. The notice may be left on the Customer's Container, gate, or door at the time the violation is discovered, and/or be mailed, e-mailed, electronically messaged or delivered personally to the Customer. FRANCHISEE may dispose of the contents of any Container found to contain Prohibited Container Contaminants. The notice shall be provided in English and Spanish.

d. Compliance Reviews. FRANCHISEE shall at least once annually, review the records of its Commercial Business and Multi-Family Residential Property Customers in City that are subscribed to at least two (2) cubic yards per week of combined Garbage, Organic Recyclable Material and Recyclable Materials service, to determine whether such Customers are subscribed to Organic Recyclable Material Collection and Recyclable Materials Collection service or have an applicable waiver/alternative compliance. FRANCHISEE shall include the results of each compliance review in its next regularly scheduled report to City, as required by Section 18.

Section 15. Temporary Debris Box Service.

a. Upon request of a Customer, FRANCHISEE shall provide Temporary Debris Box Service on a temporary on-call basis.

b. FRANCHISEE must provide Customer with Temporary Debris Box Service with as little disturbance as possible and without obstructing alleys, roadways, driveways, sidewalks, or mailboxes. FRANCHISEE must place Containers in strict adherence with CITY's right-of-way requirements and Citrus Heights Municipal Code.

Section 16. Service Agreements.

a. FRANCHISEE shall execute a written Service Agreement with all Customers receiving Commercial Collection Services. Service Agreements shall incorporate, but are not limited to, the following terms and conditions:

(1) Be clearly labeled as a Service Agreement;

(2) Describe the Commercial Collection Services to be provided by FRANCHISEE, the frequency of such services and the cost for providing such services to the Customer;

(3) Clearly state the initial term and renewal terms;

(4) Any term that is mutually agreed to by the Customer and FRANCHISEE, but recognizing that this Franchise Agreement must remain in full force and effect throughout the term of the Service Agreement;

(5) May contain a provision for automatic renewal for successive periods of no longer than one (1) year, unless either party gives written notice of termination by certified or registered mail at least sixty (60) days prior to the termination date of the current Service Agreement;

(6) A term allowing for amendments as mutually agreed upon by the Customer and FRANCHISEE;

(7) Require FRANCHISEE to provide written notice to Customers of price increases not less than thirty (30) days prior to the effective date of such price increase;

(8) FRANCHISEE shall respond to Customer inquiries regarding the Service Agreement within seven (7) days, including a request by the Customer for a copy of the current Franchise Agreement;

(9) Include language stating that Collection Containers will be removed from the property of a Customer by FRANCHISEE within thirty (30) days of final termination of services to the Customer;

(10) Include language stating that Customers will be notified in writing within thirty (30) days of termination of this Franchise Agreement;

(11) Not require Customers to pay over three (3) months liquidated damages during the renewal term and over six (6) months liquidated damages during the initial term of the Service Agreement;

(12) Not require Customers to give notice of any offer by a competitor or require Customers to give FRANCHISEE the right to respond to such offer; and

(13) Include language stating that the Service Agreement shall automatically terminate at such time as CITY terminates FRANCHISEE's Franchise Agreement unless CITY concurrently provides FRANCHISEE with a new or amended franchise agreement.

(14) FRANCHISEE shall not provide Commercial Garbage Collection Services to a Customer unless:

i) The Customer is also receiving both Commercial Recycling Collection and Commercial Organics Recycling Collection Service from the FRANCHISEE; or

ii) The CITY has approved in writing the Customer's Alternative Compliance/Exemption Form request.

b. The requirements for Service Agreements contained in this Section shall be incorporated into all new Service Agreements executed on or after the execution of this Franchise Agreement. Existing Service Agreements between FRANCHISEE and a Customer executed before the execution of this Franchise Agreement shall remain in force for the remainder of the existing contract and shall be governed by the terms and conditions specified in the existing Service Agreement, provided that such existing Service Agreements shall comply, to the extent allowable by law, with the Recycling and Organic Recycling programs established by this Franchise Agreement, Citrus Heights Municipal Code, and California Law.

c. National contracts or agreements are exempt from the requirements of contract length and renewal terms.

Section 17. Requirements for Diversion Plan and Annual Plan.

a. Diversion Plan. The Diversion Plan, that is attached hereto as Exhibit 1 of this Agreement, which shall be implemented by FRANCHISEE during the term of this Agreement and shall be considered the annual plan for that year.

b. Annual Plan. FRANCHISEEs that provide Collection service to at least one (1) Multi-Family or Commercial Service Unit will prepare an Annual (calendar year) Plan and submit the plan to CITY for approval. The annual plan, subject to CITY review and approval, must be submitted to the CITY with the signed Franchise Agreement, for each following calendar year. The City will provide the FRANCHISEE an annual plan template as provided in Exhibit 2 of this Agreement. Specifically, the plan shall contain, but not be limited to:

(1) A methodology for how FRANCHISEE will meet City and State diversion requirements as specified in Section 9;

(2) A description of the proposed methodology for tracking compliant/noncompliant Customers, and proposed efforts for decreasing contamination levels.

(3) A description of a minimum of three (3) outreach and education campaigns and quantifiable goals for each campaign.

i) At least one annual campaign will be directed at all Customers and will inform the Customers about AB 341, AB 1826, SB 1383 and applicable City requirements, and how to comply with each Law.

ii) At least one campaign will be specifically directed at those Covered Generators that are not in compliance with either AB 341 and/or AB 1826 and/or SB 1383 and will inform them of the requirements and how to comply.

iii) One campaign will be at the choice of FRANCHISEE and will not be directly related to campaigns in Section 17 b) (3) i) or ii).

(4) CITY shall review the annual plan and notify FRANCHISEE of whether it has been approved or needs additional information within 45 days after submission. FRANCHISEE shall, at its own expense, implement the approved annual plan.

c. Education & Outreach.

(1) Prior to February 1, 2025, and annually thereafter, FRANCHISEE shall provide the following to all its Customers under this Agreement:

i) Information on the Customer's requirements to properly separate Organic Recyclable Material in appropriate containers.

ii) Information on methods for: the prevention of Organic Recyclable Material generation; recycling Organics on-site; sending Organics to community composting; and any other local requirements regarding Organic Recyclable Material.

iii) Information regarding the methane reduction benefits of reducing the landfill disposal of Organic Recyclable Material, and the methods of Organic Recyclable Material recovery contemplated by the Agreement.

iv) Information regarding how to recover Organic Recyclable Material.

v) Information related to the public health and safety and environmental impacts associated with the landfill disposal of Organic Recyclable Material.

(2) The above information will be provided, at a minimum, through print and/or electronic media, and may also be provided through workshops, meetings and/or on-site visits.

(3) Educational materials provided pursuant to the above shall be translated into Spanish and Russian.

