



# WASHOE COUNTY

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## STAFF REPORT

BOARD MEETING DATE: November 29, 2016

**DATE:** November 18, 2016  
**TO:** Board of County Commissioners  
**FROM:** Kevin Schiller, Assistant County Manager  
(775) 328-2008, [kschiller@washoecounty.us](mailto:kschiller@washoecounty.us)  
**THROUGH:** John Slaughter, County Manager

**SUBJECT:** Discussion and possible action to approve a new franchise agreement under NRS 244.187-188 for the collection and disposal of garbage and other waste with Reno Disposal Co., a Nevada corporation doing business as Independent Sanitation Company and Waste Management, including but not limited to possible changes to the franchise fee, possible changes to the length of time during which the franchise will be in effect, and the possible addition of certain recyclables to the scope of the franchise. (All Commission Districts.)

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### SUMMARY

Discussion and possible action to approve a new franchise agreement under NRS 244.187-188 for the collection and disposal of garbage and other waste with Reno Disposal Co., a Nevada corporation doing business as Independent Sanitation Company and Waste Management, including but not limited to possible changes to the franchise fee, possible changes to the length of time during which the franchise will be in effect, and the possible addition of certain recyclables to the scope of the franchise. (All Commission Districts)

**Washoe County Strategic Objective:** Safe, secure and healthy communities.

### PREVIOUS ACTION

On November 29, 2000 the Board approved and authorized the Chairman to execute the second amended agreements with Independent Sanitation Company extending the term of the Franchise Agreement to December 12, 2015.

Washoe County Health District passed a new Ordinance mandating the County reach a 35% diversion rate within 5-years (2015).

On June 24, 2014 Board received an update and presentation from Waste Management on Single Stream Recycling and potential options and changes with direction to staff to present at the Citizen Advisory Board meetings for constituent input towards potential models.

AGENDA ITEM # 16

On April 14, 2014 the Board received an update on Single Stream Recycling Proposed Models and gave direction to staff on future changes to the current Garbage Franchise Agreement.

On June 24, 2014 the Board received an update on Single Stream Recycling Proposed Models and gave direction to staff on future changes to the current Garbage Franchise Agreement.

Washoe County Health District passed a new Ordinance mandating the County reach a 35% diversion rate within 5-years (2015).

On December 8, 2015 the Board received an update on Single Stream Recycling Proposed Models and gave direction to staff on future changes to the current Garbage Franchise Agreement.

On June 2, 2015 Washoe County received required notice from Waste Management to extend franchise agreement to December 12, 2020.

On March 22, 2016 the Board received a presentation and discussion on Single Stream Recycling Proposed Rate Models, Municipal Solid Waste Services and other related matters; and provided direction to staff on future changes to the current Garbage Franchise Agreement.

## **BACKGROUND**

The original agreement with Waste Management (formerly Independent Sanitation) began on December 31, 1982. Independent Sanitation brought forth the renewal and extension of the Franchise Agreement on November 29, 2000, approximately two years prior to the scheduled expiration of the agreement. The primary reason is the company wanted to insure a long-term agreement with the County before making capital investment in two new transfer stations in order to increase the efficiency of operations, as well as increasing support to to reduce illegal dumping.

The existing Garbage Franchise Agreement between Washoe County and Waste Management (Attachment A) was approved on November 29, 2000 and was set to expire on December 12, 2015, with an option to extend for five years in favor of Waste Management towards a final expiration date of December 12, 2020. Waste Management provided the required notice on June 2, 2015 to exercise their option to extend the agreement for five years. Since 2007 Sun Valley General Improvement District (SVGID) is included in this agreement through an Interlocal Cooperative Agreement for Garbage Collection between SVGID and Washoe County. The Incline Village General Improvement District (IVGID) manages the Solid Waste Franchise Agreement for the communities of Incline Village and Crystal Bay.

A single stream recycling program streamlines and simplifies the process of collecting and sorting recyclable materials, increasing recycling rates by up to 50 percent. In a single-stream recycling system, residents and commercial customers place recyclables in a recycling cart and waste in waste cart for pickup and no longer need to separate these

materials in their homes or workplaces. This program modernizes curbside collection and helps the community exceed the 35% recycling mandate set forth by Washoe County Health District.

The source-separated program currently in use in Washoe County (green and yellow crates) requires customers to sort cans, bottles and paper into separate crates, which are then placed at the curb open to theft and winds that often results in trash in our streets. While the source-separated crates used to be an effective method of collection, single-stream recycling is more convenient and efficient at diverting recyclable materials. This enhanced recycling method has been shown to increase the amount of recyclable material collected, which can decrease the amount of waste sent to the Lockwood Landfill.

In 2014 Waste Management and the City of Reno implemented a single stream recycling program. The base service level increase to customers was \$2.25 monthly (?). Waste Management also finalized a similar program within the City of Sparks and the Incline Village General Improvement District. At the present time, Washoe County utilizes single stream recycling at County owned operational facilities located at 1 So. Sierra - Mills Lane; 350 So. Center - Liberty Center; and 301 So. Center - Reno Library with training provided to staff. Reports have been positive in comparison to the previously established bin system.

Unincorporated Washoe County constituent contacts have included both support and opposition regarding implementation of single stream recycling within unincorporated Washoe County. Based on Board direction, a key tenant to the new trash franchise agreement is integrating single stream recycling program while maintaining the current level of service to minimize the impact of rates across all residential customers.

The primary challenge in making changes to the current franchise agreement to implement single stream recycling in unincorporated Washoe County is the potential impact to residential rates. Within Reno and in the City of Sparks the cost of a residential single stream recycling program is subsidized through revenue from commercial customers. The County does not have sufficient commercial revenue to support a similar model thus alternatives were explored within the proposed changes to equalize and minimize rate increases on unincorporated residential customers. The following outlines the approximate subsidy differential between the County and the other two jurisdictions:

<b>Agency</b>	<b>Commercial Customers/Revenue</b>	<b>Approximate Subsidy to Residential Recycling</b>
Reno	4,210 customers/\$17.262 million revenue	\$1.7 million
Sparks	1,092 customers/\$6.87 million revenue	\$690 thousand
Washoe County*	384 customers/\$1.339 million revenue	\$134 thousand

\*includes Sun Valley

In follow up to the Board direction, given the significant amount of constituent contacts related to the franchise agreement and single stream recycling, staff has presented jointly with Waste Management at community meetings/events throughout the region to elicit input in the development of the service models and eventual recommendations to the Board.

Staff and Waste Management presented at over 15 meetings to include Citizen Advisory Boards, District Forums, Sun Valley General Improvement District and constituent led meetings.

*Note: Incline Village CAB was not included as IVGID maintains a separate Garbage Franchise Agreement.*

Through constituent contacts, Commissioner District Forums, and the Citizen Advisory Board process, key areas of feedback and concern include:

- Maintaining the ability to use your own receptacle vs the provided Waste Management Bin;
- Requests for options regarding sizes of the Waste Management receptacle;
- Increased pick up in the spring and fall due to increased debris within those intervals;
- Senior Citizen Discount provision to customers;
- Requests for a receptacle specific to yard waste (currently Waste Management does not provide this service throughout the region);
- Continued ability to place bags with the receptacle (currently Reno utilizes a tag system);
- Questions concerning any rate increases specific to implementation (projected increases within models included in presentation by Waste Management);
- Concerns that this is simply a means to increase profit by Waste Management;
- Requests to not change the current agreement;
- Ongoing complaints on customer service and responsiveness to public complaints and or service issues;
- Provision of Bear containers and increased service to include walk up assistance similar to that provided to those that are disabled; and,
- Request to be exempted from the Single Stream Recycling Program within certain areas of Washoe County

In follow up to Board direction at the last BCC, staff continued to work with Waste Management options to to include single stream recycling, additional trash service options, and increased customer service. The following highlights changes within each of these areas:

### **Waste Management Customer Service**

Washoe County Commissioners stress the importance of delivering services at the highest quality. In response to Commissioner and resident concerns, common residential municipal solid waste (MSW) service complaints have been identified and addressed. Historically, significant complaints have been received concerning Waste Management. Common complaints included the following:

- Time lapse between purchase of a home and the ability to establish trash service;

- Process for waste collection exemption;
- Missed Trash Collection;
- Misinformation provided to residents on when service will be provided; and,
- Online and phone customer service concerns regarding accuracy and responsiveness.

Waste Management local representatives, Waste Management Phoenix Customer Service, Washoe District Health, Washoe County Assessor and Washoe County Recorder's Office provided support in resolving common complaints. Improvements have included but are not limited to:

- Improved responsiveness for trash service after purchasing a home by connecting Waste Management staff with Washoe Recorder's office and eliminating a two week delay.
- Improved service delivery through Waste Management staffing changes
  - Replacement of District Manager, New Fleet Manager,
  - Additional maintenance technician, welder, route managers, operations management
  - Additional 17 drivers which has improved collection service to residents.
- Improvements in Waste Management staff training and management including additional recruitment efforts and changes to union contracts.
- Improved internal tracking of concerns through Washoe 311.
- Development of a common report between stakeholders and regional waste management which improves resolution and responsiveness to customer service requests.

The proposed Waste Management franchise agreement incorporates additional customer service measures including:

- Incorporating an ombudsman to support swift resolution of disputes between customers and Waste Management in unincorporated Washoe County (3.3),
- Provides for County oversight and the ability to make a determination of the dispute resolution in unsatisfied with the determination of the ombudsman, and
- Includes customer notification and service requirements to address delays during inclement weather conditions and other emergencies.

