

AGREEMENT

This agreement is entered on December 15, 2004, by and between the City of Imperial, a municipal corporation, hereinafter referred to as "City," and Allied Waste Transportation, Inc., a Delaware corporation qualified to do business in California, dba Valley Environmental, hereinafter referred to as "Contractor."

WITNESSETH

WHEREAS, City requires services for the collection and disposal of solid waste generated within the City; and

WHEREAS, Contractor submitted a proposal which has been found acceptable, in concept, by the City; and

WHEREAS, terms utilized herein shall have the meanings set forth in Exhibit 1.

NOW, THEREFORE, BE IT AGREED AS FOLLOWS:

1. SCOPE OF SERVICES. Contractor will provide all labor and equipment necessary to perform services in accordance with the terms and conditions hereinafter set forth and as contained in Chapter 10 of the ordinances of the City as said ordinances currently exist or may hereinafter be amended. Contractor's tasks shall include the following:

a) Area of Service. Contractor shall provide service to the incorporated area of the City of Imperial as it currently exists or may be subsequently amended pursuant to the laws relating to annexation and detachment. City shall provide Contractor thirty (30) days written notice of any change in service area.

b) Service. Contractor shall provide solid waste collection service to residential occupancies containing four (4) or fewer separate living units, no less than one (1) time per week. Said service shall be provided to residential occupancies containing four (4) or more separate living units and commercial and industrial establishments on the basis of need. Government and public agencies shall be classified as industrial establishments for the purposes of this contract, except, however, said government and public agencies shall not be required to use the services of Contractor. For residential service, Contractor shall provide "three can" service whereby a green container shall be provided for green waste, black for household waste and brown/blue for recyclable material. Contractor shall collect and dispose of bulky goods and special wastes from residential premises as set forth in Exhibit 2. Recycling and green waste collection shall be carried out as set forth in Exhibit 3. Except as specifically set forth herein, so long as Contractor is not in breach of this Agreement, City agrees not to contract with another Contractor or company to provide solid waste collection, except for solid waste not required to be picked up by this Contractor.

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c) Vehicles and Vehicle Maintenance. Contractor shall maintain all trucks and equipment used within the City in good mechanical condition. Trucks and/or equipment shall be clean and uniformly painted. All equipment used in the performance of this Agreement shall be subject to inspection by the City, and, upon reasonable notice given by the City to the Contractor, the Contractor shall make the equipment available for inspection. If the City finds that any equipment being used by the Contractor is not in satisfactory condition, the defect so found shall be corrected by the Contractor within three (3) days of receipt of notice thereof. The term "satisfactory condition" as herein used shall include, but shall not be limited to, vehicle equipment that does not have oil leaks, excess grease drippings, hydraulic fluid spillage or any other kind of spillage that could cause hazard or an unsightly appearance to the City rights-of-way or private properties. If said defects are not corrected within said period of time, then that piece of equipment requiring correction of defects shall not be used by Contractor in the performance of the Agreement. All trucks and equipment used within the City by the Contractor shall conform to all applicable California State Vehicle Codes; furthermore, Contractor's vehicles shall be registered within the State of California.

Vehicles that are not operating properly shall be taken out of service until they are repaired and do operate properly. Contractor shall keep accurate records of all vehicle maintenance and repairs, recorded according to date and mileage, nature of maintenance or repair and the signature of a maintenance supervisor or mechanic that the maintenance or repair has been properly performed. Contractor shall make such records available to City on request, to the extent necessary to perform the inspections authorized by this Agreement.

d) Traffic and Noise. Contractor shall so conduct his operation as to offer the least possible obstruction and inconvenience to public traffic or disruption of the peace and quiet of the area within which collections are effected. Collections of refuse may be made at any time in response to complaints, and shall be made in emergency situations where for health or safety reasons immediate collection is warranted.

e) Reports. Contractor shall provide Quality of Service Reports, Complaint Logs, Recycle/Diversion Reports, and Landfill Tonnage Reports to the City on a monthly basis. Tonnage Reports shall depict commercial and residential and include green waste and, with respect to recyclables, the amount recovered versus what is placed in the landfill.

f) Container Location/Delivery. If any containers are placed within City right of way, such practice shall cease no later than 6 months from the date of execution of this agreement. All containers shall be returned to permanent locations immediately following pick up. Contractor shall remove graffiti from containers no later than three working days after notification.