Section 18. Reporting Requirements.

a. Monthly Reports. Franchise Fee Reports shall be filed with the Operations Manager in accordance with the terms in Section 8 of this Agreement.

b. Quarterly Reports. FRANCHISEE shall file with the Operations Manager the following quarterly reports:

(1) Quarterly Tonnage Report. A report that contains the quantities of Garbage, Recyclable Materials, and Organic Recyclable Materials Collected, transported, processed, diverted, and/or disposed from Commercial Collection Services and Temporary Debris Box Services. Such report shall be in such form and detail as required by the Operations Manager. Specifically, the report shall contain, but not be limited to, the following information:

i) Garbage, Recyclable Materials, and Organic Recyclable Materials tonnage Collected and removed, during the previous quarter, within the CITY by FRANCHISEE;

ii) Garbage, Recyclable Materials, and Organic Recyclable Materials tonnage Collected and removed by FRANCHISEE within the City, during the previous quarter, that was diverted and the location of the facility(ies) where such Garbage, Recyclable Materials, and Organic Recyclable Materials were diverted; and

iii) Garbage, Recyclable Materials, and Organic Recyclable Materials tonnage Collected and removed by FRANCHISEE within the City, during the previous quarter that was disposed of and the location of the disposal or processing facility where the disposal or processing of such Garbage, Recyclable Materials, and Organic Recyclable Materials occurred.

(2) Quarterly Compliance Status Report. A report that contains the total number of Customers serviced with Commercial Collections Services and the number of containers, container sizes, and frequency of Collection for Garbage, Recyclable Materials, and Organic Recyclable Materials for each Commercial and MFD Service Unit. This report is to be submitted by FRANCHISEE in the event FRANCHISEE provides Commercial Collection Service to at least one (1) Service Unit. The report shall be in such form and detail as required by the Operations Manager. The report shall set forth the following information for each Customer:

i) Name and Type of Customer (Business or Multi-Family Residential Property)

ii) Billing Contact, address, and phone number;

iii) Service Contact, address, and phone number;

iv) Container size and Collection frequency of Garbage Collection Service;

v) Container size and Collection frequency of Recycling Materials Collection Service;

vi) Container size and Collection frequency of Organics Recycling Collection Service; and

vii) Whether or not the Customer is compliant with the Commercial Recycling and/or Organics Recycling Collection Services it is required to arrange for as set forth in Section 14.

viii) The total number of Commercial Service Units that subscribe to 2 cubic yards or more of weekly Solid Waste Collection, and the total number of those Commercial Service Units that have an Alternative Compliance/Exemption Form approved by CITY;

ix) The total number of MFD Service Units that subscribe to 2 cubic yards or more of weekly Solid Waste Collection, and the total number of those MFD Service Units that have an Alternative Compliance/Exemption Form approved by CITY;

x) A list of Customers that have been issued a Service Termination Notice during the preceding quarter; and

xi) A summary of the type of follow-up outreach that was provided to those Commercial Service Units and MFD Service Units that are not subscribed to Recycling or Organics Recycling Collection Service.

xii) Should CalRecycle require more frequent reporting, FRANCHISEE shall provide reports to the CITY on a monthly basis no later than ten (10) days after each month end.

(3) For Route Reviews completed during reporting quarter, including:

i) The date the review was conducted;

ii) The name and title of each person conducting the review;

iii) A list of the account names and addresses covered by the review;

(1) A description of each Hauler Route reviewed, including FRANCHISEE's route number and a description of the Hauler Route area;

(2) The results of such review (i.e. the addresses where any Prohibited Container Contaminants were found), and any photographs taken; and

(3) Copies of any educational materials issued pursuant to such reviews.

(4) The first quarterly reports shall be due no later than 5:00 p.m. on May 1, 2025, and shall cover the period of January 1, 2025 to March 31, 2025.

Thereafter, quarterly reports shall be due no later than 5:00 p.m. on each subsequent August 1, November 1, February 1, and May 1 during the term of this Agreement. Each report shall cover the immediately preceding calendar year quarter.

(5) Quarterly reports shall be filed with General Services Director at the location set forth in Section 34, below and shall be in a form approved by CITY. FRANCHISEE shall maintain quarterly records, on forms approved by the General Services Director, containing such information as may be required by the General Services Director pertaining to the number and types of accounts served by FRANCHISEE under the terms of this Agreement. This information shall be provided to General Services Director upon request.

c. Annual Report. FRANCHISEE shall file with the General Services Director an annual report including the following information:

(1) Public outreach and education activities undertaken during the previous year including, copies of all such information (flyers, brochures, newsletters, invoice messaging, website and social media posts, emails, and other electronic messages); the date the information was disseminated or the direct contact made; to whom the information was disseminated or the direct contact made (for mass distributions such as mailings or bill inserts, FRANCHISEE may provide the type and number of accounts receiving the information, rather than listing each recipient individually);

(2) Collection service program changes implemented during the previous year;

(3) Large events (over 2,000 attendees per day) that were provided Collection service;

(4) An update of end-markets used for sale of Recyclable Materials;

(5) Methodology of identifying Customer compliance status used during the previous year;

(6) A description of FRANCHISEE's process for determining the level of Container contamination under the Agreement;

(7) Recordkeeping Requirements for Compliance with Organic Waste Collection Services. Pursuant to SB 1383, Section 18984.1 or 18984.2, including:

i) If FRANCHISEE allows compostable plastics to be placed in the Organics Container, a copy of written notification received from each facility serving the jurisdiction indicating that the facility recovers that material.

ii) If FRANCHISEE allows Organic Recyclable Materials to be collected in plastic bags, a copy of written notification received from each facility serving the jurisdiction indicating that the

facility can process and remove plastic bags when it recovers source separated Organic Recyclable Materials.

(8) Report of Quarterly Route Reviews and Compliance Reviews, including:

i) The date the review was conducted;

ii) The name and title of each person conducting the review;

iii) A list of the account names and addresses covered by the review;

iv) For Route Reviews, a description of each Hauler Route reviewed, including FRANCHISEE's route number and a description of the Hauler Route area;

v) For Route Reviews, the results of such review (i.e. the addresses where any Prohibited Container Contaminants were found), and any photographs taken;

vi) For Compliance Reviews, the results of such review (i.e. FRANCHISEE's findings as to whether the customers reviewed are subscribed for Organic Recyclable Material Collection service and Recyclable Materials Collection Service, have an applicable waiver, or neither), and any relevant evidence supporting such findings (e.g. account records); and

vii) Copies of any educational materials issued pursuant to such reviews.