### **Bears and Trash Containment**

The Board has received ongoing complaints regarding wildlife access to and trash within specific areas of Washoe County. Within the current franchise agreement Waste Management will service wildlife resistant containers owned by current customers, but will not currently provide them as they are cost prohibitive. Waste Management indicates that servicing the containers can be problematic given many that are purchased are not suitable for long term use with the Waste Management service equipment. Staff has worked with Waste Management to address this within the proposed agreement to include a wildlife resistant container option along with service within the proposed franchise agreement. In meeting with several Home Owners Associations (HOAs) in which bears are an ongoing issue, staff has attempted to identify the need for residents within subdivisions to insure an

accurate estimate of those needing containers. The following is summary of the details identified:

- The demand of anticipated bear resistant containers in the Galena area down Mt. Rose to Virginia Street and Caughlin Ranch is 744. This is based on a 10% participation (Outside of Mt. Rosa HOA which is anticipated at 25% as suggested by the HOA manager). Participation rate was determined based on the number of annual wildlife/human/trash interactions. Rate was suggested by the individual HOA Managers.
- The number of bear calls to Nevada Department of Wildlife (NDOW) was 244 in 2015 in Washoe County. This included 92 in unincorporated Washoe County. Incidents occur along the Sierra Range primarily with clusters in the Juniper Hills/Caughlin Ranch and Galena areas. Of the 92, 35% were related specifically to trash waste. Additional auxiliary incidents could be related to bears sustained access to food. Other attractants in unincorporated Washoe County include: chickens, bird feeders, apples, compost piles and outdoor barbeques. NDOW reports capture areas outside of the HOA's including Washoe Valley and South East Truckee Meadows (Thomas Creek areas)
- The District Health Department noted close limited interactions with human/trash issues in Washoe County in 2015. A detailed report is currently pending.
- There are between 13,160 and 16, 945 people and 6,698 residential units in the identified affected area.

Within the scope of the new agreement Waste Management can provide the bear resistant container pursuant to the proposed rate structure, as noted the service of the container already is included within the current agreement. In addition, some home owner associations have indicated that they will be implementing requirements for residents to obtain the bear resistant containers following any initial incident involving a bear.

### **Franchise Fee**

The current the Board has the option to increase the current franchise fee which is set at the rate of 5%. At this rate the approximate revenue is \$523,000.00, each percent of increase equates to about \$100,000 in revenue. An increase would allow for establishment of a fund to support community municipal solid waste related initiatives. Examples include services to alleviate illegal dumping, subsidies for seniors and or disabled, support of community initiatives such as Keep Truckee Meadows Beautiful, or to support other regionally related programs within Washoe County. Based on the proposed rate structure above, at a rate of 8% the overall impact would be an additional .26 cents to the majority of the customer base and would generate approximately \$500,000.00 annually. At the present time the City of Reno and the City of Sparks currently have their franchise fee set at 8%.

**Residential Rates**

The following outlines the current monthly rate structure and the new residential rates at both the current franchise fee of 5 percent, or, if approved, at 8 percent for consideration by the Board. Attachment A outlines all rate increases for other non-residential services with an increase on the franchise fee, these will not change if no increase is made to the franchise fee.

**Effective February 1, 2017. Proposed monthly rate changes for residential trash options and roll off services at the current 5% or 8% franchise fee for material solid waste (MSW) and recycling (RCY)**

Residential Trash Options	Current Monthly Rate (5% Franchise Fee)	Proposed Monthly Rate with new agreement (5% Franchise Fee)	Proposed Monthly Service Rate with new agreement (8% Franchise Fee)
1-64 Gal Material Solid Waste (MSW), 1-96 Gal Recycling (RCY)	\$19.84	\$19.84	\$20.43
1-96 Gal MSW, 1-96 Gal RCY	\$22.70	\$23.93	\$24.65
1-64 Gal MSW, 1-96 Gal RCY **	\$12.41	\$15.12	\$15.57
1-64 Gal MSW, 1-64 Gal RCY	\$17.89	\$22.35	\$23.02
Senior 1-64 gallon MSW, 1 64 gallon RCY (70+)	\$17.42	\$19.00	\$19.57
Animal resistant 96 gallon cart service at curb		\$29.77	\$30.67
<i>Former participants in Senior Citizens Tax Assistance Program will have their rate increase by 7.7% in year one. During the annual PI each year their rate will increase by 2% plus the CPI until their rate catches up to the correct rate.</i>			
<b><i>Residential Additional Charges</i></b>			
Unscheduled/bulky item charge		\$107.32	\$110.54
Additional per cubic yard		\$11.75	\$12.11
Additional charge for removal of appliances with chlorofluorocarbons		\$56.22	\$57.90
Side yard service		\$10.74	\$11.06
Side yard service disabled		\$0.00	\$0.00

<b>Residential Trash Options</b>	<b>Current Monthly Rate (5% Franchise Fee)</b>	<b>Proposed Monthly Rate with new agreement (5% Franchise Fee)</b>	<b>Proposed Monthly Service Rate with new agreement (8% Franchise Fee)</b>
Service of property owner owned animal resistant container or bear shed		\$10.73	\$11.05
Extra Stickers each		\$2.56	\$2.63
Spring /summer sticker package (20 stickers)		\$47.01	\$48.42
Go back charge (same service day)		\$45.00	\$46.35
Pick up on non-service day		Not available	Not available
Additional 96 GAL CART		\$7.53	\$7.76
Additional 96 GAL CART recycling cart		\$5.49	\$5.65
Additional 64 gallon cart		\$6.64	\$6.84
Additional 64 gallon recycling cart		\$5.62	\$5.79
Recycling contamination fee		\$10.73	\$11.05
Cart Switch out fee		\$54.17	\$55.80
Activation/reactivation fee (without cart delivery)		\$48.04	\$49.48
Activation/reactivation fee (with cart delivery)		\$81.77	\$84.22
Cart replacement fee as a result of customer damage		\$89.94	\$92.64
Animal cart replacement fee as a result of customer damage		\$255.53	\$263.19
Residential 14 yard open top roll off		\$223.97	\$230.69
Residential 20 yard open top roll off		\$244.31	\$251.64
Residential 30 yard open top roll off		\$340.89	\$351.12



<b>Residential Trash Options</b>	<b>Current Monthly Rate (5% Franchise Fee)</b>	<b>Proposed Monthly Rate with new agreement (5% Franchise Fee)</b>	<b>Proposed Monthly Service Rate with new agreement (8% Franchise Fee)</b>
Closed top containers are an additional \$25		\$25.00	\$25.75
4 yard residential bin service (includes delivery and pickup)		\$100.83	\$103.86
6 yard residential bin service (includes delivery and pickup)		\$123.52	\$127.23
<i>Late Payment charge</i>	<i>Applied to unpaid balances 30 or more days from invoice date</i>	<i>2.5% of balance (\$5.00 min. Chg.)</i>	<i>2.5% of balance (\$5.00 min. Chg.)</i>
** current customers with can service- no new customers at this rate			

<b>Roll Off Services</b>	<b>Current Service Rate (5% Franchise Fee)</b>	<b>Proposed Service Rate with new agreement (5% Franchise Fee)</b>	<b>Proposed Service Rate with new agreement (8% Franchise Fee)</b>
10 YD COMPACTOR	\$210.99	\$215.65	\$222.12
12 YD COMPACTOR	\$253.15	\$258.74	\$266.51
14 YD COMPACTOR	\$295.34	\$301.87	\$310.92
15 YD COMPACTOR	\$316.43	\$323.42	\$333.13
16 YD COMPACTOR	\$337.53	\$344.99	\$355.34
18 YD COMPACTOR	\$379.73	\$388.12	\$399.77
19 YD COMPACTOR	\$400.81	\$409.67	\$421.96
20 YD COMPACTOR	\$421.91	\$431.23	\$444.17

<b>Roll Off Services</b>	<b>Current Service Rate (5% Franchise Fee)</b>	<b>Proposed Service Rate with new agreement (5% Franchise Fee)</b>	<b>Proposed Service Rate with new agreement (8% Franchise Fee)</b>
22 YD COMPACTOR	\$464.10	\$474.36	\$488.59
23 YD COMPACTOR	\$485.20	\$495.92	\$510.80
24 YD COMPACTOR	\$506.29	\$517.48	\$533.00
25 YD COMPACTOR	\$527.39	\$539.05	\$555.22
26 YD COMPACTOR	\$548.49	\$560.61	\$577.43
27 YD COMPACTOR	\$569.58	\$582.17	\$599.63
28 YD COMPACTOR	\$590.68	\$603.73	\$621.85
29 YD COMPACTOR	\$611.76	\$625.28	\$644.04
30 YD COMPACTOR	\$632.86	\$646.85	\$666.25
32 YD COMPACTOR	\$675.06	\$689.98	\$710.68
33 YD COMPACTOR	\$696.16	\$711.55	\$732.89
36 YD COMPACTOR	\$759.44	\$776.22	\$799.51
37 YD COMPACTOR	\$780.54	\$797.79	\$821.72
38 YD COMPACTOR	\$801.63	\$819.35	\$843.93
40 YD COMPACTOR	\$843.81	\$862.46	\$888.33
12 YD FLAT ROLL TOP	\$131.57	\$134.48	\$138.51
12 YD ROLLOFF	\$121.59	\$124.28	\$128.01
14 YD FLAT ROLL TOP	\$147.48	\$150.74	\$155.26
14 YD ROLLOFF	\$136.13	\$139.14	\$143.31
20 YD FLAT ROLL TOP	\$200.36	\$204.79	\$210.93
20 YD ROLLOFF	\$189.03	\$193.21	\$199.00
30 YD FLAT ROLL TOP	\$294.91	\$301.43	\$310.47
30 YD ROLLOFF	\$283.52	\$289.79	\$298.48