City shall notify Contractor to arrange delivery of residential containers. Commercial customers will be referred to Contractor to arrange delivery. Containers shall be delivered to new residential and commercial customers within 3 working days of notification. A replacement container shall be provided within 3 working days of notice that a replacement is necessary.

City shall give Contractor 3 working days notice of Contractor's failure to perform as set forth herein. If Contractor does not thereafter perform, the City may deduct from sums otherwise owing the Contractor the sum of \$100.00. If Contractor does not perform within 3 working days of the penalty, City may proceed as set forth in paragraph 19.

2. TERM. The term of this Agreement shall commence on _____, 2004, and shall expire on June 30, 2008, provided, however, that said term may be extended for an additional two (2) year period on such terms as may be agreed upon by the parties. If the terms of the extension are not reduced to writing and signed by both parties by December 1, 2007, this agreement shall terminate on June 30, 2008.

3. PICK UP DAYS AND HOURS. Contractor, may in its discretion, establish pick up days except that no service shall be provided on Sunday unless an emergency or holiday makes Sunday pick up necessary to maintain a regular pick up schedule. Collection shall not begin prior to six o'clock a.m.

4. SOLID WASTE RECEPTACLES AND CONTAINERS. Solid waste receptacles and containers shall be in conformity with Article 3, Chapter 10 of the City Ordinances. Contractor shall not be responsible for pick up from unapproved receptacles or containers except that Contractor agrees to pick up cardboard boxes and plastic bags where said boxes and bags are otherwise in conformity with the Ordinance. Contractor shall promptly clean up litter generated during the course of making its collection from approved containers.

5. OFFICE. Contractor shall establish and maintain an office. Said office shall maintain telephone service and shall be adequately staffed and open no less than Monday through Friday, from eight o'clock a.m. to five o'clock p.m.

6. SOLID WASTE NOT REQUIRED TO BE PICK UP. No material need be accepted that is prohibited by federal or state regulations. By way of example and not a complete list, such material includes hazardous wastes as defined by state and federal law.

7. DISPOSAL SITE. Contractor shall dispose of all solid waste collected only at a site or facility which has obtained all necessary licenses and entitlements from any governmental agencies having jurisdiction over same. City reserves the right to direct the waste stream. The City shall provide Contractor with written notice at least 3 months prior to directing the waste stream to a facility other than the current landfill

located at 104 East Robinson Road, Imperial, California. The parties agree to negotiate in good faith any changes in rates related to using another site. If the parties do not agree on a rate during said period, either party may terminate this agreement by giving 3 months written notice.

8. CURB AND ALLEY SERVICE. Contractor shall provide alley service in the commercial areas. Alleys shall not be utilized where collection equipment must be backed out. Alley service will not be provided in residential areas.

9. WALK-UP SERVICE FOR DISABLED PERSONS. Contractor agrees to provide walk-up service to persons who, because of a physical disability, cannot transport containers to a location where they may be serviced.

10. SPRING CLEAN-UP/CHRISTMAS TREE COLLECTION. At no additional cost to City, Contractor, during May of each year, shall provide a spring clean-up of the sort conducted during May of 2004. Such event includes a curbside Friday-Saturday pickup with an unadvertised Monday final pass to retrieve items which may have been placed late. Additionally, Contractor at no additional cost to City shall provide Christmas tree collection. The parties shall agree upon the areas to be designated for drop off and the times of collection. Curbside pickup will be provided for those City residents whose physical disabilities make it impractical to transport the tree to the designated location.

11. CITY FACILITIES AND EVENTS. Contractor shall provide City refuse collection at the following rates:

Once per week pickup -	2 yard containers	\$19.77
	3 yard containers	\$26.37
	4 yard containers	\$32.93
	40 yard roll-off (per pickup)	\$100.00

Recycling and green waste containers and pickup shall be provided at no charge to City at facilities designated by City. Further, there will be no charge for containers and pickup for five (5) special events.