(9) Documentation Relating to Observed Prohibited Container Contaminants. FRANCHISEE shall provide a report of the following, whether observed during Route Reviews or otherwise:

i) Copies of the form of each notice issued to generators for Prohibited Container Contaminants, as well as, for each such form, a list of the Customers to which such notice was issued, the date of issuance, the Customer's name and service address, and the reason for issuance (if the form is used for multiple reasons);

ii) The number of times notices were issued to Customers for Prohibited Container Contaminants; and

iii) The number of Containers where the contents were disposed due to observation of Prohibited Container Contaminants.

(1) If applicable, a description of other activities undertaken pursuant to the annual plan required by this Agreement; and

(2) Annual reports shall be submitted to the Operations Manager no later than 5:00 p.m. on March 1 during the term of this Agreement with the first annual report due on March 1. Annual reports shall cover information and activities during the immediately preceding calendar year. Annual reports shall be filed with Operations Manager at the location

set forth in Section 34 and shall be in a form approved by CITY. If the due date falls on a day the CITY is closed or a holiday, the report will be due the next business day.

d. The Operations Manager shall establish guidelines, forms and other appropriate material to assist FRANCHISEE in preparing the reports required by this Section.

e. Delinquent Reports. If any of the reports required under this Section are not filed by the due date, the report shall be deemed delinquent, and FRANCHISEE shall pay to CITY a delinquent report charge in the amount of fifty dollars ($50.00) per business day until such day that the delinquent report is provided to CITY. If the report remains delinquent for more than fifteen (15) business days, FRANCHISEE shall pay to CITY a delinquent report charge in the amount of one hundred dollars ($100.00) per business day beginning on the sixteenth (16th) business day until such day that the delinquent report is provided to CITY. Such delinquent report charge shall be in addition to any franchise fees or other charges payable by FRANCHISEE for the same period of time. Each report due shall be treated separately for purposes of this delinquent report charge, and such delinquent report charges shall be cumulative. FRANCHISEE's failure to file the reports required by this Section shall constitute cause for termination or suspension of its Franchise pursuant to the Citrus Heights Municipal Code and Section 32 of this Agreement.

f. Confidential or Proprietary Information. To the extent permitted by applicable law, including the California Public Records Act, any reports, plans, and information required by this Agreement stamped confidential or proprietary, shall be deemed confidential and shall not be subject to public disclosure. In the event that CITY becomes legally compelled by deposition, interrogatory, request for documents, subpoena, civil investigative demand, California Public Records Act request, U.S. Patriot Act, or similar act or process to disclose any Confidential Information, to the extent allowed by law, the CITY shall give FRANCHISEE prompt prior written notice of such requirements so that FRANCHISEE may seek a protective order or other appropriate remedy at FRANCHISEE'S sole risk and expense.

g. California Public Records Act. The parties understand that the CITY is a public entity that must comply with the California Public Records Act.

Section 19. Inspection Authority.

a. FRANCHISEE shall at all times maintain accurate and complete accounts of all revenues and income arising out of its operations under this Franchise Agreement and the information needed to complete the forms and reports required by Sections 8 and 18 of this Agreement, and all other applicable provisions of the Agreement. FRANCHISEE'S books, accounts and records reasonably necessary for the enforcement of this Franchise Agreement shall be made available for inspection, examination and audit during normal business hours by authorized officers, employees

and agents of CITY. CITY shall give FRANCHISEE written notice at least three (3) business days prior to any inspection, audit or examination of these records.

b. Where the General Services Director determines that an audit is necessary to verify the accuracy, or completeness of reported franchise fees, tonnages or diversion data, FRANCHISEE shall be responsible for reimbursing CITY the costs of performing such audit costs, including any CITY staff time, consultant services, and City Attorney services, to perform such audit.

c. FRANCHISEE shall be responsible for reimbursing CITY'S audit costs, including any CITY staff time or consultant services and City Attorney services, to perform detailed follow-up audits where CITY staff determines that documentation of franchise fees, tonnage, diversion or other data, as reported by FRANCHISEE, is inadequate, incomplete or inaccurate. Where necessary, CITY staff will retain the services of an independent consultant to verify performance and conduct any necessary diversion audits.

Section 20. Insurance Requirements.

FRANCHISEE shall obtain and shall maintain throughout the term of this Agreement, at FRANCHISEE's sole cost and expense, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of work pursuant to this Agreement by FRANCHISEE, its agents, representatives, employees or FRANCHISEEs.

a. Minimum Scope and Limits of Insurance. FRANCHISEE shall maintain at least the following minimum insurance coverage:

(1) Comprehensive General Liability: Coverage Limits as required in Table 20.1 below. Combined single limit per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this Agreement or the general aggregate limit shall be twice the required occurrence limit.

(2) Automobile Liability: Coverage limits as required in Table 20.1 below. Combined single limit per accident for bodily injury and property damage. Coverage shall include hired autos and non-owned autos.

(3) Workers' Compensation and Employers Liability: Workers' Compensation limits as required by the California Labor Code and Employers Liability limits of per accident as required in Table 20.1 below.

(4) Pollution Liability Insurance: Per occurrence, coverage limits shown below in Table 20.1 without any exclusion for bodily injury or property damage arising out of the actual, alleged or threatened discharge, dispersal, release or escape of any Hazardous Material, Solid Waste, or other pollutant.

Table 20.1 Minimum Insurance Limits		
	Contract Reference	**January 1, 2025 through December 31, 2025**
Comprehensive General Liability	20 a.(1)	$4,000,000
Automobile Liability	20 a.(2)	$4,000,000
Workers' Compensation and Employers Liability	20 a.(3)	$4,000,000
Pollution Liability	20 a.(4)	$4,000,000

b. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by CITY. If FRANCHISEE desires to increase any deductible or self-insured retention after the effective date of this Agreement, it shall first obtain approval of CITY's Risk Manager for these increases. FRANCHISEE shall be responsible for payment of all deductibles or self-insured retentions.

c. Other Insurance Provisions. The required insurance policies are required to contain, or be endorsed to contain, the following provisions:

d. General Liability and Automobile Liability Coverage. CITY, its officers, employees, agents, contractors, and volunteers are to be covered as an additional insured as respects: liability arising out of activities performed by, or on behalf of FRANCHISEE; products and completed operations of FRANCHISEE; premises owned, leased or used by FRANCHISEE; and automobiles owned, leased, hired or borrowed by FRANCHISEE. The coverage shall contain no special limitations on the scope of protection afforded to CITY, its officers, employees, agents, contractors, and volunteers.

i) FRANCHISEE'S insurance coverage shall be primary insurance as respect to CITY, its officers, employees, agents, contractors and volunteers. Any insurance or self-insurance maintained by CITY, its officers, employees, agents, contractors or volunteers shall be in excess of FRANCHISEE'S insurance and shall not contribute with it.

ii) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to CITY, its officers, employees, agents, contractors or volunteers.