Other Roll Off Services	Current Service Rate (5% Franchise Fee)	Proposed Service Rate with new agreement (5% Franchise Fee)	Proposed Service Rate with new agreement (8% Franchise Fee)
CLEANING SERVICE	\$22.04	\$22.53	\$23.20
DELIVERY	\$48.65	\$49.73	\$51.22
INACTIVITY CHARGE (when container not serviced at least every 7 days)	\$32.02	\$32.73	\$33.71
RELOCATE	\$46.38	\$47.40	\$48.83
SAFETY CONE PLACEMENT	\$17.41	\$17.79	\$18.33
STEAM CLEAN	\$99.50	\$101.70	\$104.75
TRIP CHARGE (Inability to service container)	\$46.03	\$47.05	\$48.46
Account activation/reactivation fee (without roll off delivery)		\$45.99	\$47.37
Account activation/reactivation fee (with roll off delivery)		\$137.98	\$142.12
Compacted yardage (per yard)		\$21.56	\$22.21
Enclosure/Lock fee (per service)		\$8.43	\$8.69
Locking container (one time initial fee)		\$22.23	\$22.90
Will serve letter		\$93.01	\$95.80
Container liner		\$16.35	\$16.84
Dig out fee		\$86.88	\$89.48
<i>Late Payment charge</i>	<i>Applied to unpaid balances 30 or more days from invoice date</i>	<i>2.5% of balance (\$5.00 min. Chg.)</i>	<i>2.5% of balance (\$5.00 min. Chg.)</i>

The proposed agreement is attached outlining the majority of the rates and service levels discussed, additional areas not previously presented for Board direction include:

- With regard to the Consumer Price Index adjustment to rates, Waste Management has proposed an increase from 8% to 10% based on a rolling three year average with no adjustment for the immediate succeeding year, currently averages are approximately 9.3%.
- Contamination Policy- Waste Management may refuse to collect materials placed in the Recyclable Materials container which do not conform to the specifications set forth in Exhibit B, and may charge recycling contamination fees or other charges for improperly separated, mixed or placed materials, including without limitation charging the Rate applicable to Solid Waste for collection of any materials placed for collection which contain more than 10% non-Recyclable Materials. No such charge shall be imposed until the third instance after customer has been notified by the placement of a tag (Exhibit C) on their recycling container that they are improperly using the recycling container. After five (5) offenses in a 12- month period of improper use of the recycling container, the container may be removed by Franchisee.

### **FISCAL IMPACT**

The current agreement sets the franchise fee at 5% and provides for approximate revenue of \$523,000.00 annually. For each increase of 1% above the current rate this equates to an increase of approximately \$100,000.00 in annual revenue.

### **RECOMMENDATION**

It is recommended that the Board of County Commissioners have discussion and possible action to approve a new franchise agreement under NRS 244.187-188 for the collection and disposal of garbage and other waste with Reno Disposal Co., a Nevada corporation doing business as Independent Sanitation Company and Waste Management, including but not limited to possible changes to the franchise fee, possible changes to the length of time during which the franchise will be in effect, and the possible addition of certain recyclables to the scope of the franchise.

### **POSSIBLE MOTION**

Should the Board agree with the recommendation, a possible motion would be to “approve a new franchise agreement under NRS 244.187-188 for the collection and disposal of garbage and other waste with Reno Disposal Co., a Nevada corporation doing business as Independent Sanitation Company and Waste Management, including but not limited to possible changes to the franchise fee, possible changes to the length of time during which the franchise will be in effect, and the possible addition of certain recyclables to the scope of the franchise.”

## WASHOE COUNTY SOLID WASTE SERVICES FRANCHISE AGREEMENT

This Solid Waste Services Franchise Agreement (the "Agreement"), made and entered into effective this \_\_\_ day of \_\_\_\_\_, 2016, is by and between THE COUNTY OF WASHOE, a political subdivision of the State of Nevada, hereinafter referred to as the "County", and RENO DISPOSAL CO., a Nevada corporation and doing business as Independent Sanitation Company, hereinafter referred to as "WM".

### WITNESSETH

WHEREAS, The Board of County Commissioners of Washoe County, pursuant to the power granted by NRS 244.187 and 244.188, has authorized the granting of an exclusive franchise for the right and privilege of operating an exclusive franchise for the collection and disposal of garbage and other waste in the unincorporated areas of Washoe County outside the boundaries of any incorporated city and, except as otherwise provided and allowed by law, outside the boundaries of any general improvement district within the county; and,

WHEREAS, WM has represented and warranted to the County that it has the experience, responsibility, and qualifications to provide inhabitants of the County the collection and safe transport to permanent disposal or recycling facilities of all Garbage and Recyclables within the community.

### AGREEMENT

NOW, THEREFORE, for and in consideration of the covenants and promises herein contained, the sufficiency of which is hereby acknowledged, the parties hereto do hereby agree, represent, and warrant as follows:

1. **DEFINITIONS.** As used in this Agreement, the following definitions apply:

1.1 "Commercial Premises" as used in this Agreement means a parcel of real property in the Franchise Area which is not a Residential Premises, including those on which business, governmental, religious, or educational activity is conducted, but excluding businesses conducted upon Residential Premises which are permitted under applicable zoning regulations and are not the primary use of the property. Commercial Premises also include Multi-Family Complexes.

1.2 "Customer" means an owner or occupant of a Commercial or Residential Premises who has the legal right to initiate, cancel or make changes to Garbage and Recyclables collection services hereunder.

1.3 "District Board of Health" as used in this Agreement means the District Board of Health of the Washoe County Health District created pursuant to Chapter 439 of the Nevada Revised Statutes by the interlocal agreement of the City of Reno, City of Sparks and the County of Washoe, Nevada.

1.4 "District Health Officer" as used in this Agreement means the person appointed by the District Board of Health of the Washoe County Health District who is responsible for the enforcement of state and local health, sanitation and nuisance laws and the enforcement of regulations as approved by the Washoe County District Board of Health, created pursuant to NRS 439 and the interlocal agreement of the City of Reno, City of Sparks, and Washoe County, Nevada, and his designated or authorized representatives.

1.5 "Dwelling Unit" means a living space with a kitchen, occupied individually by a renter or owner, and located in the Franchise Area.

1.6 "Franchise Area" means that area of the County described as such in Exhibit A attached hereto.

1.7 "Garbage" means putrescible animal and vegetable waste resulting from the handling, storage, preparation, cooking, and sale and serving of food and beverage. This includes, but is not limited to:

- (a) Offal, swill, kitchen and table waste, and other organic animal and vegetable waste;
- (b) Bottles, cans, cups, plates, utensils, containers, and/or covering of any construction or material that has been in intimate contact with food, confection, and/or beverage;
- (c) Any component used in the preparation or manufacture of matter intended for animal or human consumption, and;
- (d) Such matter and/or materials listed in (a) through (c) above that have been discarded without first being sanitized.

The mixing, addition, or commingling of Garbage with rubbish, trash, or other waste matter (as defined by Washoe County Health Department regulations governing solid waste management), renders the entire resulting mixture as Garbage and requires the mixture to be handled as Garbage.

Any establishment that generates, handles or consumes food products is presumed to be generating Garbage and shall be required to have some level of service with WM unless such establishment obtains an exemption or waiver from the District Health Officer.

1.8 "Garbage and other waste" for purposes of this Agreement shall mean Garbage, Rubbish, Recyclables, and other Solid Waste.

1.9 "Master Billed Community" as used in this Agreement means a parcel of real property on which more than one Dwelling Unit is located, where the owner of such parcel elects to receive from WM, and will pay, single invoices for all Garbage and Recyclables collection services at the parcel. However, Master-Billed Communities do not include Multi-Family Complexes.

1.10 "Multi-Family Complex" as used in this Agreement means a parcel of real property in the Franchise Area on which five (5) or more attached Dwelling Units are located. Multi-Family Complexes shall be deemed a Commercial Premises for purposes of this Agreement.

1.11 "Recyclables" has the meaning ascribed to it in NRS 444A.013 and means solid waste that can be processed and returned to the economic mainstream in the form of raw materials or products, as determined by regulations adopted by the State Environmental Commission and by the Washoe County District Board of Health. As of the date of this Agreement, Recyclables are set forth in Exhibit C attached hereto. Ownership of recyclables shall be determined in accordance with NRS 444.585.

1.12 "Residential Premises" as used in this Agreement means a Single Family Premises or Master Billed Community.

1.13 "Rubbish" as used in this Agreement includes and means non-putrescible solid waste, exclusive of those unsanitized materials that have been in contact with garbage. These wastes include, but are not limited to, ashes, paper, cardboard, wood, glass, crockery, plastics and rubbish. However, "Rubbish" does not include Recyclables that have been separated from other materials for purposes of recycling.

1.14 "Single Family Premises" means a parcel of real property in the Franchise Area on which (a) fewer than five (5) Dwelling Units exist, or (b) five (5) or more Dwelling Units exist which (i) are not part of a Multi-Family Complex and (ii) each Dwelling Unit is responsible for paying invoices for Garbage and Recyclables collection services it receives.