12. BILLING. Contractor will bill commercial/industrial and roll-off billings directly and will provide the City with a detailed listing of account charges including the 9% franchise fee and AB 939 fees on a monthly basis. City will continue to bill all residential accounts. Contractor acknowledges City may, in its discretion, alter the timing of its billing from time to time and further acknowledges that City intends to bill one-half of the residential customers in the first of each month and one-half on the 15th of each month. Contractor shall be compensated no later than the fifteenth of the month, following the month services were rendered. Rates are attached hereto as Exhibit 4. Additionally, the City may establish a fee in order to fund environmental

charges mandated by federal and state law associated with land fill operation and closure requirements.

13. FRANCHISE FEE. Ninety-one percent (91%) of amounts collected for service shall be remitted to Contractor. Nine percent (9%) may be retained by City as a franchise fee/charge for billing and administrative services. The Franchise Fee shall also apply to commercial accounts and shall be accounted for and remitted monthly by Contractor.

14. AMOUNT OF SOLID WASTE. Contractor shall remove all solid waste presented for collection in the designated containers without limit as to the amount or nature thereof, except as expressly herein provided in Section 6. Notwithstanding the foregoing, Contractor has the right to require customers who regularly set out waste that exceeds the capacity of the container to obtain a larger or an additional container, at such customer's expense. For purposes of this paragraph, "regularly" is defined as more than three (3) consecutive pickups.

15. UNIFORMS. Contractor's employees shall at all times be dressed in clean uniforms bearing the company name and/or logo. Employees shall not remove portions of the uniform while working.

16. COLLECTION ROUTES. Within thirty (30) days of the date of execution of this Agreement, Contractor shall submit to the City a proposed plan setting forth collection routes. Said plan shall include the proposed days of collection for each such route.

17. USE OF CONTRACTOR'S SITE. Residents of the City may utilize Contractor's disposal site free of charge. Contractor may require proof of residence. Commercial use of Contractor's disposal site by City residents shall be at applicable fees. City's "occasional" use of Contractor's site will be free of charge. "Significant" City use of Contractor's site will be charged the lesser of fifty percent (50%) of rate charged by the City of Imperial or fifty percent (50%) of rates posted at the Contractor's site. For purposes of this paragraph, "significant" City use is defined as more than fifteen forty (40) yard roll-ups per calendar year.

18. HOLIDAYS. The Contractor may observe the following legal Holidays:

- New Year's Day
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving Day
- Christmas Day

Contractor shall provide collection services for any holiday falling on a day except Sunday. Residential trash service for legal holidays shall be on the next

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business day. For example, a Monday holiday, residential trash service will be performed on Tuesday. Commercial trash service will be either the day before or the day after the legal holiday. For example, on a Monday holiday, the commercial trash service will be performed on Tuesday.

19. BREACH OF AGREEMENT. If Contractor fails to collect and dispose of refuse as required by this Agreement for a period in excess of two (2) consecutive working days, City may employ such means as it deems advisable and appropriate to continue work, including but not limited to, temporarily hiring another Contractor until the matter is resolved and Contractor is again able to carry out his operations and obligations under this Agreement. In that event, City shall deduct any and all operating expenses incurred by City from any money then due or to become due to Contractor and, should the City's cost for continuing the operation exceed the amount due Contractor, the City may then collect such amount from the Contractor.

All terms, conditions and specifications of the Agreement are considered material and failure to perform any part of the Agreement, shall be considered a breach of the Agreement. Should either party fail to perform any of his obligations herein, the other party may, at its option, terminate the Agreement fifteen (15) days after written notification to the other party of the violation and failure of the party to remedy the violation within said time. In the event performance is precluded by a Force Majeure, the parties will not terminate the agreement pursuant to this provision during the pendency of the incident giving rise to the Force Majeure.

Any violation of the terms of this Agreement by the Contractor shall immediately be brought to the attention of the Contractor. Should the violation not be immediately addressed and corrected, the Contractor shall receive written notification of the violation as set forth herein, and the corrective action required to be accomplished within that time frame. In the event of failure to comply with the notice, the City may take whatever action is appropriate to correct the violations under this Agreement, or as otherwise allowed under law.