e. Coverage shall state that FRANCHISEE'S insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

f. All Coverage. Each insurance policy required by this Agreement shall be endorsed to state that coverage shall not be suspended, voided, canceled, or reduced below the minimum limits described above except after thirty (30) days' prior written notice has been given to CITY.

g. Placement of Insurance. Insurance shall be placed with insurers acceptable to CITY'S Risk Manager. FRANCHISEE must place insurance with a current A.M. Best rating of no less than A: VII. CITY'S Risk Manager may waive or alter this requirement in writing, or accept self-insurance in lieu of any required policy of insurance if, in the opinion of the Risk Manager, the interests of CITY and the general public are adequately protected.

h. Proof of Insurance. FRANCHISEE shall furnish CITY with certificates of insurance and with original endorsements affecting coverage required by this Agreement. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. Proof of insurance shall be mailed or personally delivered to the address provided in Section 34 of this Agreement.

i. Acknowledgment. FRANCHISEE acknowledges that the Commercial Collection Service and Temporary Debris Box Service Franchise granted to FRANCHISEE will not become effective, and FRANCHISEE will have no authority to perform Commercial Collection Services in the CITY, unless FRANCHISEE provides satisfactory proof of insurance prior to beginning operations as a FRANCHISEE.

j. Modification of Insurance Requirements. CITY shall retain the right at any time to review the coverage, form and amount of the insurance required hereby. If, in the opinion of the CITY'S Risk Manager, the insurance provisions in this Agreement do not provide adequate protection for CITY and for members of the public, CITY may require FRANCHISEE to obtain insurance sufficient in coverage, form and amount to provide adequate protection. CITY's requirements shall be reasonable but shall be imposed to assure protection from and against the kind and extent of risks that exist at the time a change in insurance is required. CITY'S Risk Manger may modify these insurance requirements only upon approval of the City Council.

Section 21. Indemnity.

a. FRANCHISEE agrees to defend, with counsel agreed upon by both parties, indemnify, and hold harmless CITY andits agents, officers, contractors, servants, public officials, volunteers, and employees from and against any and all claims asserted, costs, the cost of remediation and cost recoveries pursuant to the Comprehensive Environmental Response, Compensation and Liability Act , losses and damages, liabilities, expenditures or causes of action of any kind (including negligent, reckless, willful or intentional acts or omissions of the FRANCHISEE, its employees, agents, subcontractors, suppliers, or any person or organization directly or indirectly employed by any of them to perform or furnish any services, or anyone for whose acts any of them may be liable), or injuries to any person or property, including injury to CITY employees agents, or officers which arise from, or are connected with, or are caused or claim to be caused by acts or omissions of FRANCHISEE or their agents, officers or employees in the performance of the non-exclusive Franchise or this Agreement, or in

performing the work or services therein, and all costs and expenses of investigating and defending against same; provided, however, that FRANCHISEE'S duty to indemnify and hold harmless shall not include any claims or liability arising from the established active negligence, sole negligence, or sole willful misconduct of CITY, its agents, officers, servants, and employees.

b. Hazardous Material Indemnification. FRANCHISEE agrees to defend, with counsel selected by CITY, indemnify, and hold harmless CITY, and its agents, officers, contractors, servants, officers, volunteers, and employees from and against all claims, damages (including but not limited to special, consequential, natural resources and punitive damages), injuries, costs (including, without limit, any and all response, remediation, removal, closure, and post-closure costs), losses, demands, debts, liens, liabilities, causes of action, suits, legal or administrative proceedings, interest, fines, charges, penalties, and expenses (including without limit attorneys' and expert witness fees and costs incurred in connection with defending against any of the foregoing or in enforcing this indemnity providing the enforcement action is successful in establishing indemnification), (collectively, "Damages") of any kind whatsoever paid, incurred or suffered by, or asserted against, indemnities arising from or attributable to the acts or omissions of FRANCHISEE, its officers, directors, employees, companies or agents,, whether or not negligent or otherwise culpable, in connection with or related to the performance of this contract, including without limit damages arising from or attributable to any operations, repair, clean-up or detoxification, response or removal action, or preparation and implementation of any removal, remedial, response, closure, post-closure or other plan (regardless of whether undertaken due to governmental action) concerning any Hazardous Material , and/or Household Hazardous Waste (collectively, "Waste") at any places where FRANCHISEE transfers, transports, processes, stores or disposes of Solid Waste or other waste collected under this contract, irrespective of whether the concentrations of any Waste are material, whether the concentrations exceed state or federal maximum contaminant or action levels, or whether any government agency has issued a clean-up or other order. The indemnity afforded indemnitees shall only be limited to exclude coverage for intentional wrongful acts and active negligence of indemnitees. FRANCHISEE at its own expense, agrees to defend, with counsel of the CITY's choosing, any claims for Damages asserted against CITY that would, in whole or in part, be covered by the indemnity obligations irrespective of whether such claims have merit. FRANCHISEE's obligation under this indemnification provision will survive any termination of this Agreement.

c. The foregoing indemnity is intended to operate as an agreement pursuant to §107(e) of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), 42 U.S.C. §9607(e), and California Health and Safety Code §25364, to defend, protect, hold harmless, and indemnify CITY liability. Nothing in this provision shall prevent FRANCHISEE from seeking indemnification or contribution from persons or entities other than indemnitees, for any liabilities incurred by the FRANCHISEE, or the indemnitees.

d. Indemnification for Failure to Meet AB 939 Goals. FRANCHISEE agrees to protect and defend CITY, with counsel selected by FRANCHISEE and CITY, to pay all attorney's fees, and to indemnify, and hold harmless CITY, from and against all fines or penalties imposed by CalRecycle if the diversion goals specified in the California

Public Resources Code Section 41780 as of the date hereof and hereafter throughout are not met by CITY with respect to the Materials Collected by FRANCHISEE and if the lack in meeting such goals are attributable to the failure of the FRANCHISEE to implement and operate the Recycling and/or Organics Recycling or other diversion plans and/or programs or related activities required by this Agreement. Such indemnification of CITY, by FRANCHISEE shall be proportionate to FRANCHISEE'S degree of fault for the penalty or fine imposed, as required under Public Resources Code § 40059.1.