1.15 "Single Family Residence" means a Dwelling Unit on a Single Family Premises.

1.16 "Solid Waste" or the "Solid Waste Stream" has the meaning ascribed to it in NRS 444.490 which definition includes all putrescible and nonputrescible refuse in solid or semisolid form, including, but not limited to, garbage, rubbish, junk vehicles, ashes or incinerator residue, street refuse, dead animals, demolition waste, construction waste, solid or semisolid commercial and industrial waste. The term does not include "hazardous" waste as defined by NRS 459.400 to 459.600, inclusive.

## 2. GRANT OF EXCLUSIVE FRANCHISE.

2.1 Franchise. Except as otherwise provided by law or set forth herein, Washoe County does hereby grant to WM pursuant to NRS 244.187-188 the exclusive privilege of operating a franchise: (1) for the collection and disposal of Garbage and other waste generated or coming to exist at all Residential Premises in the Franchise Area, and (2) for the collection and disposal of Garbage and other waste, exclusive of Recyclables, generated or coming to exist at all Commercial Premises in the Franchise Area.

2.2 Term. The term of this Agreement shall commence February 1, 2017, and continue in full force and effect until December 31, 2030. Thereafter, the term of this Agreement shall automatically extend for one (1) additional term of five (5) years unless either party

provides written notice to the other party, at least 180 days prior to the expiration of the then-existing term, of its intent to terminate upon the conclusion of the then-existing term.

2.3 County Facilities. Washoe County expressly reserves the right to collect and dispose of Garbage and other waste from Washoe County facilities located within the unincorporated areas of Washoe County, provided that Washoe County equipment and employees are utilized.

2.4 Title To The Solid Waste Stream. Except as otherwise provided by law or herein, the title to all Garbage and other waste collected by WM, and the property rights associated therewith for the collection, disposal and recycling of Solid Waste under this Agreement, shall be the sole property of WM from the point of collection.

For purposes of this Agreement, the collection process includes that portion of the WM operation from the time that Garbage and other waste is picked up from the customers until it is deposited at the transfer station or landfill described in section 3.4.

### 3. **OBLIGATIONS OF FRANCHISE HOLDER.**

3.1 Equipment. WM shall at its cost and expense, furnish a sufficient number of trucks and other equipment, including all drivers and workers required for the service, operation, and maintenance of said trucks and other equipment for the purposes of providing a regular and satisfactory Garbage and other waste collection and disposal service in the Franchise Area.

3.2 Sanitary Operation. WM shall at all times exercise diligence in the supervision of its personnel to the end that care is taken to deposit all Garbage and other waste inside collection vehicles, leaving no waste matter upon any street, alley, walkway or other public place within the County, or upon any private property used for the collection of Garbage and other waste matter; however, WM will not be responsible for picking up materials which WM had not spilled. Collection vehicles shall be safe, adequate and clean, constructed in such a manner to be completely covered so as to prevent the sifting, spilling, dripping or blowing of any contents from the vehicle. WM's collection equipment shall be modern, up-to-date, maintained in good repair, legally compliant, and reasonably water tight. The exterior of the equipment shall be kept clean and presentable.

3.3 Public Relations. WM shall diligently exercise supervision and training of its personnel to the end that the public coming into contact with such personnel shall be treated decently and courteously at all times.

WM shall designate and maintain an Ombudsman for the duration of this Agreement. WM shall notify the County of the name and title of the person serving as WM's Ombudsman. The Ombudsman must be a company official who does not directly or indirectly report to any person who manages the Collection Services, or any Customer account, on a day-by-day basis. On an ongoing basis, WM shall immediately notify the County when an Ombudsman is replaced.



If, for any reason, a dispute arises between WM and a Collection Services customer that is not resolved between WM and the Customer to the County's reasonable satisfaction, the County, at its sole option, may i) submit the dispute to the Ombudsman who shall ensure that the matter is formally reviewed, considered, and resolved and/or responded to by WM within seven (7) days or ii) make a determination of the dispute resolution without submitting to the Ombudsman. If the Ombudsman shall not resolve the dispute to the County's reasonable satisfaction, the County may make a determination of the dispute resolution. The determination by the County of all Collection Services customer disputes shall be final and binding on WM and the customer. This section shall not apply to disputes between WM and any customer for customer account obligations or the payment or collection thereof.

3.4 Landfill Disposal. Except as otherwise required by law, WM shall be required to deposit all Garbage and other waste, other than Recyclables collected pursuant to this Franchise Agreement, at an approved landfill site, except to the extent WM elects to divert it from disposal. For purposes of this Franchise Agreement, an approved landfill site is one holding a valid permit to permanently deposit municipal solid waste in accordance with all applicable laws and regulations, including those of the United States, the State of Nevada, the Nevada Environmental Commission, and the Washoe District Board of Health. An approved landfill site may be a facility owned by WM or an affiliate, or a facility owned by a third party with which WM has entered into an agreement for disposal, provided such facility meets the requirements of this Agreement.

3.5 Transfer Station. If WM elects to utilize a transfer station, it shall be an approved transfer station. The transfer station shall provide for the temporary collection and compaction of Garbage and other waste, other than Recyclables, so that an economical method of transportation to an approved landfill is utilized by WM.

For purposes of this Franchise Agreement, an approved transfer station is one holding a valid permit for the temporary storage of municipal solid waste in accordance with all applicable laws and regulations, including those of the United States, the State of Nevada, the Nevada Environmental Commission, and the Washoe District Board of Health.

In order to be considered approved under this agreement, a transfer station must be open to the public, with rates for public dumping conspicuously posted, along with the hours of operation and the method of determining how rates will apply to the amount of material delivered for dumping.

It shall be the sole responsibility of WM to provide for a transfer station meeting the requirements of this agreement. WM may comply with this requirement by operating its own transfer station or by entering into an agreement with the operator of a transfer station which meets the requirements of this agreement.

3.6 Recyclables Processing Facility. WM shall deliver all Recyclables collected under this Agreement to a facility designed, operated and legally permitted for the purpose of receiving and processing Recyclables. WM shall recycle the Recyclables for reuse and, provided there is a commercially viable market for such material, shall not dispose of any Recyclables, except such residue left after appropriate processing of the Recyclables. WM makes

no representations as to the recyclability of the Recyclables and may dispose of such Recyclables when no commercially viable market exists.

#### 4. **FRANCHISE FEE.**

4.1 Franchise Fee. WM, its successors and assigns, shall pay to Washoe County, in monthly installments during the term hereof, a franchise fee in an amount equal to five (5%), to be determined by BCC) percent of the Gross Receipts collected by WM under this Agreement. All franchise fees paid by WM to Washoe County under this Agreement shall be considered as a reasonable cost of operation for purposes of determining collection rates under paragraph 4 hereof.

4.2 Definition of "Gross Receipts". The term "Gross Receipts" means any and all revenue or compensation actually collected by WM from Customers under this Agreement for the exclusive collection, transportation, processing, recycling and disposal of Garbage and residential Recyclables within the Franchise Area. For purposes of clarity, the term Gross Receipts, for purposes of this Agreement, shall not include any revenues generated from non-exclusive services performed by WM, unless third parties who are free to compete for such services with WM are also required by the County to pay the franchise fee.

4.3 Record Keeping. During the life of this Agreement, WM shall keep full, true, and correct books, records, and accounts, establishing the identity and number of Customers served by it, and the amount of its gross monthly receipts. The books, records, and accounts shall at all times be open to inspection by the duly authorized representatives of Washoe County during regular business hours. Further, WM shall furnish to Washoe County monthly a statement of all of its gross receipts attested as being correct by a representative of WM duly authorized to do so.

#### 5. **COLLECTION RATES AND PROCEDURES.**

5.1 Initial Customer Rates. For and in consideration by WM of the obligations on its part to be performed hereunder, WM shall be entitled to charge Customers a fee or rate for all services rendered hereunder (the "Rates"). The initial Rates charged to Customers are set forth in Exhibit B.

5.2 Annual CPI Adjustments. Commencing on May 1, 2017, and on the same date annually thereafter (the "Adjustment Date"), the Rates, as adjusted hereunder, shall be automatically increased by a percentage equal to the percent change in the average Consumer Price Index for All Urban Consumers: U.S. City Average- Item: Garbage and Trash Collection (1983=100) ("CPI"), as published by the Bureau of Labor Statistics, for the 12-month period ending nearest, but at least sixty (60) days prior to, the Adjustment Date. At least thirty (30) days prior to the Adjustment Date, WM shall notify the County of the CPI adjustment to take effect on the Adjustment Date and shall provide the County with its computations therefor. Adjustments to the Rates shall be made in units of one cent (\$0.01). Fractions less than one cent (\$0.01) shall not be considered when making adjustments.

- (a) Adjustments in accordance with the CPI shall be subject to the following qualifications:

5.2.1.1 Rates adjusted in accordance with the CPI shall not be greater than six percent (6%) nor less than zero percent (0%) in any one year regardless of the percentage change in the CPI; and

5.2.1.2 With regard to the 2020 CPI adjustment to the Rates, and subsequent CPI adjustments to the Rates, in the event WM obtains a return on revenues (as defined in paragraph 5.3 hereof) that averages more than ten percent (10%) per annum, using a 3-year rolling average, then WM will not be entitled to make a CPI adjustment for the immediately succeeding year, and continually thereafter so long as the 3-year rolling average of return on revenues exceeds 10%.