20. WASTE DIVERSION.

a) State Mandate (AB939). California Public Resources Code establishes goals for diverting waste from landfills. The parties agree to cooperate to achieve mandated levels of diversion.

b) Contractor Waste Diversion Responsibility. The Contractor shall provide full cooperation with the City's Waste Diversion activities and in the implementation of the City's "Source Reduction and Recycling Element" (SRRE). The Contractor shall comply with the Waste Diversion reporting requirements established by the State for the City. The Contractor shall cooperate with the City's efforts to develop and to implement public education and information programs designed to promote source reduction, recycling and composting in general, as well as specific Waste

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Diversion strategies identified in the City's Source Reduction and Recycling Element. The Contractor shall implement the strategies and schedules developed by the City. Failure of Contractor to perform its obligations under this Section which is the direct cause for penalties to be imposed against the City pursuant to the provisions of Chapter 6 of the Public Resources Code of the State of California, shall cause the Contractor to reimburse the City for such portion of the fine attributable to such failure to perform. Contractor shall keep City advised of the costs and revenues from any strategies implemented and any rate adjustments required, which rate adjustments will not be unreasonably withheld. Further, in the event City does not meet waste diversion goals mandated by law, City, in its discretion, may permit other contractors to provide "roll-off" service. For purpose of this paragraph "roll-off" includes containers of ten (10) cubic feet and larger.

c) Ownership of Waste and Recyclables. Upon collection, all municipal solid waste and recyclable materials shall become the property of the Contractor. Commercial customers may use a company other than Allied for recyclable material. Contractor shall pay to City the sum of five (\$5.00) dollars per ton. Contractor shall pay said amount monthly and shall provide a written report demonstrating the basis for payment. Contractor shall also maintain a phone log of calls it receives in connection with the recycling program.

d) AB939 Studies. The Contractor shall conduct annual waste analysis studies as may be required to indicate compliance with the California Integrated Waste Management Act (AB939) and the City's adopted SRRE. Such studies shall include, but not be limited to, a waste characterization study and may be completed in cooperation with the County of Imperial's study. The Contractor shall provide this work, quarterly and annual reports of tonnage and amounts diverted, at no cost to the City.

21. BANKRUPTCY. If a voluntary or involuntary petition in bankruptcy is filed on behalf of or against the Contractor, City may terminate the Contract effective on the date the petition is filed.

22. COMPLIANCE WITH LAWS. All work to be performed by the Contractor pursuant to the terms of this Agreement shall be performed in accordance with all laws, Ordinances and regulations of the United States, State of California and the City of Imperial now in effect or hereafter enacted.

23. PERMITS AND LICENSES. Contractor shall obtain all permits and licenses required by any governmental agency to perform the services set forth in this Agreement.

24. INDEMNITY. Contractor shall defend, indemnify and save harmless the City and its officers, agents and employees from any and all claims, demands, damages, costs, expenses or liability arising out of this Agreement or occasioned by the

negligent performance of the provisions hereof, including, but not limited to, any negligent act or omission to act on the part of Contractor or his agents or employees or independent contractors directly responsible to it.

25. INDEPENDENT CONTRACTOR. Contractor, its officers, employees, agents and consultants are independent contractors and not employees of the City.

26. WORKERS' COMPENSATION. Contractor shall obtain and maintain during the term of performance of this Agreement; such Worker's Compensation insurance as may be necessary to protect itself from claims under Workers' Compensation laws and to relieve the City of any responsibility thereunder.

27. PERFORMANCE BOND. Contractor shall furnish to City a performance bond for the faithful performance of this Contract and all obligations arising hereunder in the amount of twenty five thousand dollars (\$25,000). Said bond shall be executed by a surety company licensed to do business in the State of California. Contractor may make a cash deposit of said amount in lieu of a bond.

28. INSURANCE. The Contractor shall secure and maintain throughout the duration of the Agreement insurances of such types and not less than amounts as hereinafter listed with coverages as follows:

TABLE OF INSURANCE

<u>TYPE OF INSURANCE</u>	<u>LIMITS OF LIABILITY</u> (Minimum Combined Single Limit)
GENERAL LIABILITY	\$1,000,000
Comprehensive Form	
Premises Operations	
Explosion and Collapse Hazard	
Contractual Insurance	
Broad Form Property damage	
Independent Contractors	
Personal Injury	
AUTOMOBILE LIABILITY	\$1,000,000
Comprehensive Form	
Owned	
Hired	
Non-Owned	
EXCESS LIABILITY	\$2,000,000 Excess of Primary
Umbrella Form	

EMPLOYER'S LIABILITY

\$500,000

a) Liability. The Contractor shall file with the City and maintain on file throughout the term of this Agreement a Comprehensive Liability Insurance Policy issued by a company duly authorized to do business in the State of California, insuring both the City and the Contractor with respect to the work performed by the Contractor under the terms of this Agreement. The City shall be named as an additional insured on the Contractor's policy and the policy shall contain an appropriate Severability of Interest Clause and Cross Liability Endorsement.

