CHESTER PUBLIC UTILITY DISTRICT

ORDINANCE NO. 9

Be it enacted by the Board of Directors of the Chester Public Utility District:

AN ORDINANCE GRANTING A FRANCHISE TO MAINTAIN A REFUSE COLLECTION AND DISPOSAL SYSTEM IN THE CHESTER PUBLIC UTILITY DISTRICT, COUNTY OF PLUMAS, STATE OF CALIFORNIA.

A franchise for the exclusive right to collect refuse within the territorial boundaries of the CHESTER PUBLIC UTILITY DISTRICT is hereby granted subject to the following terms and conditions:

Section 1. Definitions and Terms:

(a) "District" shall mean the CHESTER PUBLIC UTILITY DISTRICT, County of Plumas, California.

(b) "District Board" shall mean the District Board of Directors of CHESTER PUBLIC UTILITY DISTRICT.

(c) "Franchisee" shall mean the person or firm to whom the CHESTER PUBLIC UTILITY DISTRICT grants a franchise for the collection and disposal of refuse.

(d) "Garbage" is all putrescible waste and animal or vegetable waste or residue produced or accumulated from the preparation, processing, handling or consumption of food stuffs.

(e) "Rubbish" is non-putrescible waste, discarded or abandoned material, including but not limited to, paper, cardboard, rugs, rags, clothing, straw, wood, crockery, glass, rubber, metal, plastic, and construction debris.

(f) "Refuse" is both garbage and rubbish as defined above.

Section 2. Nature and Term of Franchise:

(a) Franchisee shall have the exclusive right and duty to collect and remove refuse within the territorial boundaries of the CHESTER PUBLIC UTILITY DISTRICT for a term beginning on the date of acceptance by the franchisee by endorsement of the original of the Ordinance on file in the office of the CHESTER PUBLIC UTILITY DISTRICT and ending on June 30, 1989. Thereafter, the term of the franchise shall be automatically extended for an additional five (5) year term unless sixty (60) days written notice is given prior to the end of the initial term by either the District or the franchisee to the other of cancellation of the franchise.

(b) Franchisee shall furnish all labor, material, and equipment necessary and shall provide the service for the collection, transportation and disposal of refuse collected wthin the District.

Section 3. Landfill: The District shall not be under any obligation to make a solid waste landfill site or other disposal area available for the use of the Franchisee. Further, this franchise is expressly conditioned upon the County continuing to make available without charge to the District the present disposal site facilities located approximately five (5) miles east of Chester on real property owned by Roseburg Lumber Company, or, in the alternative, the County of Plumas making available without charge to the District a comparable disposal site within fifteen (15) miles from Chester under similar terms and

conditions. In the event that the County of Plumas does not continue to make available without charge such disposal site or make available a comparable disposal site, then either the Franchisee or the District shall have the right, upon giving the sixty (60) days' written notice, to renegotiate the terms of the franchise.

Section 4. Equipment and Sanitation:

(a) All refuse collection shall be made with vehicles and equipment of a design approved by the District. Noise abatement shall be a consideration of vehicle and equipment inspection and approval.

(b) Franchisee shall not litter any private premises or public property in making collection of refuse, nor shall any refuse be allowed to leak, blow or fall from collection vehicles. However, if in spite of normal precautions against spillage or leakage, a litter is made on any private premises or public property, Franchisee shall immediately remove the same and clean up the area of spillage.

(c) Franchisee's personnel shall make all collections in a quiet and orderly manner.

(d) All trucks of the Franchisee shall be clean, sanitary and well-painted. Vehicles used in transporting garbage shall be disinfected as necessary to maintain sanitary conditions.

Section 5. Collection Charges:

(a) Franchisee will bill the customer and collect the charges for refuse collection.

(b) Franchisee shall not charge for refuse collection in excess of the rate established by Ordinance No. ___ of the CHESTER SANITARY DISTRICT as said ordinance may from time to time be amended by the District Board.

(c) The Franchisee may petition the District for rate adjustments at reasonable times on the basis of unusual changes in his cost of doing business arising from revised laws on regulations of governmental agencies or increases in disposal site fees over which Franchisee has no control.

(d) No rate adjustment shall be made on the basis of increased cost of doing business if such increased cost is a result of capital expenditures or improvement, unless such capital expenditures or improvements are reasonably necessary for refuse collection in CHESTER PUBLIC UTILITY DISTRICT. Any capital expenditures related to the acquisition of real property or maintenance shop facilities must be approved in advance by the District Board.

(e) Notwithstanding the foregoing, the Franchisee shall not petition the District for a rate adjustment during the first year of the term of this franchise.

Section 6. Performance Bonds and Insurance Policies:

(a) The Franchisee shall post with the District a cash bond in the sum of Two Thousand Five Hundred and no/100ths ($2,500.00) Dollars or a surety bond in the same amount furnished by a corporate surety authorized to do business in the State, payable to the District. The bond shall be

conditioned upon the full and faithful performance of his obligations of the applicable provisions of this ordinance and shall be kept in full force and effect at all times.