For purposes hereof, "Return on Revenues" shall mean net income divided by Gross Receipts and expressed as a percentage. Net income is determined by deducting from Gross Receipts all expenses, which expenses include federal income taxes. Return on Revenue shall be calculated by Contractor in accordance with generally acceptance accounting principles.

5.3 Special Rate Adjustments. The Rates may be further adjusted on an interim basis for increased expenses or reduced revenue associated with performance of the services hereunder due to any one or more of the following causes:

- (a) changes in the scope or method of services provided by WM, changes in the franchise fee, or other changes or fees required, initiated, or approved by the County;
- (b) any change in law, statute, rule, regulation, ordinance, order or requirement of any foreign, federal, state, regional or local government that is effective after the effective date of this Agreement;
- (c) any increase in fees for disposal of Garbage or the processing of Recyclables, if such materials are being disposed of or processed at a third party facility not owned or operated by WM;
- (d) any increase in surcharges, fees, assessments or taxes levied by federal, state or local regulatory authorities or other governmental entities upon the collection or disposal of Garbage or Recyclables; and
- (e) a material fluctuation in the markets or market price for Recyclables, unforeseen increases in the cost of collection, handling, processing, storing, transporting, marketing, or sale or other disposition of Recyclables, the need for increased promotional or educational activities pertaining to recycling or any changes to the definition of "Recyclables" set forth herein;

If WM requests an adjustment due to the circumstances set forth above, WM shall prepare a rate adjustment request setting forth its calculation of the increased costs or reduced revenue and accompanying rate adjustment necessary to offset such increased costs or reduced revenue. The County may request any and all documentation and data reasonably necessary to

evaluate such request by WM, and may retain, at its own expense, an independent third party to audit and review such documentation and such request. If such third party is retained, the County shall take reasonable steps, consistent with state law, to protect the confidential or proprietary nature of any data or information supplied by WM. The County shall act within ninety (90) days of receipt of the request from WM, but shall approve the request if reasonably sufficient supporting information is provided.

#### 5.4 Single Family Premises Rates and Procedures.

- (a) The base Rate for collection of Garbage and other waste include the following:
  - 5.4.1.1 Weekly collection of Garbage and other waste, except for Recyclables which shall be collected every other week;
  - 5.4.1.2 WM providing one 96-gallon cart with a green lid for Garbage and one 96-gallon cart with a blue lid for Recyclables. Customers may request additional carts, different sized carts as provided in Exhibit B, or more frequent collections. The rates for such services are set forth in Exhibit B.
- (b) Customers age 70 years and older may request a senior rate that is 85% of the standard rate, and consists of a 64-gallon solid waste container and a 96-gallon recycling container. Customers that previously qualified under the provisions of NRS 427A.450 to 427.600, inclusive, and commonly referred to as the "Senior Citizens' Property Tax Assistance Act" shall have an initial base Rate set forth in Exhibit B. Every May, when the normal price increase is applied, these rates will be increased by an additional 2% until they eventually catch up with the correct senior rate set forth in 5.1 above.
- (c) All material must be placed inside the Garbage or Recyclables cart, with the lid closed. Excess solid waste material generated by a Customer would not be allowed outside of the cart unless each excess item is "tagged" with a sticker (as provided by Franchisee) and does not exceed 50 pounds in weight and does not exceed 3 feet in width and height. Twenty-five (25) stickers per dwelling unit are included in the base service level; additionally, during the months of May and November each year, or as otherwise agreed by the parties, Customers shall be allowed to place an additional six (6) bags, boxes or bundles outside of their container on their service day without using a sticker.
- (d) Customers in good standing will be allowed four (4) free trips per year to the Waste Management transfer station facilities in Reno or the Lockwood Regional Landfill to dispose of up to a standard size pick up (3 cubic yards) of Solid Waste. This access will be provided at any time that the facilities are open. Customers must show their proof of residency (i.e., current utility bill with a County address and/or their driver's license). Identification must match the Customer address that the Customer is requesting this benefit for.

- (e) WM-provided carts designated for Recyclables shall be used only for storage, placement and collection of Recyclables, and no other materials of any kind may be placed in such containers. County and WM may agree in writing to change the list of Recyclables. WM may refuse to collect materials placed in the Recyclables container which do not conform to the specifications set forth in Exhibit C, and may charge Customers recycling contamination fees or other charges for improperly separated, mixed or placed materials, including without limitation charging the Rate applicable to Solid Waste for collection of any materials placed for collection which contain more than 10% non-Recyclables. No such charge shall be imposed until the third instance after Customer has been notified by the placement of a tag (Exhibit D) on their recycling container that they are improperly using the recycling container. After five (5) offenses of improper use of the recycling container, the container may be removed by WM.
- (f) WM will not service containers on private roadways unless the Customer has requested yard service or drive-in service, paid the additional fees for such service as found on Exhibit B, and executed a WM liability waiver form regarding any damage caused by WM trucks. WM will ultimately determine if the access is sufficient to safely service the property. If not, the Customer will have to bring the container to a location that can be safely serviced by WM.
- (g) In the event a Customer makes use of a locking, steel animal resistant enclosure or bear shed, it shall be located within 20 feet of any roadway. It is the responsibility of Customer to provide access to such enclosure and keep the area to and from the street clear for WM. In the event access is not provided, or WM cannot get to the enclosure, WM is not required to service the container. Customers using this service shall be charged for Yard Service as defined in Exhibit B, in addition to their base service level. Customers will be required to provide their own 32-gallon cans for animal resistant enclosures or bear sheds unless they are specifically made to house a 64 or 96-gallon rolling cart provided by WM. Single stream recycling will need to be collected in the WM provided blue lidded cart.

If the Customer uses a 96-gallon animal resistant container with the finger latch locking mechanism, an additional curb service rate will be charged as defined in Exhibit B, in addition to their base service level. 96-gallon animal resistant carts will be provided to Customers requesting this optional service. These carts are a specialty item and will be delivered to Customer as soon as practical after ordering. If carts are not in stock, an order will be placed and the animal resistant cart will be delivered within 6 weeks of being ordered by the customer. Animal resistant carts remain the property of WM. Customer is responsible for the proper use of the cart and would be responsible for any damage occurring to the cart outside of normal wear and tear.

5.5 Commercial Rates and Procedures. For commercial service, WM shall charge the Rates based upon the following criteria:

- (a) The Rates for collection of Garbage shall be based on frequency of service and container size, and are set forth in Exhibit B. Presently, container sizes available are the following: 96-gallon, 2 yard, 4 yard, 6 yard, 14 yard, 20 yard, 30 yard. Rates for commercial services will be adjusted pursuant to Sections 5.2 and 5.3. In the event Exhibit B does not provide a Rate for a compactor size that WM agrees to service, an average rate per yard will be established and such average rate per yard will be multiplied by the number of yards of the customers' container.
- (b) Commercial rates shall apply to each business establishment, public building or place, and buildings of a commercial nature containing dwelling units or living accommodations of a temporary or transient nature, including, but not limited to motels, hotels, boarding houses, apartment complexes, and rooming houses.

#### 5.6 Master Billed Community Rates and Procedures.

- (a) Each parcel of real property on which more than one Dwelling Unit is located, excluding Multi Family Complexes, will make the decision as to whether it will be a Master Billed Community, or if Dwelling Units will be responsible for establishing Garbage and Recyclables services directly with WM. With regard to the latter, each Dwelling Unit will be a Single Family Residence.
- (b) Each Dwelling Unit in a Master Billed Community will receive services as described in Section 5.4.
- (c) The owner of a Master Billed Community (or its property manager) will be responsible for providing updated information to WM regarding each Dwelling Unit, including whether they receive a senior rate, and when a Dwelling Unit becomes vacant.
- (d) All Master Billed Communities shall be charged the Single Family Residential rate for each Dwelling Unit (with a 10% vacancy allowance, regardless of actual vacancies), and additional charges for each Dwelling Unit requesting additional carts or services; provided, however, an owner or manager of a Master Billed Community, by using bins or drop-box containers, may make application to WM to be charged in accordance with the rates for Commercial Premises (see Exhibit B for such Rates). No vacancy credit is allowed unless the Dwelling Unit is actually unable to accommodate a living unit due to administrative action taken to eliminate the lot through the planning process.
- (e) To the extent allowed by law, Community representatives will need to provide WM with appropriate documentation in the form of any government issued identification in the event they are pursuing the senior rate for a Dwelling Unit, as well as proper medical documentation and verification from Dwelling Units seeking free yard service; this would require medical certification that they are

unable to wheel the container to the curb and no one else living in the household is capable.

- (f) Community management is responsible for managing the excess sticker program by picking up stickers each January at the local office of WM for 90% of their available units.
- (g) Community management will provide Dwelling Units with a form that provides them with access to the transfer station or landfill.

5.7 Rates for New Areas. If WM is required or requested to provide collection and disposal services to areas outside the Franchise Area, but in the County, WM shall be entitled to receive a rate which fairly compensates WM for its reasonable costs in providing the service to new areas in the same manner as rates have been established for various areas in the Franchise Area, provided the new rate is agreed upon by the County.