Section 22. Equipment.

a. Any and all containers provided to Customers by FRANCHISEE for storage, collection or transportation of Commercial Solid Waste, Recyclable Materials or Organic Recyclable Materials shall meet the requirements of the Citrus Heights Municipal Code and applicable California laws.

b. Any and all vehicles used by FRANCHISEE to perform Commercial Collection Service and Temporary Debris Box Service shall meet the requirements of the Citrus Heights Municipal Code and applicable California laws.

c. FRANCHISEE shall not operate Collection vehicles, nor perform Collection services on properties adjacent to residential uses during the hours of 8:00 PM through 6:00 AM, unless written authorization is given to FRANCHISEE from CITY. CITY reserves the right to revoke such written authorization at any time. Should a dispute arise as to the time service was provided, FRANCHISEE must provide documentation of service to the satisfaction of the CITY.

d. All collection equipment and vehicles used by FRANCHISEE shall have appropriate safety markings including, but not limited to, highway lighting, flashing and warning lights, clearance lights, and warning flags. All such safety markings shall be subject to the approval of the CITY and shall be in accordance with the requirements of the California Vehicle Code, as may be amended from time to time.

e. Each FRANCHISEE shall maintain collection equipment and vehicles in a clean condition and in good repair at all times, to the satisfaction of CITY.

f. FRANCHISEE shall insure that all Collection vehicle loads are covered while in transit and shall not litter premises in the process of providing Commercial Collection Service and Temporary Debris Box Service or while its vehicles are on the road. FRANCHISEE shall transport all materials Collected under the terms of this Agreement in such a manner as to prevent the spilling or blowing of such materials from the FRANCHISEE'S vehicles. FRANCHISEE shall exercise all reasonable care and diligence in providing Commercial Collection Service and Temporary Debris Box Service so as to prevent spilling or dropping of Commercial Solid Waste or, Recyclable Materials or Organic Recyclable Materials and shall immediately, at the time of occurrence, clean up such spilled or dropped materials.

g. FRANCHISEE may not use any Collection vehicle for Collection Service in violation of weight limitations set forth in Applicable Law. FRANCHISEE may be assessed liquidated damages as set forth in Section 30 as a result of exceeding an

overweight vehicle rate of ten percent (10%) in any month during the term of the Contract. The overweight vehicle rate will be calculated as the total number of overweight collection vehicle instances during each month, divided by the total number of collection vehicle loads transported during the same corresponding month. Prior to collecting administrative charges for overweight vehicles, the CITY shall afford FRANCHISEE a reasonable opportunity to provide the Public Work Director documentation of the extraordinary circumstance that caused the overweight vehicles. Extraordinary circumstances in this particular case include, but may be limited to, heavy rains or high winds that caused excess Organic Recyclable Material to be generated, rain to accumulate in open Collection Containers, or normal Collection routes to be delayed or shortened to extreme weather conditions. The Operations Manager shall have authority to consider FRANCHISEE's documentation and uphold and collect the assessed charge, to reduce the charge, or waive and dismiss the charge. The General Services Director shall also have the authority to waive charges in advance of an anticipated, or in response to and actual, emergency event.

Section 23. Abandoned Containers.

a. If FRANCHISEE abandons any Container used to provide Commercial Collection Service, or Temporary Debris Box Service, CITY, or its designated agent may remove the Container and/or dispose of the contents of the Container.

b. If CITY or its designated agent removes a Container abandoned by FRANCHISEE and/or disposes of the contents of any Container abandoned by FRANCHISEE, CITY may charge FRANCHISEE for CITY's costs incurred in such removal/disposal and for CITY's costs of storage of the Container. FRANCHISEE shall reimburse CITY for such costs within ten (10) days of the date of CITY'S invoice for such costs.

c. For the purposes of this Section, "abandoned" includes:

(1) FRANCHISEE'S failure to remove the Container within the time period specified by the City Council upon termination of this Agreement;

(2) FRANCHISEE's failure to remove the Container within a reasonable period after the expiration of this Agreement except in the case where FRANCHISEE has been granted an extension of the term of this Agreement or FRANCHISEE has been granted a subsequent Commercial Collection Service and Temporary Debris Box Service Franchise authorizing FRANCHISEE to Collect and transport the type or types of Garbage, Recyclable Materials or Organic Recyclable Materials for which the Container was used pursuant to this Agreement.

(3) FRANCHISEE's failure to dispose of the contents of the Container within five (5) days after the General Services Director issues written notice to FRANCHISEE to dispose of the contents.

Section 24. FRANCHISEE Provided Containers.

a. General. FRANCHISEE shall equip and provide automatic lift containers, bins or roll-off bins for Commercial Collection Service designed and constructed to be watertight and prevent the leakage of liquids. Containers shall be sufficient to accommodate the quantity and type of Commercial Collection Service and Temporary Debris Box Service to all its Customers. Upon request from CITY or Customer, FRANCHISEE shall provide locks and/or other suitable features to prevent theft of such materials.

b. Cleaning, Painting, Maintenance. FRANCHISEE's employees must take care to prevent damage to Containers and shall make reasonable efforts to replace, clean or repaint all containers as needed so as to present a clean appearance.

c. Signage. FRANCHISEE shall place CITY-approved signage on all containers, bins and roll off bins. Containers must be clearly labeled and at a minimum will include FRANCHISEE's name, customer service number, and graphics indicating acceptable and unacceptable materials to be placed in each Container type. All containers shall prominently display the type of designated material for Source Separation.

d. New Containers and Container Exchanges. All new accounts, and requests for Container exchanges from existing accounts will be done with Containers that meet SB 1383 color and labeling requirements. FRANCHISEE must comply with CalRecycle container requirements for colors, labels, and/or signage, as they may apply during the term of the Agreement.

Section 25. Signs.

FRANCHISEE shall have permanently displayed in a prominent place on the exterior of each truck used in the Collection, removal or transportation of Garbage, Recyclable Materials or Organic Recyclable Materials under this Agreement a sign which contains such information as is required by regulation of the city engineer adopted pursuant to the provisions of the California Code of Regulations, Title 14, Section 17344.

Section 26. Personnel.

a. Driver Qualifications. FRANCHISEE agrees that all drivers shall be trained and qualified in the operation of collection vehicles and must have in effect a valid license, of the appropriate class, issued by the California Department of Motor Vehicles.

b. Safety Training. FRANCHISEE shall provide suitable operational and safety training for all of its employees who use or operate vehicles or equipment for collection of Garbage, Recyclable Materials and Organic Recyclable Materials, or who are otherwise directly involved in such collection.

Section 27. Local Office.

FRANCHISEE shall at all times maintain a central office within CITY, or within the metropolitan area immediately adjacent to CITY, where a representative of FRANCHISEE can be reached by telephone 8:00 a.m. through 5:00 p.m., Mondays through Fridays, legal holidays excepted. Such office shall have a local telephone number so that Customers served by the FRANCHISEE may contact the FRANCHISEE without the necessity of making a long distance telephone call.

Section 28. Compliance with Law.

FRANCHISEE shall perform all Collection, transportation and disposal operations in accordance with applicable federal, state, and local law, including the Citrus Heights Municipal Code, and in accordance with all regulations promulgated under such laws, and in accordance with the terms and conditions of this Agreement.

Section 29. Permits and Licenses.

FRANCHISEE shall obtain and maintain, at FRANCHISEE'S sole cost and expense, all permits and licenses applicable to FRANCHISEE'S operations under this Agreement required of FRANCHISEE by any governmental agency.