(b) No franchise shall be issued pursuant to the provisions of this ordinance, nor shall any such franchise be valid after issuance, unless there is at all times in force and effect to provide protection against liability for damages which may be imposed for the negligence of the Franchisee or his employees or or agents a liability insurance policy approved by the District and issued by an insurance Company authorized to do business in the State.

Such policy shall provide protection against the liability of the Franchises for the payment of damages in amounts, at least, as follows:

(1) In the amount of Five Hundred Thousand and no/100ths ($500,000.00) Dollars on account of bodily injuries to, or the death of, one person;

(2) In the amount of One Million and no/100ths ($1,000,000.00) Dollars against the total liability of the franchisee on account of bodily injuries to, or the death of, more than one person as a result of any one accident; and

(3) In the amount of One Hundred Thousand and no/100ths ($100,000.00) Dollars for one accident resulting in damage or destruction of property, whether the property of one, or more than one, claimant.

If, in the considered opinion of the District's insurance advisor, the amount of such coverage is not adequate, the Franchisee shall, upon notice from the District Board, increase coverage to such amounts as the District's advisor shall deem adequate.

The liability insurance policy required by the provisions of this section shall inure to the benefit of any person who shall be injured or who shall sustain damages to property proximately caused by the negligence of the Franchisee insured by such policy or his employees or agents.

Satisfactory evidence that the liability insurance required by the provisions of this section is at all times in full force and effect shall be furnished the District by each Franchisee required to provide such insurance.

The policy shall contain provisions against cancellation except upon ten (10) days' prior written notice thereof to the District.

Section 7. Indemnification: Franchisee shall indemnify and save harmless the District, its officers, agents and employees, for and from any and all loss, liability, claim, demand, action or suit, or any and every kind and description, arising or resulting from or in any way connected with any operations of Franchisee or its sub-contractors in exercising any privilege granted to it by this Franchise or by Ordinance No. ___ of the Chester Sanitary District, or arising or result ing from the failure of Franchisee or its sub-contractors to comply in all respects with the provisions and requirements

of the Franchise, of all applicable ordinances of the District and of all other applicable laws. Franchisee shall, upon demand of the District and at its sole cost and expense, defend and provide attorneys to defend the District, its officers, agents and employees against any and all claims, actions or suits brought against the District, the officers, agents and employees, arising or resulting from or in any way connected with the above-mentioned operations of Franchisee or its sub-contractors or its sub-contractor's failure to comply with the contract and with the ordinances and laws hereinabove mentioned. If the District is requied to provide its own defense against any such action or suit, Franchisee will reimburse the District for all attorney's fees and other costs incurred by the District.

Section 8. Transfer of Franchise:

(a) This Franchise shall not be sold, transferred, leased, assigned, mortgaged, pledged, hypothecated, or otherwise encumbered or disposed of in while or in part, directly, or indirectly, whether voluntarily or by operation of law or through any stock transfer, transfer in trust, change in control, consolidation, or merger, without the prior written consent of the Board of Directors. The Board of Directors may grant or deny such a request any may impose such conditions as it may deem to be in the public interest. Any disposition made without such consent shall constitute good cause for the revocation of this Franchise.

(b) Any change of partners or principals, if Franchisee is a partnership or joint venture, or transfer of twenty-five percent (25%) or more of the stock if Franchisee is a corporation, during the term of the franchise shall be treated in the same manner as an assignment and shall be subject to the prior approval of the District Board expressed by resolution.

(c) Franchisee shall not sub-contract all or any portion of the work or business which it has been franchised to perform without the written consent of the District Board.

Section 9. Rights of District on Revocation of the Franchise: In the event of the suspension or revocation of the franchise, or if scheduled refuse collections are discontinued for more than seventy-two (72) hours, the Franchisee shall make the necessary trucks and other equipment available to the District, at a reasonable rental, for the days and hours necessary to collect refuse within the District. For the purposes of this section, "days and hours necessary to collect refuse within the District" shall mean not less than the following:

(a) Hours: Not less than 30 hours per week during the hours of 8:00 a.m. to 6:00 p.m.

(b) Vehicles and Equipment: One (1) rear loader compactor truck with bin attachment compatible with Garwood rear load containers (or such

containers as currently in use in the District) with a capacity of at least 18-20 yards easy-pack. Also, such bins as necessary to serve commercial customers in the District.

In no event shall such trucks and equipment be made available to the District for more than sixty (60) days.

During any period in which the District has assumed the obligations of the Franchisee pursuant to the provisions of this section, the District shall be entitled to the gross revenue attributable to operations during such period and shall pay therefrom only those costs and expenses, including a reasonable rental for the use of trucks and equipment, applicable or allocable to the period. The excess, if any, of revenue over applicable or allocable costs and expenses during such period shall be deposited in the District General Fund.

Section 10. Financial Records and Reports:

(a) The Franchisee shall maintain detailed records of all receipts and expenditures received or incurred in the operation of such business, including all fees collected for services rendered. The District's representative, on the request of the District Board, shall be entitled to inspect and audit such books and records upon reasonable notice during normal business hours at either the Franchisee's offices or District offices.