5.8 Unlawful Accumulations.

- (a) In any area of the Franchise Area, either WM or the County shall have the power and authority to determine whether the service requested by a Residential or Commercial Premises is adequate to prevent the unlawful accumulation of Garbage or to prevent a health hazard or nuisance.
- (b) The Rates for collection and disposal of Garbage as set forth herein have been established upon the presumption that mandatory Garbage and other waste service will be in effect for the entire area of the Franchise Area and for the entire period of this Agreement. It is understood and agreed that in the event that mandatory service is not in force, then the Rates set forth herein will be increased in an amount necessary to compensate WM for its increased cost of operation and lost revenues. Notwithstanding any other provision in this Agreement, no Customer shall be required to provide Recyclables to WM or to utilize WM's Recyclables services, provided any such Customer opts instead to sell his or her Recyclables to another party for at least fair market value other than the value of having the material picked up and removed from the property.
- (c) WM may maintain a "Snap Shot" program whereby drivers are able to document inadequate service levels by the use of a digital camera. The primary purpose of the program is to ensure that Customers have adequate service for their needs and that unlawful accumulations of solid waste do not occur. Fees imposed for collecting this excess waste are set out in Exhibit B.

5.9 Billing Procedures. WM shall be entitled to adopt and enforce the following billing procedures:

- (a) Billing for Residential Premises shall be in advance for the charges allowed by this Agreement and the County Code on a quarterly basis, and such charges shall be due and payable on the first day of each billing period. WM shall be authorized

to establish procedures for collecting delinquent accounts including the right to collect security deposits.

- (b) WM shall bill for commercial service in advance on a monthly basis, and such charges shall be due and payable on the first day of each billing period. The bill or charge for commercial service shall be delinquent if not fully paid on the last day of each monthly period.
- (c) In case any person shall fail to pay the charges for residential or commercial service, within 15 days after the same become delinquent, WM shall be entitled to charge interest on such delinquent accounts at the rate of 2.5% per month, and also be entitled to recover its collection costs, including reasonable attorneys' fees. Failure to pay charges as set out herein may result in temporary interruption of service until such charges are paid in full by the commercial or residential Customer. In this event, a reactivation fee as defined in Exhibit "B" may be charged by WM.
- (d) All Rates, charges, penalties, interest and other amounts due to WM under this Agreement shall constitute an obligation of the owner of the Commercial or Residential Premises (as shown in the Washoe County Assessor's Office records) to which such services are being provided. An owner may request that services be provided and billed to a tenant or other occupant of the property, but owner shall not be relieved from the primary obligation to pay all amounts due for such service and WM shall have no obligation to first proceed for collection against the tenant or other occupant. WM shall be entitled to establish rules, procedures and requirements for collecting any amount payable for WM's services under this Agreement, including without limitation the right to exercise lien rights. Nothing in this Section shall limit any rights or remedies of WM.
- (e) As a result of a vacancy, a subscriber to the services of WM may, by written, telephone or personal notice to WM, suspend collection services for a period of not less than 30 days, and WM shall not collect a fee from the subscriber for the period of suspension; however, the vacancy period must have a beginning and ending date. Otherwise, the subscriber must update the status of the vacancy at the beginning of each billing period. The subscriber shall notify WM when collection service is to be resumed.
- (f) Any owner of real property as shown on the Washoe County Assessor's records may request that billings be directed to tenants or temporary occupants of premises, but in no event shall such designation relieve the owner of the real property from the primary obligation to pay the debt and obligation for Garbage and other waste (if applicable) collection service to the premises.
- (g) WM warrants that its billing and collection practices will comply with all applicable laws.



5.10 Service to Washoe County Facilities. WM agrees to collect and dispose of all Garbage and other waste, and without cost or charge, at all buildings, parks and other facilities owned by Washoe County which are open to the public and operating under normal conditions. This complimentary service provided by WM shall not apply to the disposal of any form of solid waste that requires special handling or equipment, solid waste resulting from natural disasters, businesses operating for profit on County properties under special licensing or franchise agreements, any special community event operated or sponsored by Washoe County, or any other types of extra-ordinary burdens that may be placed on WM for removal of solid waste from property owned by Washoe County.

- (a) WM will work with the County during Force Majeure events to provide access to disposal facilities. The County may be responsible for obtaining a Waste Acceptance Manifest, which provides authorization and conditions for certain materials to be accepted at the Lockwood Regional Landfill.
- (b) WM shall cooperate with the designated landfill described in paragraph 3.4 hereof to allow the public to dispose of garbage and waste matter, free of charge, at the designated landfill site, for a period not to exceed 9 days, as a part of the annual "Spring Cleanup Campaign" sponsored by Washoe County. The cost of providing these services for and on behalf of Washoe County which are incurred by WM shall be considered as a reasonable cost of operation for purposes of determining garbage collection rates under paragraph 5.2 above.

6. **SURETY.** WM shall forthwith furnish to Washoe County a bond running to Washoe County in the penal sum of \$50,000 on the condition that said WM shall well and truly observe, fulfill and perform each and every term and condition of this agreement, which said bond shall provide that in the event of any breach of condition hereof, the whole amount of the penal sum herein shall be taken, and deemed to be liquidated damages, recoverable from the principal and surety on said bond. Said bond shall be approved by the Washoe County District Attorney and filed with the Washoe County Clerk. Any recovery against the posted bond shall not be construed to limit any other remedies that may be available to the County, including money damages.

7. **HOLD HARMLESS AGREEMENT.**

7.1 WM shall operate its Garbage and Recyclables collection and disposal service in accordance with and in conformity to all ordinances, rules and regulations heretofore or hereafter adopted by the Board of County Commissioners in the exercise of its police powers and in accordance with the provisions and general laws of the United States or the State of Nevada relating to or applicable to the whole or any part of such garbage and other waste collection and disposal operation.

7.2 WM shall also be subject to and shall obey all rules and regulations adopted by the City-County District Health Department of Washoe County and all orders, rules and regulations of the District Health Officer.

8. **LIABILITY INSURANCE.**

8.1 WM shall indemnify and hold harmless Washoe County and its Board of County Commissioners and the employees of Washoe County for any and all liability for damages resulting from any operation under this franchise and shall, throughout the term of this agreement, maintain in full force and effect with a carrier or carriers selected by WM and approved by the Risk Management Analyst for Washoe County an insurance policy in a minimum amount of not less than \$3,000,000.00 per occurrence, protecting all insureds against liability arising out of any negligent act done pursuant to this franchise agreement and naming Washoe County as an additional insured, to the extent of the liabilities assumed by WM under this agreement. Said certificates of insurance shall provide a thirty (30) day notice of cancellation to Washoe County.

8.2 It is understood and agreed that WM shall, before commencing work under the provisions of this agreement, furnish to the County's Risk Management Analyst a certificate of insurance evidencing that WM carries these coverages.

8.3 Notwithstanding the existence of any insurance coverage, WM shall hold Washoe County harmless of and from any and all liability, damages, claims and demands of every kind and character, arising out of (1) the negligent or intentional conduct in the operation of this franchise of WM, its employees, agents, subcontractors, assigns, or delegates, and (2) the execution of this agreement in the event, for any reason whatsoever, the terms hereof shall be challenged or questioned by any person or persons whomsoever. The term negligence includes gross negligence.

8.4 The indemnification and hold harmless obligations herein shall not apply to the extent liability, damages, claims or demands are caused or are the result of the County's or its employees' negligence, willful misconduct or violation of law.

8.5 The County does not waive and hereby gives notice of its intent to assert any and all immunities available to it in any dispute or legal action, including NRS chapter 41 immunities.

## **9. TRANSFER, ASSIGNMENT AND SUBCONTRACTS.**

9.1 WM reserves the right to assign or transfer its rights hereunder, provided that in such event, WM shall file with the Washoe County Clerk written notice of any contemplated sale, transfer, assignment, or lease of such franchise or any part thereof, or of any other rights or privileges granted hereby, 30 days before such sale, transfer, assignment or lease is to become effective. No such sale, transfer, or assignment or lease of such franchise, or any part hereof, shall be effective until and unless approved by the Board of County Commissioners, which consent and approval shall not be unreasonably withheld. Notwithstanding the foregoing, WM shall have the right, without seeking or obtaining approval or authority from the County, to assign or transfer this Agreement to any affiliate of WM or its parent corporation.

9.2 WM shall have the right to enter into subcontracts for the collection, disposal and recycling services required by this Agreement, provided that WM shall remain responsible to Washoe County for the complete performance of all terms and conditions of this Agreement by such subcontractors, and also provided that WM and any such subcontractors shall

be subject to all indemnity and insurance requirements set forth in section 8 of this Agreement. All subcontractors shall be required to fully perform all terms and conditions of this franchise agreement and the Washoe County Codes pertaining to garbage and other waste collection services, and subcontractors shall be required to collect at the rates established by this Agreement.

10. **DEFAULT AND TERMINATION.** In the event a party is in default of any duty or obligation imposed upon it by the terms and conditions of this Agreement, or breaches any provisions of this agreement, or, regarding WM, fails to abide by all of the laws, rules or regulations pertaining to the Garbage and other waste collection process or pertaining to this Agreement, then in such event the other party may at its option terminate this Agreement in the event such default, breach or deficiencies are not remedied or cured within 30 days after receipt of written notice of such default, breach or deficiency.