Section 30. Administrative Charges.

It shall be the duty of FRANCHISEE to perform services under this Agreement in such a manner as to ensure that services are of the highest caliber. In the event FRANCHISEE fails to perform the services set forth in this Agreement, CITY General Services Director may assess administrative charges against FRANCHISEE in the following amounts:

a.	Failure to clean up spillage or litter caused by FRANCHISEE.	1st violation $200.00; 2nd violation $500.00; 3rd violation $1,000.00
b.	Failure to maintain equipment in a clean, safe, and sanitary manner.	1st violation $200.00; 2nd violation $500.00; 3rd violation $1,000.00
c.	Failure to have a vehicle operator properly licensed.	1st violation $200.00; 2nd violation $500.00; 3rd violation $1,000.00
d.	Failure to properly cover materials in Collection vehicles.	1st violation $200.00; 2nd violation $500.00; 3rd violation $1,000.00
e.	Failure to return CITY or CITY's representative calls, e-mails or correspondence within two business days, two or more times within thirty (30) consecutive days.	$200.00 per occurrence

f.	Failure to return Customer's calls, e-mails or correspondence within two business days, two or more times within thirty (30) consecutive days.	$200.00 per occurrence
g.	Disposal of Source Separated Recyclable Materials, and/or Organic Recyclable Materials in a disposal facility or landfill without first obtaining the written permission of CITY.	$500.00 per occurrence
h.	Disposal of C&D Debris at any facility other than a City-Approved C&D Sorting Facility without first obtaining the written permission of CITY.	$500.00 per occurrence
i.	Failure to deliver any Collected materials to a disposal facility, City-Approved Material Recovery Facility, City-Approved Organics Processing Facility or other processing facility as applicable, except as otherwise expressly provided in this Agreement.	$5,000.00 first failure; $25,000.00 each subsequent failure
j.	Failure to submit complete and correct information or reports on time and in accordance with Section 8 and 18 of this Agreement.	$50.00 per day for 1-15 business days; $100 per day greater than 15 business days.
k.	Failure to submit franchise fee payment in accordance with Section 7 and 8 of this Agreement.	$100 per business day
l.	Failure to meet diversion requirements in accordance with Section 9 of this Agreement.	$20.00 per one ton shortfall needed to meet 30% diversion requirement per quarter
m.	Failure to follow the noticing procedures for non-compliant Customers outlined in Section 14 of this Agreement.	$50.00 per occurrence
n.	Failure to have Collection Container compliant with SB 1383 specifications in Section 24.	$50.00 per Collection Container
o.	Failure to stop Commercial Garbage Collection Service for Customers that are non-compliant with the CHMC and in accordance with Section 14 of this Agreement.	$50.00 per customer per Day
p.	Failure to maintain call center hours as required by this Agreement.	$100 per day.
q.	Operation of Overweight Collection Vehicles, as set forth by Section 22.	$500 per day per load after CITY has considered FRANCHISEE's reason for overweight vehicles.

r.	Failure to remove collection containers from Customer property within ten (10) business days following termination of Customer Service Agreement or notification from City Agreement Administrator/Operations Manager of the approval for an Alternative Compliance or Exemption.	$50 per container per day
s.	Failure to comply with the requirements of this Agreement or Citrus Heights Municipal Code not specified in items a. through s. following written notice from CITY to FRANCHISEE of deficiency.	$250.00 per incident

Section 31. Changes in Law.

a. CITY and FRANCHISEE understand and agree that the California Legislature has the authority to make comprehensive changes in Solid Waste Management legislation and that these and other changes in law in the future which mandate certain actions or programs for counties or municipalities may require CITY to make changes or modifications in some of the terms, conditions or obligations under this Agreement. FRANCHISEE agrees that the terms and provisions of the Citrus Heights Municipal Code, as it now exists or as it may be amended in the future, shall apply to all of the provisions of this Agreement and the Customers of FRANCHISEE located within the CITY.

b. FRANCHISEE shall not receive diversion credit for Designated Green Materials or other Designated Organic Recyclable Materials that are delivered to a City-Approved Organics Processing Facility or other facility for disposal if that facility uses such material for alternative daily cover and FRANCHISEE shall not report Designated Green Materials or other Designated Organic Recyclable Materials as diversion on its quarterly reports if such material is delivered to a City-Approved Organics Processing Facility or other facility for disposal if that facility uses such material for alternative daily cover, as of that date.

Section 32. Default, Termination.

a. Default. Except for the occurrence of Force Majeure, in the event of any material failure or refusal of FRANCHISEE to comply with any obligation or duty imposed on FRANCHISEE under this Agreement or the Citrus Heights Municipal Code, the General Services Director or his or her designee and FRANCHISEE shall meet and confer in good faith in an effort to agree on a resolution and cure of the breach. If the parties are unable to agree on the informal resolution or cure of the breach within ten (10) business days, the City Council shall have the right to terminate this Agreement if:

(1) Following the ten (10) day meeting period described above, the General Services Director or his or her designee shall have given written notice to FRANCHISEE specifying that a particular default or defaults exists which

will, unless corrected, constitute a material breach of this Agreement on the part of FRANCHISEE, and

(2) FRANCHISEE fails to correct such default or fails to take reasonable steps to commence to correct such default within thirty (30) days from the date of the notice given by the General Services Director or his or her designee under Section a. (1) above and FRANCHISEE thereafter fails to diligently continue to take reasonable steps to correct such default. Reasonable steps to cure include a written remediation or work plan submitted to the City within 30 days from the date of notice to be approved by the General Services Director.

b. The following events shall also constitute a material breach and default under this Agreement:

(1) Misrepresentation. Any misrepresentation or disclosure made to CITY by FRANCHISEE in connection with or as an inducement to entering this Agreement or any future amendment to this Agreement, which proves to be false or misleading in any material respect as of the time the representation or disclosure is made, whether or not any such representation or disclosure appears as part of this Agreement.

(2) Fraud or Deceit. If FRANCHISEE practices, or attempts to practice, any fraud or deceit upon CITY.

(3) Failure to Maintain Coverage. If FRANCHISEE fails to provide or maintain in full force and effect any of the insurance coverage as required by this Agreement.

(4) Violations of Regulation. If FRANCHISEE violates any permits, orders or filing of any regulatory body having jurisdiction over FRANCHISEE which violation or non-compliance materially affects FRANCHISEE'S ability to perform under this Agreement, provided that FRANCHISEE may contest any such orders or filings by appropriate proceedings conducted in good faith, in which case no breach of the Franchise shall be deemed to have occurred during the pendency of the contestation or appeal, to the extent FRANCHISEE is able to adequately perform during that period.