A Certificate of Insurance naming the City as additional insured shall be furnished for approval by the City Manager on each policy. The City shall be notified by the insurer a minimum of thirty (30) days prior to effective date of any modification or cancellation of the above insurance. The acceptance of insurance, or any subsequent modification, is subject to the approval of the City Manager.

Regardless of such approval by the City Manager, it shall be the responsibility of the Contractor to maintain adequate insurance coverage at all times during the term of this Agreement, and failure to do shall not relieve him of any part of the contractual obligations or responsibilities. Failure on the part of the Contractor to maintain their insurances in full effect shall be considered as a material breach of the Agreement and will be treated as such by the City.

29. CERTIFICATES OF INSURANCE. Contractor shall provide a certificate of insurance for each insurance policy to City prior to commencement of work under this Agreement. Contractor's failure or refusal to procure or maintain the insurance as required herein, or failure or refusal to furnish proof of same shall be cause for City to terminate this Agreement.

30. NOTICES. Notices under this Agreement shall be given as follows:

- a) City Manager
City of Imperial
420 S. Imperial Avenue
Imperial, California 92251
- b) Valley Environmental Services
3354 Dogwood Road
Imperial, California 92251

31. ASSIGNMENTS. No assignment of this Agreement or any rights thereunder shall be made without the express written consent of the City which consent shall not be unreasonably withheld; provided however, Contractor may assign this Agreement to any lender to Contractor or any of its affiliates as a collateral assignment without the consent of the City.

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32. TRANSFER OF STOCK OR INTEREST. Each and every change of principal, or assignment of any interest on the part of such Contractor during the term of this Agreement shall be subject to prior written approval of such transfer of stock or other interest.

33. TITLE TO WASTES. Contractor shall have vested title to all solid waste materials collected under his Contract.

34. ATTORNEYS' FEES. If any party commences an action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the losing party, reasonable attorneys' fees and costs of suit.

35. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties and no amendments or authorization shall be binding upon the parties unless in writing and signed by the party to be charged.

THIS AGREEMENT is executed on the day and year first above written and shall be binding upon the parties hereto, their heirs, successors and assigns.

CITY OF IMPERIAL, CALIFORNIA
a municipal corporation

ALLIED WASTE TRANSPORTATION,
INC., a Delaware corporation dba Valley
Environmental

By 

By 
Its General Manager

ATTEST:

By 
Debra Jackson, City Clerk

EXHIBIT 1

DEFINITIONS

1. "AB 939" means the California Integrated Waste Management Act of 1989, (California Public Resources Code §40000 et seq.) as it may be amended from time to time, and as implemented by the regulations of the California Integrated Waste Management Board (hereafter "Board").

2. "AB 939 Administrative fee" means the fee or assessment set by the City which is intended to offset the City's expenses in administering this Agreement and to compensate City for the costs associated with compliance with AB 939. Any fees or assessments imposed under this Agreement shall be those, which the City Council may from time to time hereafter approve by resolution.

3. "Bin" means those receptacles provided by Allied for commercial, industrial, and construction premises uses. Bins shall include receptacles which are picked up by refuse trucks by means of front loading apparatus as well as "roll-off boxes" and other, similar receptacles.

4. "Bulky goods" means discarded furniture, furnishings or appliances, including white goods, carpets (rolled so as not to exceed eighteen (18) inches in diameter or four (4) feet in length, mattresses, and branches and limbs of trees not exceeding eighteen (18) inches in diameter or four (4) feet in length.

5. "California Integrated Waste Management Act of 1989" or "AB 939" means the State law as found in the California Public Resources Code §40000 et seq.

6. "CERCLA" means the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. 9601.