11. **FORCE MAJEURE.** Provided that the requirements of this section are met, a party shall be excused from performance and shall not be liable for failure to perform under this Agreement if its performance is prevented or delayed by acts of terrorism, acts of God, landslides, lightning, forest fires, storms, floods, typhoons, hurricanes, severe weather, freezing, earthquakes, volcanic eruptions, other natural disasters or the imminent threat of such natural disasters, pandemics, quarantines, civil disturbances, acts of the public enemy, wars, blockades, public riots, strikes, lockouts, or other labor disturbances, acts of government or governmental restraint or other causes, whether of the kind enumerated or otherwise, and whether foreseeable or unforeseeable, that are not reasonably within the control of the party seeking excuse from performance ("Force Majeure"). If as a result of a Force Majeure event, a party is unable wholly or partially to meet its obligations under this Agreement, it shall give the other party prompt written notice of the Force Majeure event, describing it in reasonable detail. A party's obligations under this Agreement shall be suspended, but only with respect to the particular component of obligations affected by the Force Majeure and only for the period during which the Force Majeure exists.

12. **BINDING EFFECT.** This Agreement shall inure to the benefit of and be binding upon the parties, and their respective successors and permitted assigns.

13. **AMENDED AGREEMENT.**

13.1 This Agreement supersedes the agreement dated December 12, 2000. This Agreement may be further amended only with the mutual consent of the parties hereto and evidenced by an instrument in writing signed by the parties.

13.2 The parties may agree at any time after the execution of this agreement to have discussions about changes to the agreement that will make it more effective. No such changes will have any effect on the original term of the agreement, unless an extension to the agreement is necessary and agreed to in order to facilitate amortizing additional services over a period of time beyond the term of the agreement.

14. **FUND OUT.**

In accordance with NRS 244.320, in the event that the governing body of the County fails to obligate any funds necessary to make any payments required hereunder beyond that particular body's current fiscal period, this Agreement shall be terminated without penalty, charge or sanction. Provided, however, that any such "fund out" will not affect WM's exclusive right to provide the services as provided herein.

[Signatures on following page]

**COUNTY OF WASHOE**, a political subdivision of the State of Nevada

\_\_\_\_\_  
Chair, Washoe County Commission

Date:

ATTEST:

\_\_\_\_\_  
Washoe County Clerk

**RENO DISPOSAL CO.**, a Nevada corporation

By: \_\_\_\_\_

Title: \_\_\_\_\_

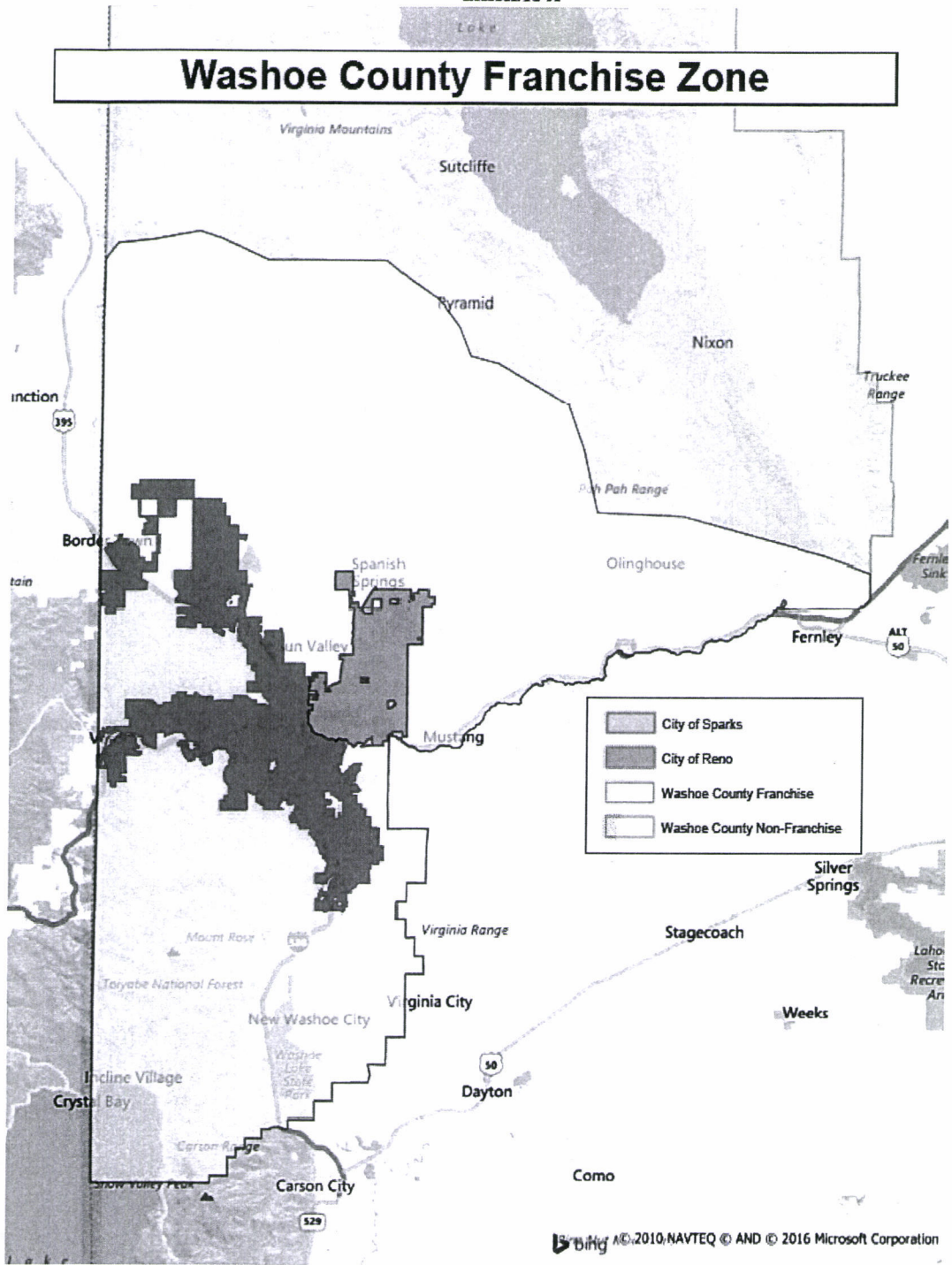
**EXHIBIT A**  
**FRANCHISE AREA**  
**ADDENDUM**

The Washoe County franchise zone will encompass the most populated region of the County. Areas outside the zone may be serviced by the franchise holder, but will be at rates negotiated between the parties.

Areas north of the Washoe County Regional Shooting Facility on State Route 445 will be outside the zone. Areas east of the airport on Winnemucca Ranch Road will be outside the zone. Areas north of the Wadsworth town limits will be outside the zone. All other areas of Washoe County outside the city limits of the City of Reno and City of Sparks will be within the franchise zone.

EXHIBIT A

# Washoe County Franchise Zone



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**EXHIBIT B**

**Washoe County Rate Increase  
Effective February 1, 2017**

Commercial Trash - Bins	Current Rate	New Rate - Eff 2/1/2017
1 YARD FEL 1X WK	\$105.25	\$107.58
1 YARD FEL 2X WK	\$171.81	\$175.61
1 YARD FEL 3X WK	\$232.70	\$237.84
1 YARD FEL 4X WK	\$299.24	\$305.85
1 YARD FEL 5X WK	\$354.71	\$362.55
2 YARD FEL 1X WK	\$149.59	\$152.90
2 YARD FEL 2X WK	\$252.41	\$257.99
2 YARD FEL 3X WK	\$353.35	\$361.16
2 YARD FEL 4X WK	\$457.05	\$467.15
2 YARD FEL 5X WK	\$556.75	\$569.05
2 YARD FEL 6X WK	\$659.42	\$673.99
4 YARD FEL 1X WK	\$210.58	\$215.23
4 YARD FEL 2X WK	\$363.07	\$371.09
4 YARD FEL 3X WK	\$519.52	\$531.00
4 YARD FEL 4X WK	\$667.66	\$682.42
4 YARD FEL 5X WK	\$824.37	\$842.59
4 YARD FEL 6X WK	\$975.30	\$996.85
4 YARD FEL 7X WK	\$1,291.17	\$1,319.70
6 YARD FEL 1X WK	\$306.74	\$313.52
6 YARD FEL 2X WK	\$517.30	\$528.73
6 YARD FEL 3X WK	\$757.81	\$774.56
6 YARD FEL 4X WK	\$974.83	\$996.37
6 YARD FEL 5X WK	\$1,221.79	\$1,248.79
6 YARD FEL 6X WK	\$1,455.75	\$1,487.92
6 YARD FEL 7X WK	\$1,915.85	\$1,958.19



<b>Commercial Temp Bins</b>	<b>Current Rate</b>	<b>New Rate - Eff 2/1/2017</b>	
4 Yard Temp Bin (per service)		\$100.83	
6 Yard Temp Bin (per service)		\$123.52	
Trip Charge (Inability to service container)		35.77	

<b>Commercial Trash - Carts</b>	<b>Current Rate</b>	<b>New Rate - Eff 2/1/2017</b>	
96 GAL TOT REL 1XWK	\$25.71	\$26.28	
96 GAL TOT REL 2XWK	\$54.25	\$55.45	
96 GAL TOT REL 3XWK	\$82.78	\$84.61	

<b>Commercial Trash - Cans (Customer Owned)</b>	<b>Current Rate</b>	<b>New Rate - Eff 2/1/2017</b>	
1 - 32 GAL COMMERCIAL CAN		Change	
2 - 32 GAL COMMERCIAL CAN		to	
3 - 32 GAL COMMERCIAL CAN		Cart	
4 - 32 GAL COMMERCIAL CAN		Service	
5 - 32 GAL COMMERCIAL CAN			
6 - 32 GAL COMMERCIAL CAN			
7 - 32 GAL COMMERCIAL CAN			
8 - 32 GAL COMMERCIAL CAN			
9 - 32 GAL COMMERCIAL CAN			
10 - 32 GAL COMMERCIAL CAN			

