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BOARD OF SUPERVISORS
STANISLAUS COUNTY

STANISLAUS COUNTY REFUSE REMOVAL FRANCHISE AGREEMENT (AREA 5)

THIS AGREEMENT by and between TURLOCK SCAVENGER COMPANY, hereafter called "FRANCHISEE," and the COUNTY OF STANISLAUS, STATE OF CALIFORNIA, hereafter called "COUNTY," is made upon the following considerations:

A. COUNTY has designated certain areas of the unincorporated area of the County of Stanislaus as "refuse collection areas."

B. FRANCHISEE and COUNTY are parties to a refuse removal franchise agreement, governing refuse collection area number 5, dated June 24, 1979, the term of which expires on April 1, 1984.

C. The parties desire to cancel the remaining term of the agreement dated July 24, 1979, and to substitute this agreement therefor.

D. COUNTY is authorized to enter into this contract pursuant to the provisions of California Government Code Section 66757.

Accordingly, it is agreed:

1. Contractor shall provide collection and disposal of refuse services in Stanislaus County refuse collection area number 5 and shall furnish all equipment, labor and materials necessary to perform such services in a good and workmanlike manner as set forth in the provisions of Chapter 3 of Title 3 of the Ordinance Code of Stanislaus County and the Regulations for Collection and Disposal of Refuse in the Unincorporated Territory of Stanislaus County. Such regulations and provisions of the Ordinance Code, together with this agreement, comprise the contract.

2. This franchise agreement shall be effective, and the FRANCHISEE shall commence work hereunder, on April 1, 1982, and shall remain in effect for a period of 10 years. On each April 1, i.e. "anniversary date" thereafter, the franchise shall be renewed, and one year shall be added automatically to the term of the contract unless written notice of nonrenewal is served by either party prior to the anniversary date. If either party gives notice of nonrenewal, it is understood and agreed that the franchise shall remain in effect for the unexpired term except as otherwise provided in paragraph 3.

3. FRANCHISEE shall perform refuse collection and disposal services and shall comply with all terms and conditions of this agreement. The franchise shall terminate as follows:

(a) By expiration of the term thereof after notice of nonrenewal by either party.

(b) Termination by FRANCHISEE. After notice of cancellation given (1) for failure of COUNTY to authorize charges to customers at a rate satisfactory to FRANCHISEE, or (2) for amendments to Chapter 3 of Title 3 of the Ordinance Code of Stanislaus County or to the Regulations for Collection of Disposal of Refuse in the Unincorporated Territory of Stanislaus County. Such notice may only be given by the FRANCHISEE to COUNTY (1) within 60 days after a change in charges or denial of a petition for increase of charges, or (2) within 60 days after the amendment to the Ordinance Code or the Regulations. The franchise shall terminate on the last day of the month one (1) year after the month in which such notice is given or as may otherwise be agreed by the parties.

(c) Termination by COUNTY. Upon revocation by the Board of Supervisors as provided by the applicable sections of the Stanislaus County Ordinance Code.

(d) In the event the franchise is suspended, in whole or in part, by the Board of Supervisors as provided by the applicable sections of the Stanislaus County Ordinance Code, all rights and duties of the FRANCHISEE so suspended shall terminate during the period of suspension.

4. It is agreed that if the COUNTY is found to have breached this franchise agreement, the liability of the COUNTY for damages shall be limited to the anticipated return on the FRANCHISEE's capital investment for two years at the current rate of return, i.e. capital investment x current rate of return x 2 = maximum amount of liability for damages. "Capital investment" shall mean the cost of land, improvements and equipment necessary for the operation of the franchise at the time of breach, reduced by the balance of indebtedness incurred for their purchase. The "current rate of return" shall mean the rate of return most recently used, prior to the date of breach, by the Stanislaus County Board of Supervisors in approving an adjustment of the rate charged by any refuse collection franchisee in Stanislaus County pursuant to the Stanislaus County Rules and Guidelines for Refuse Rate Adjustment Applications; unless such Rules are not then in use by the Stanislaus County Board of Supervisors, then a reasonable rate of return.

5. The rights of both parties under the franchise agreement dated July 24, 1979, are surrendered, such agreement is

cancelled and this agreement is substituted for such agreement effective April 1, 1982.

6. Whenever any act is directed to be done or notice directed to be given by or to the COUNTY, the same may be done or given by or to the Director of the Department of Environmental Resources, 1030 Scenic Drive, Modesto, California, 95350. Whenever any act is directed to be done or notice to be directed to be given by or to the FRANCHISEE, the same may be done or given by or to Turlock Scavenger Company, Post Office Box 1865, Turlock, California, 95381.

In witness whereof, the parties have executed this agreement on 1982.

COUNTY OF STANISLAUS

By: _____
Chairman of the Board of Supervisors

TURLOCK SCAVENGER COMPANY
FRANCHISEE

By: Jesse L. Marchant
Jesse Marchant, President

Alan Marchant
Alan Marchant, Vice President