(b) At the request of the District Board, the Franchisee shall furnish to the District five (5) copies of

annual financial statements within sixty (60) days after the end of the operating year. Said statements shall include a comparative balance sheet, comparative operating statement, statement of changes in investments in property and equipment, statement of source and application of funds, and a statement of change in owners' equity in which shall be set forth the names of the principal officers and stockholders of the corporation, if any, and salaries, if any, paid to such individuals. In the event of requested rate adjustment, at the request of the District, such statements shall be certified by a certified public accountant.

Section 11. Misleading Names: Schedules:

(a) The Franchisee shall not use a firm name containing the words "Chester", "Sanitary", "Utility", or "District" or other words implying District ownership. The Franchisee shall establish and maintain an office in Plumas County where service may be applied for and complaints made. Such office shall be equipped with a listed telephone to which calls from District residents may be placed without payment of a toll charge and shall have a responsible person in charge between the hours of 9:00 a.m. and 5:00 p.m. of each day except Saturdays, Sundays, and holidays.

(b) The Franchisee shall have printed or stenciled in a prominent place on the exterior of each vehicle used by him in the collection of refuse the following information in three inch (3") letters:

Truck #_____

Refuse Collector (name)

(c) The Franchisee shall supply the District with current map schedules of collection routes on the request of the District.

Section 12. Applicable Laws: The Franchisee shall at all times comply with all applicable ordinances of the District, now in effect or hereafter enacted, as well as any applicable County, State, and Federal regulations.

Section 13. Heirs, Successors, Etc.: The terms, covenants and conditions of the franchise shall apply to and shall bind the heirs, successors, executors, administrators, assigns and sub-contractors of the Franchisee.

Section 14. Waivers: The waiver by the District of any breach or violation of any term, covenant or condition of the franchise or any provision, ordinance or law shall not be deemed to be a waiver of such term, covenant, condition, ordinance or law, or of any subsequent breach or violation of the same or of any other term, covenant, condition, or ordinance or law. The subsequent acceptance by the District of any franchise fee or of any other monies which may become due hereunder to the District shall not be deemed to be a waiver of any preceding breach or violation by Franchisee of any term, covenant or condition of the franchise or of any applicable law or ordinance.

Section 15. Bankruptcy: Either of the following shall constitute a breach of the franchise by Franchisee and shall, at the option of the District, terminate immediately the franchise and privileges granted therein:

(a) The appointment of a receiver to take possession of all or substantially all of the assets of Franchisee; or

(b) A general assignment by Franchisee for the benefit of creditors; or

(c) Any action taken by or suffered by Franchisee under any insolvency or bankrupty act.

Section 16. Failure to Perform: In the event the Franchisee fails to perform or violates any term, covenant or condition of the franchise or any provision, ordinance or law, the District shall serve notice on the Franchisee that if the failure is not corrected within ten (10) days after the service of the notice, the District Board shall have the option to terminate the franchise and privileges granted herein.

Section 17. Service of Notices: All notices required or given pursuant to the provisions of the ordinance shall be deemed properly served when deposited, postage prepaid, certified or registered mail, in the United States mail. Notices to the District shall be addressed to the CHESTER PUBLIC UTILITY DISTRICT, P. O. Box 503, Chester, California 96020. Notices to Franchisee shall be addressed to Mt. Lassen Disposal, Feather River Disposal, Inc., P. O. Box 477, Quincy, California.

Section 18. Purchase Price: The Franchisee shall pay to the District the purchase price of Two Thousand One Hundred Dollars ($2,100.00) per year in semi-annual installments of One Thousand Fifty Dollars ($1,050.00) for the granting of the franchise. The first installment of said purchase price to be due and payable to the CHESTER PUBLIC UTILITY DISTRICT immediately upon acceptance as specified in Section 2(a) above.

Section 19. Severability: If any term, provision, covenant, or condition of this ordinance is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the rest of the ordinance shall remain in full force and effect and shall in no way be affected, impaired, or invalidated.

Section 20. Right to Alter or Amend: The CHESTER PUBLIC UTILITY DISTRICT expressly reserves the right to alter or amend this Ordinance in any manner necessary for the health, safety or welfare of the public.

Section 21. Authority; Effective Date; Publication:

(a) This ordinance is enacted pursuant to Sections 66756 and 66757 of the Government Code of the State of California, and shall take effect as of January 15, 1985.

(b) This ordinance shall be published once on January 9, 1985, in the Chester Progressive, a newspaper of general circulation in the District.

PASSED AND ADOPTED by the Board of Directors of the CHESTER PUBLIC UTILITY DISTRICT, County of Plumas, State of California, this 14th day of Nov., 1984, by the following vote:

AYES: Brock, Newman, Spencer and Westmoreland

NOES:

ABSENT: Roscoe

William Westmoreland
Chairman of the Board

Countersigned:

Imogene Newman
Secretary of the Board

ACCEPTED AND APPROVED:
Dated: ~~Nov. 14~~ Dec. 14th, 1984

MT. LASSEN DISPOSAL COMPANY

Libby Austin