7. "City" or "the City" shall mean the City of Imperial, California, a municipal corporation. As the context requires, the term may refer to something established and/or promulgated by the City Council or by or through the authority of the City; e.g. a "City ordinance" or a "City resolution" or "City permit."

8. "City Council" shall refer to the City Council of the City of Imperial. The City Council is the governing body of the City.

9. "City limits" means the current boundaries of the City together with all subsequent changes thereto, which boundaries are shown by maps incorporated herein by reference and which are on file in the Office of the City Clerk.

10. "City Manager" shall mean the City Manager of City, or his or her designee.

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11. "Commercial subscriber" or "Commercial customer" means a customer of Allied for solid waste collection and disposal and recycling and/or green waste services (if subscribed to) who occupies any commercial or industrial premises, any mobile home park, trailer park, any hotel or motel, any apartment buildings containing more than four (4) apartments, condominium buildings containing more than four (4) condominiums, or any building in which a combination of residential, commercial and/or industrial uses exist.

12. "Commercial wastes" includes all types of solid wastes generated by commercial customers, businesses, governmental institutions, industries, hotels, motels, apartment buildings containing more than four (4) units, and condominium buildings containing more than four (4) condominiums.

13. "Compostable materials" or "green waste" means leaves, grass clippings, brush, branches and other forms of organic waste generated from landscapes or gardens, separated from other solid waste. "Compostable materials" does not include stumps or branches in bundles exceeding eighteen (18) inches in diameter or four (4) feet in length.

14. "Construction and demolition waste" means the waste building materials, packaging, plaster, drywall, cement and rubble resulting from construction, remodeling, repair and demolition operations on pavements, buildings and other structures (except asbestos-containing materials).

15. "Container(s)" means those receptacles provided by Allied for residential use as approved by City.

16. "Curbside" means the parkway or, if none, the area immediately adjacent to the travel lane of the street along the frontage of the residential unit where Allied will pick up and remove municipal solid waste as prescribed herein.

17. "Director" means the City's Director of Finance, or his or her designee.

18. "Force Majeure" means an act of God such as earthquake, hurricane, tornado, an act of public enemy or war, which could not have been avoided through the exercise of reasonable care and prudence and the effects of which precludes performance.

19. "Hazardous waste" means any waste material(s) or mixture of waste(s) defined as such pursuant to RCRA, 42 U.S.C. § 6901, et seq., CERCLA, 42 U.S.C. § 9601, et seq., and all future amendments to either of them, or as defined by the Environmental Protection Agency or the California Integrated Waste Management Board (hereafter the "Board"), or either of them, and shall include household hazardous waste and medical waste. Where there is a conflict in the definitions employed by two (2) or more agencies having

jurisdictions over hazardous or solid waste, the term "hazardous waste" shall be construed to have the broader, more encompassing definition.

20. "Municipal solid waste" means all solid waste generated within the City, which is designated for collection under this Agreement.

21. "Putrescible waste" means material capable of being decomposed by micro organisms with sufficient rapidity as to cause nuisances because of odors, gases or other offensive conditions, and include materials such as food wastes, and offal. (See definition of "solid waste").

22. "RCRA" means the Resource Conservation and Recovery Act, 42 U.S.C. 6901.

23. "Recyclable material" means material which has been source separated or commingled with other similar material and can be reused or processed into a form suitable for reuse through reprocessing or remanufacture and includes paper, newsprint, printed matter, pasteboard, paper containers, cardboard, glass, aluminum, polyethylene terephthalates (PET), and other plastics, beverage containers, compostable materials, and such other materials designated as recyclables by the Board, or other agency with jurisdiction, and which are collected by Allied pursuant to this Agreement.

24. "Residential customer" means a customer of Allied for solid waste collection and disposal and recycling and/or green waste services who occupies a residential unit.

25. "Residential unit" means each place used for residential purposes, including the following, but not restricted to: single-family dwellings, apartments and/or condominiums containing four (4) or fewer units, and town houses whether or not using dumpster-type bins, and not including: hospitals, convalescent homes, hotels and motels.