(5) Acts or Omissions. Any other act or omission by FRANCHISEE which materially violates the terms, conditions, or requirements of this Agreement, Citrus Heights Municipal Code, AB 939, as it may be amended from time to time, or any order, directive, rule, or regulation issued thereunder and which is not corrected or remedied within the time set in the written notice of the violation or, if FRANCHISEE cannot reasonably correct or remedy the breach within the time set forth in such notices, if FRANCHISEE should fail to commence to correct or remedy such violation within the time set forth in such notice and diligently effect such correction or remedy thereafter.

(6) Termination of Service. In the case of a breach related to the above Sections b. (1) through (5), and the breach continues for more than thirty

(30) calendar days after written notice from the General Services Director for the correction thereof , provided that where such breach cannot be cured within such thirty (30) day period , FRANCHISEE shall not be in default of this Agreement if FRANCHISEE shall have commenced such action and reasonable steps required to cure the particular breach within ten (10) days after such notice, and it continues such performance diligently until completed.

c. Termination. Upon the occurrence of a material breach, the City Council shall have the right to terminate this Agreement. In the event FRANCHISEE fails to cure the material breach specified in a written notice from the General Services Director, then failure to cure may result in a declaration of termination of this Agreement by CITY.

d. Force Majeure. The performance of this Agreement may be discontinued or temporarily suspended in the event of Force Majeure. FRANCHISEE shall not be deemed to be in default and shall not be liable for failure to perform under this Agreement if FRANCHISEE'S performance is prevented or delayed by Force Majeure which FRANCHISEE could not have reasonably foreseen or anticipated. For purposes of this Section, Force Majeure means acts of God including landslides, lightning, forest fires, storms, floods, freezing and earthquakes, civil disturbances, strikes, lockouts, or other industrial disturbances, acts of the public enemy, wars, blockades, public riots, breakage, explosions, or government restraint. Notwithstanding anything to the contrary herein, CITY and FRANCHISEE agree that the settlement of strikes, lockouts or other industrial disturbances, and litigation, including appeals, shall be entirely within the discretion of FRANCHISEE and FRANCHISEE may make settlement thereof at such time and on any such terms and conditions as it may deem to be advisable, and no delay in making such settlement shall deprive FRANCHISEE of the benefit of this Section. Should FRANCHISEE believe an event qualifying as force majeure has or will occur, FRANCHISEE shall give CITY written notice thereof, the details of such event, FRANCHISEE's proposed action to address the event, and the period of time which FRANCHISEE believes will cause delay. Depending on the length of the event, CITY shall have the option to seek alternative performance under this Agreement.

e. The General Services Director shall serve written notice, either personally or by registered or certified mail, postage prepaid of the termination of a Franchise under this Agreement to the last place of business of FRANCHISEE and FRANCHISEE shall cease operation under its Franchise within ten (10) calendar days.

Section 33. Conditions Upon Termination.

a. In the event this Agreement is terminated:

(1) FRANCHISEE shall have no right or authority to provide Commercial Collection Service and Temporary Debris Box Service in CITY.

(2) FRANCHISEE shall, however, remain liable to CITY for any and all franchise fees that would otherwise be payable by FRANCHISEE, for any and all late payment charges and interest assessed pursuant to Section 8

of this Agreement and for any and all delinquent report charges assessed pursuant to Section 18 of this Agreement.

(3) FRANCHISEE shall have a continuing obligation to submit to CITY all reports and forms required by Sections 8 and 18 of this Agreement that relate to Commercial Collection Service and Temporary Debris Box Service performed by FRANCHISEE up to and including the date of termination.

b. In the event this Agreement is terminated, then within the time period specified by the City Council and if directed by the General Services Director, FRANCHISEE shall remove all of FRANCHISEE's Containers from all of FRANCHISEE's Collection service locations within the City and shall properly dispose or process all Solid Waste in such Containers.

Section 34. Notices.

Except as otherwise provided in this Agreement, all notices required by this Agreement shall be given by personal service, overnight delivery service, or by deposit in the United States mail, postage pre-paid and return receipt requested, addressed to the parties as follows:

To CITY: General Services Director
City of Citrus Heights
6360 Fountain Square Drive, Citrus Heights, CA 95621

To FRANCHISEE: _____
(Company Name)

_____
(Contact Person)

_____
(Street Address line 1)

_____
(Street Address line 2)

_____
(City, State, Zip Code)

Notice shall be deemed effective on the date personally served or, if mailed, three days after the date deposited in the mail unless otherwise specified in this Agreement.

Section 35. Relationship of Parties.

The parties intend that FRANCHISEE shall perform the services required by this Agreement as an independent FRANCHISEE and not as an officer or employee of CITY

nor as a partner of or joint venturer with CITY. No employee or agent of FRANCHISEE shall be deemed to be an employee or agent of CITY and shall not obtain any rights to retirement benefits, worker's compensation benefits, or any other benefits which accrue to the employees of CITY by virtue of their employment with said agency. Except as expressly provided herein, FRANCHISEE shall have the exclusive control over the manner and means of conducting the Commercial Collection Service and Temporary Debris Box Service performed under this Agreement and all persons performing such services. FRANCHISEE shall be solely responsible for the acts and omissions of its officers, employees, subcontractors and agents.

FRANCHISEE agrees that this Agreement is not made in the interest of, or on behalf of, any undisclosed person, partnership, Franchisee, association, organization, or corporation. FRANCHISEE has not directly or indirectly colluded, conspired, connived or agreed with any person, partnership, FRANCHISEE, association, organization, or corporation to secure any advantage against CITY.

Section 36. Compliance with Law.

In providing the services required under this Agreement, FRANCHISEE shall at all times, at its sole cost, comply with all applicable laws of the United States, the State of California, CITY and other states, or counties which may have jurisdiction over any service provided in this Agreement and with all applicable regulations promulgated by any federal, state, regional or local administrative and regulatory agency, now in force and as they may be enacted, issued or amended during the term of this Agreement.

Section 37. Governing Law.

This Agreement, and all rights, obligations, duties, and liabilities pursuant to it, shall be governed by, and construed and enforced in accordance with, the laws of the State of California.

Section 38. Jurisdiction.

The parties agree that any litigation concerning or arising out of this Agreement shall be filed and maintained exclusively in the Municipal or Superior Courts of Sacramento County, State of California, or in the United States District Court for the Eastern District of California to the fullest extent permissible by law. With respect to venue, the parties agree that this Agreement is made in and will be performed in the CITY. Each party consents to service of process in any manner authorized by California law.

