

**FIRST AMENDMENT TO AGREEMENT
BETWEEN COSTA MESA SANITARY DISTRICT AND CR&R INCORPORATED FOR SOLID WASTE AND
RECYCLING SERVICES**

FIRST AMENDMENT to Agreement between the Costa Mesa Sanitary District and CR&R Incorporated (CR&R) for collecting residential solid waste ("AGREEMENT") is made and entered into this 27th day of October, 2011, by and between the Costa Mesa Sanitary District, hereinafter referred to as DISTRICT, and CR&R, hereinafter referred to as CONTRACTOR.

WITNESSETH:

WHEREAS, on July 20, 2006, the DISTRICT and CONTRACTOR entered into AGREEMENT for collecting residential solid waste within DISTRICT service area boundaries; and

WHEREAS, the DISTRICT desires to amend the services provided by CONTRACTOR and amend the charges for containers; and

WHEREAS, the CONTRACTOR has agreed to the amendment as provided hereinafter; and

WHEREAS, by this First Amendment, the DISTRICT and CONTRACTOR hereby amend the Agreement as provided hereinafter;

NOW, THEREFORE, the Agreement is amended as of the date hereof as follows:

1. The Agreement is hereby amended by adding Section 4.E. to said Agreement to read as follows:

"....

E. 'Large Items' means solid waste that cannot and/or would not typically be accommodated within a trash container including specifically: furniture (including chairs, sofas, mattresses, and rugs); appliances (including refrigerators, ranges, washers, dryers, water heaters, dishwashers, plumbing, small household appliances and other similar items, commonly known as 'white goods'); yard debris, green waste and small pieces of wood limited to one cubic yard of contained material; scrap metal including but not limited to aluminum, iron, stainless steel and copper; and clothing. Large Items do not include car bodies, tires, construction and demolition debris or items requiring more than two persons to remove. Other items not specifically included or excluded above will be collected provided that they are not more than eight feet in length, four feet in width, or more than 150 pounds. In the event a question ever arises as to whether a specific item or category of items meets the definition of Large Items, the

DISTRICT shall be responsible to determine when said definition shall apply, which determination shall be final and binding on the Parties."

2. Section 11.C. of the Agreement is hereby amended by deleting this section in its entirety and replacing it with the following:

"....

C. Container Charges. A container charge shall be implemented for 'additional' containers (three or more) at a rate of \$8 per container per month, or as the parties may later agree, said charge includes the cost, collection, and delivery of the containers. CONTRACTOR will not charge a delivery fee for additional containers nor will the CONTRACTOR charge a delivery fee to existing and/or new customers that are requesting new and/or replacement containers. CONTRACTOR will comply with DISTRICT'S Operations Code, Section 7.01.054.

Billing for additional containers shall be by CONTRACTOR or an independent bonded billing service, as DISTRICT may direct. CONTRACTOR is entitled to fourteen percent (14%) of the money collected for the additional container charge. The DISTRICT will retain the remaining eighty-six percent (86%) of the revenues generated from the additional container charge and said revenues will be used at the DISTRICT's discretion. Prior to the end of each fiscal year throughout the term of this Agreement, DISTRICT and CONTRACTOR shall review in good faith the status of the Additional Container Charge Program. This review shall include, but is not limited to the following:

- total revenues generated and distributed between parties relative to establishing rate stabilization and the stated goal of charging an average rate for customers that are charged within the County;
- CONTRACTOR costs of administering and operating the Program; and
- Review of customer overall satisfaction.

...."

3. Section 15.D. of the Agreement is hereby amended by deleting this section in its entirety and replacing it with the following:

"....

D. Large Item Pickup. CONTRACTOR shall provide Large Item Pickup service to all DISTRICT residential customers subscribing to service. Each residential customer shall be entitled to three (3) Large Item pickups per calendar year at no additional charge. Customers may put out up to ten (10) Large Items at each pickup. CONTRACTOR may instruct customers to provide CONTRACTOR with a minimum of one business day's notice for the Items which shall be collected on the customer's regular collection day. CONTRACTOR shall collect all Large Items as defined in Section 4.E. The following provisions shall apply to this program:

- No single item that cannot be handled by two workers will be accepted.
- The following items will not be picked up: tires, asphalt, car bodies, chemicals, hazardous waste, concrete, oil drums, paint cans, building materials or soil.
- The DISTRICT shall receive an annual payment from CONTRACTOR for the remainder of the term of this Agreement and any extensions of said Agreement thereafter for the salvage value for metallic and white goods collected in the summers of 2008, 2009 and 2010 (17, 171)."

4. The term of this First Amendment shall become effective upon its adoption.

5. Except as specifically amended by the terms of this First Amendment, all provisions of the original AGREEMENT shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be executed this day and year first above written.

COSTA MESA SANITARY DISTRICT

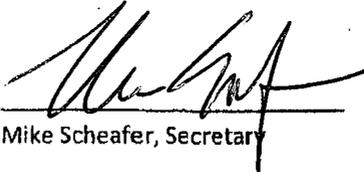


Robert J. Ooten, President

CR&R INCORPORATED

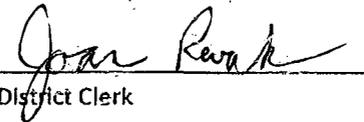


Dean Ruffridge, Senior Vice President



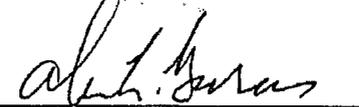
Mike Scheafer, Secretary

ATTEST:



District Clerk

APPROVED AS TO FORM:



District Counsel