26. "Solid waste" means putrescible and non-putrescible material including every accumulation of animal waste, vegetable or other matter which results from the processing, consumption, decay, or decomposition of meats, fish, fowl, birds, fruits, grains or other animal or vegetable matter normally resulting from domestic, institutional, commercial, industrial, agricultural, and other community activities, including, but not by way of limitation, used nonrecyclable food containers, and other waste likely to attract flies or rodents, but excluding materials set out for recycling, composting, and/or any hazardous waste.

EXHIBIT 2

BULKY GOODS

Allied shall collect and dispose of Bulky Goods from all residential premises if requested by the customer. Two pick-ups per calendar year shall be at no cost. Thereafter, costs for Bulky Goods collections shall be established by Allied. City will collect the charge as part of the customer's monthly regular bill only if Allied provides written authorization from the customer authorizing the fee and collection as part of the customer's monthly bill. The form of the written authorization shall be approved, in advance, by City.

Bulky Goods shall be placed by the resident and collected by Allied at curbside. Bulky Goods must be of a weight that can be reasonably lifted and collected by Allied collection crew and equipment. The allowable amount of Bulky Goods, which shall be collected by Allied as part of this service, and not considered Special Waste, shall be 4 items or less.

Construction debris, dirt, rock, sod and similar types of Solid Waste from residential premises shall be considered Special Wastes and not be considered Bulky Goods.

The collection of Bulky Goods shall be made within seven (7) working days after Allied's receipt of the residential customer's request for such collection from the residential premises.

SPECIAL WASTE COLLECTION

Special Waste shall mean Solid Waste generated in the City which does not fit the collection criteria and specifications as described in the Agreement. Special Waste shall be collected, disposed of and charged by Allied in the same manner as bulky goods. The City also acknowledges that the Franchise is granted only with respect to those services described in the Agreement and does not include the collection, transportation, processing or disposal of hazardous waste and medical waste.

EXHIBIT 3

"RECYCLE IMPERIAL"

"Recycle Imperial" shall be an integral part of the services to be provided by Allied to the City. The goals of "Recycle Imperial" shall be to illustrate a commitment to waste reduction, reuse and recycling in order to meet California's recycling requirements as set forth in Assembly Bill 939. Specifications for "Recycle Imperial" are as follows and may change from time to time as specified by the Director and Allied:

A. Programs. Programs shall include, but not be limited to, residential curbside collection of commingled, recyclable materials, residential curbside collection of green waste, commercial (if subscribed to) waste recycling by means of source separated recyclable collection and commingled solid waste processing at a materials recovery facility. Collection of materials will be at a minimum of one time per week for residential customers and on an as needed basis for Commercial Subscribers.

B. Containers and Bins. Containers and bins shall be supplied to residents and commercial subscribers by Allied and meet the specification of the Director. Containers and Bins shall be supplied and maintained by Allied during the term of this Agreement. Containers and bins, which are broken or damaged due to normal wear and tear, shall be replaced, if needed, one time per year free of charge. Containers or Bins which are broken, damaged, lost or stolen due to customer neglect or require replacement more frequently than one time per year, will be replaced at a charge to the customer or subscriber.

C. Additional Containers and Bins. Customers will be supplied with three Containers as part of the basic rates to be charged as established by City. Additional containers and bins for recyclables, green waste, solid waste shall be provided by Allied.

D. Public Education. Allied shall, at its own expense, provide an ongoing public education program to inform participants as to the proper use and placement of containers, proper materials to be placed inside the various types of containers and other program instructional information as may be necessary to insure successfully meeting the goals of the program. Allied shall conduct public meetings, send mailings and otherwise provide information to the participants of the programs as to the actual program itself, and its long-term environmental benefits. City shall approve of all literature and material that Allied plans to distribute to participants prior to distribution. City shall provide assistance with public education, news media, advertising and other such press releases that will become necessary from time to time and provide information and advertising in City publications about the "Recycle Imperial" program.

E. Marketing of Recyclable Materials: Allied shall be responsible for all marketing activities in the secondary materials market and secure to the best of its ability purchase commitments from recyclable product purchasers. Allied shall use its best efforts to investigate, research, develop and maintain markets for recyclables and green waste byproducts. Allied will take all reasonable steps to minimize downgrades and rejections of recovered materials.

F. Revenue from the Program: Five (\$5.00) dollars per ton from residential Recyclable Materials shall be paid to City by Allied on a monthly basis in arrears.