Section 39. Assignment.

a. FRANCHISEE acknowledges that this Franchise Agreement involves rendering a vital service to the businesses within CITY, and that CITY has franchised FRANCHISEE to perform the services specified herein based on: (1) FRANCHISEE'S experience, skill and reputation for conducting its Commercial Collection Service and Temporary Debris Box Service in a safe, effective and responsible fashion, at all times

in keeping with applicable waste management laws, regulations and good Garbage, Recyclable Materials and Organics Recyclable Materials management practices; and (2) FRANCHISEE's financial resources to maintain the required equipment and to support its indemnity obligations to CITY under this Agreement. CITY has relied on each of these factors, among others, in choosing FRANCHISEE to perform the services to be rendered by FRANCHISEE under this Agreement.

b. Any Franchise granted is a privilege to be held in trust by the original FRANCHISEE. This Franchise Agreement shall not be transferred, sold, leased, assigned, or relinquished, or delegated to another person, either in whole or in part, whether by forced sale, merger, consolidation, bankruptcy laws or otherwise, without the prior approval of the City Council. This restriction includes the transfer of ownership of FRANCHISEE, or a majority of the ownership or control of FRANCHISEE, or the conveyance of a majority of FRANCHISEE's stock to a new controlling interest. This Agreement shall become void upon the abandonment of same by FRANCHISEE. The City Council shall not unreasonably withhold approval of a Franchise assignment, provided that such assignment does not unreasonably impact competition and the assignee is qualified to perform its obligations as required by this Franchise Agreement and any implementing CITY ordinance.

c. FRANCHISEE shall promptly notify the General Services Director in writing in advance of any proposed assignment, sale, or transfer. In the event the City Council approves of any assignment, sale, or transfer, said approval shall not relieve FRANCHISEE of any of its obligations or duties under this Agreement unless this Agreement is modified in writing to that effect.

Section 40. Binding on Successors.

The provisions of this Agreement shall inure to the benefit of and be binding on the successors and permitted assigns of the parties.

Section 41. Waiver.

a. The waiver by either party of any breach or violation of any provisions of this Agreement shall not be deemed to be a waiver of any breach or violation of any other provision nor of any subsequent breach or violation of the same or any other provision.

b. The subsequent acceptance by either party of any monies, which become due hereunder, shall not be deemed to be a waiver of any preexisting or concurrent breach or violation by the other party of any provision of this Agreement.

Section 42. FRANCHISEE'S Investigation.

FRANCHISEE has made an independent investigation, satisfactory to it, of the conditions and circumstances surrounding the Agreement and the work to be performed by it.

Section 43. Entire Agreement.

This Agreement, including any Exhibits, represents the full and entire Agreement between the parties with respect to the matters covered herein.

Section 44. Interpretation.

This Agreement shall be interpreted and construed reasonably and neither for nor against either party, regardless of the degree to which either party participated in its drafting.

Section 45. Amendment.

This Agreement may not be modified or amended in any respect except by a written agreement duly approved and signed by the parties.

Section 46. Severability.

If any nonmaterial provision of this Agreement is for any reason deemed to be invalid and unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Agreement, which shall be enforced as if such invalid or unenforceable provision had not been contained herein.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

CITY OF CITRUS HEIGHTS, a municipal corporation

By _____
Regina Cave, General Services Director

Date: _____

ATTEST:

_____
Amy Van, City Clerk

APPROVED AS TO FORM:

_____
Ryan R. Jones, City Attorney

FRANCHISEE

By _____

Name:_____

Date: _____

Exhibit 1

City of Citrus Heights, CA
FRANCHISEE DIVERSION PLAN
(to be included as part of FRANCHISEE's Annual Agreement Packet)

Exhibit 2

City of Citrus Heights, CA
ANNUAL PLAN TEMPLATE

(to be included as part of FRANCHISEE's Annual Agreement Packet) Please complete the following annual plan, detailing your compliance with requirement detailed in Sections 9 and 18.

---

(1) Describe the methodology to meeting the City and State's diversion requirements as specified in Section 9 (30% diversion requirement).

(2) Provide a description of the following related to SB 1383 Covered Generators:

a. Proposed methodology for identifying Covered Generators

b. Proposed methodology for identifying and tracking compliant and noncompliant Covered Generators

c. Proposed efforts for increasing subscription levels.

(3) Complete details for your Company's three education and outreach campaigns:

Campaign #1: Directed to all Customers specific to organics and recycling.

a. Please provide the specific education and outreach material to be provided to all customers:

b. Please provide the specific education and outreach material to be provided to multifamily residential properties:

c. Please attach the signage that will be provided to customers for outdoor Solid Waste Recyclable Material and Organic Recyclable Material carts, bins and roll-off containers. How will these signs be attached to the carts, bins and roll-off containers?

d. Please attach the signage that will be provided to Customers for indoor signage for Garbage, Recyclable Material and Organic Recyclable Material carts, bins and roll-off containers. Will this be made available to Customers online and/or printed? Free or at charge?

Campaign #2: Directed to all non-compliant Customers (those that do not have recycling and/or organics service and have not received an approved

exemption/alternative compliance from the City. If efforts for each service are different, please specify.

a. Please provide the reinforcement mechanism you will use to follow-up with noncompliant businesses:

b. Please provide the reinforcement mechanism you will use to follow-up with noncompliant multifamily residential properties:

Campaign #3: Company's choice

c. Please provide details about the additional education and outreach campaign that you plan to engage.

Exhibit 3

City of Citrus Heights, CA
ANNUAL REPORT
Due March 1st Annually

Please complete the following report, detailing your compliance with requirement Section 18.

1. **Report Back on 3 Campaigns (**Please provide a status update of the efforts made during the previous calendar year to implement the campaigns as provided in your annual plan in October).

    - Campaign #1: Directed to all Customers. If efforts for each law were different, please specify.
    - Campaign #2: Directed to all non-compliant Customers. If efforts for each law were different, please specify.
    - Campaign #3: Company's choice

2. **New Outreach Material Developed (***Please indicate any outreach material that is new i.e. was created in previous calendar year –updates to existing outreach material to be mentioned in following question).*

3. **Updates to Ongoing Outreach Material** *(Please indicate if/what updates were made to existing outreach material such as your website, annual print material, etc.).*

4. **New Programs Developed** *(Please indicated any programs that were created in the previous calendar year - include description, dates performed, and outcomes of each program).*

5. **Ongoing Program Updates** *(Please indicate any ongoing project updates – include a description, dates performed, and outcomes of each program).*

6. **Events that were Provided Services** *(Please indicate any events within the City that you provided disposal or diversion services to – additionally, indicate any events that had over 2,000 event attendees + staff, AND admission price was charged – Include if/how waste was diverted at the event).*

7. **Provide an update on end-markets for Recyclable Materials and any identified fluctuations from the previous calendar year.**

Company: _____

Name (printed): _____

Signature: _____ Date: _____

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Exhibit 4:

City of Citrus Heights, CA

CITY-APPROVED FACILITIES AND SAMPLE WEIGHT TAGS

FRANCHISEE to provide copies of weight tags & list of facilities for processing and disposal – for City-Approval