<b>Commercial Compactors</b>	<b>Current Rate</b>	<b>New Rate - Eff 2/1/2017</b>	
1 Yard 1X Wk		\$95.06	
2 Yard 1X WK		\$199.31	
3 Yard 1X WK		\$281.08	
4 Yard 1 X Wk		\$377.15	

Commercial Extra Pickups	Current Rate	New Rate - Eff 2/1/2017
EXTRA PICKUP - Per Cart		\$9.71
EXTRA PICKUP - 1 YD	\$37.11	\$37.11
EXTRA PICKUP - 2 YD	\$52.26	\$52.26
EXTRA PICKUP - 3 YD	\$60.18	\$60.18
EXTRA PICKUP - 4 YD	\$72.59	\$72.59
EXTRA PICKUP - 6 YD	\$101.66	\$101.66

Other Commercial Services	Current Rate	New Rate - Eff 2/1/2017
CLEANING SERVICE	\$22.04	\$ 22.53
DELIVERY	\$48.65	\$ 49.73
INACTIVITY CHARGE (when container not serviced at least every 7 days)	\$32.02	\$ 32.73
RELOCATE	\$46.38	\$ 47.40
STEAM CLEAN	\$55.50	\$ 56.73
TRIP CHARGE	\$46.03	\$ 47.05
Return service fee (on service day)		\$ 45.00
Return service fee (on non service day)		\$ 100.00
Account activation/reactivation fee (without container delivery)		\$ 45.99
Account activation/reactivation fee (with container delivery)		\$ 97.10
Compacted yardage (per yard)		\$ 21.56
Enclosure/Lock fee (per service)		\$ 8.43
Locking container (one time initial fee)		\$ 22.23
Overfull container (SnapShot fee)		\$ 76.66
Dig out fee		\$ 66.44
Late Payment charge	Applied to unpaid balances 30 or more days from invoice date	2.5% of balance (\$5.00 min. Chg.)

Residential Trash Options	Current Rate	New Rate - Eff 2/1/2017
1-64 Gal MSW, 1-96 Gal RCY	\$19.84	\$19.84
1-96 Gal MSW, 1-96 Gal RCY	\$22.70	\$23.93
1-64 Gal MSW, 1-96 Gal RCY **	\$12.41	\$15.12
1-64 Gal MSW, 1-64 Gal RCY	\$17.89	\$22.35

Senior 1-64 gallon MSW, 1 64 gallon RCY (70+)	\$17.42	\$19.00	
Animal resistant 96 gallon cart service at curb		\$29.77	
Former participants in Senior Citizens Tax Assistance Program will have their rate increase by 7.7% in year one. During the annual			
PI each year their rate will increase by 2% plus the CPI until			
their rate catches up to the correct rate			
<b>Additoinal Charges</b>			
Unscheduled/bulky item charge		\$107.32	
Additional per cubic yard		\$11.75	
Additional charge for removal of appliances with chlorofluorcarbons		\$56.22	
Side yard service		\$10.74	
Side yard service disabled		\$0.00	
Service of animal resistant contrainer or bear shed		\$10.73	
Extra Stickers each		\$2.56	
Spring /summer sticker package (20 stickers)		\$47.01	
Go back charge (same service day)		\$45.00	
Pick up on non-service day		Not available	
Additional 96 GAL CART		\$7.53	
Additional 96 GAL CART recycling cart		\$5.49	
Additional 64 gallon cart		\$6.64	
Additional 64 gallon recycling cart		\$5.62	
Recycling contamination fee		\$10.73	
Cart Switch out fee		\$54.17	
Activation/reactivation fee (without cart delivery)		\$48.04	
Activation/reactivation fee (with cart delivery)		\$81.77	
Cart replacement fee as a result of customer damage		\$89.94	
Animal cart replacement fee as a result of customer damage		\$255.53	
Residential 14 yard open top roll off		\$223.97	
Residential 20 yard open top roll off		\$244.31	
Residential 30 yard open top roll off		\$340.89	
Closed top containers are an additional \$25		\$25.00	
4 yard residential bin service (includes delivery and pickup)		\$100.83	
6 yard residential bin service (includes delivery and pickup)		\$123.52	
Late Payment charge	Applied to unpaid balances 30 or more days from invoice date	2.5% of balance (\$5.00 min. Chg.)	2.5% of balance (\$5.00 min. Chg.)

\*\* current customers with can service-no new customers at this

rate

Roll Off	Current Rate	New Rate - Eff 2/1/2017
10 YD COMPACTOR	\$210.99	\$215.65
12 YD COMPACTOR	\$253.15	\$258.74
14 YD COMPACTOR	\$295.34	\$301.87
15 YD COMPACTOR	\$316.43	\$323.42
16 YD COMPACTOR	\$337.53	\$344.99
18 YD COMPACTOR	\$379.73	\$388.12
19 YD COMPACTOR	\$400.81	\$409.67
20 YD COMPACTOR	\$421.91	\$431.23
22 YD COMPACTOR	\$464.10	\$474.36
23 YD COMPACTOR	\$485.20	\$495.92
24 YD COMPACTOR	\$506.29	\$517.48
25 YD COMPACTOR	\$527.39	\$539.05
26 YD COMPACTOR	\$548.49	\$560.61
27 YD COMPACTOR	\$569.58	\$582.17
28 YD COMPACTOR	\$590.68	\$603.73
29 YD COMPACTOR	\$611.76	\$625.28
30 YD COMPACTOR	\$632.86	\$646.85
32 YD COMPACTOR	\$675.06	\$689.98
33 YD COMPACTOR	\$696.16	\$711.55
36 YD COMPACTOR	\$759.44	\$776.22
37 YD COMPACTOR	\$780.54	\$797.79
38 YD COMPACTOR	\$801.63	\$819.35
40 YD COMPACTOR	\$843.81	\$862.46
12 YD FLAT ROLL TOP	\$131.57	\$134.48
12 YD ROLLOFF	\$121.59	\$124.28
14 YD FLAT ROLL TOP	\$147.48	\$150.74
14 YD ROLLOFF	\$136.13	\$139.14
20 YD FLAT ROLL TOP	\$200.36	\$204.79
20 YD ROLLOFF	\$189.03	\$193.21
30 YD FLAT ROLL TOP	\$294.91	\$301.43
30 YD ROLLOFF	\$283.52	\$289.79

Other Roll Off Services	Current Rate	New Rate - Eff 2/1/2017	
CLEANING SERVICE	\$22.04	\$22.53	
DELIVERY	\$48.65	\$49.73	
INACTIVITY CHARGE (when container not serviced at least every 7 days)	\$32.02	\$32.73	
RELOCATE	\$46.38	\$47.40	
SAFETY CONE PLACEMENT	\$17.41	\$17.79	
STEAM CLEAN	\$99.50	\$101.70	
TRIP CHARGE (Inability to service container)	\$46.03	\$47.05	
Account activation/reactivation fee (without roll off delivery)		\$45.99	
Account activation/reactivation fee (with roll off delivery)		\$137.98	
Compacted yardage (per yard)		\$21.56	
Enclosure/Lock fee (per service)		\$8.43	
Locking container (one time initial fee)		\$22.23	
Will serve letter		\$93.01	
Container liner		\$16.35	
Dig out fee		\$86.88	
Late Payment charge	Applied to unpaid balances 30 or more days from invoice date	2.5% of balance (\$5.00 min. Chg.)	2.5% of balance (\$5.00 min. Chg.)

**EXHIBIT C**  
**RESIDENTIAL FRANCHISE AGREEMENT**  
**RECYCLABLE MATERIALS**

1. Newspaper (including inserts, coupons, and store advertisements)
2. Chipboard
3. Corrugated cardboard
4. Mixed waste paper (including office paper, computer paper, magazines, junk mail, catalogs, kraft bags and kraft paper, paperboard, egg cartons, phone books, brown paper, grocery bags, colored paper, construction paper, envelopes, legal pad backings, shoe boxes, cereal and other similar food boxes)
5. Glass containers (including brown, clear, and green glass bottles and jars)
6. Aluminum (including beverage containers, food containers, small scrap metal)
7. Steel or tin cans
8. Plastic containers classified under Resin Identification Code Nos. 1 through 7, inclusive.
9. Any other materials mutually agreed to by the FRANCHISEE and the County .

To qualify as Recyclable Materials, all Recyclable Materials must be reasonably clean and otherwise in a condition acceptable to commercial recycling facilities. Without limiting the foregoing, Recyclable Materials mixed with more than a de minimis amount of Garbage shall be considered

contaminated ("Contaminated"). Contractor may impose a fee or charge for placement of Contaminated Recyclable Materials in a Recycling Container for Collection, or may charge for and dispose of such Contaminated materials as Solid Waste, and may refuse to accept such Contaminated materials.

Recyclables specifically exclude any waste tires, radioactive, volatile, corrosive, flammable, explosive, biomedical, infectious, bio-hazardous, regulated medical or hazardous waste, toxic substance or material, as defined by, characterized or listed under applicable federal, state, or local laws or regulations, or chemical or other properties that are deleterious or capable of causing material damage to any part of WM's property, its personnel or the public or materially impairing the strength or the durability of the WM's structures or equipment, or any materials containing information (in hard copy or electronic format, or otherwise) which information is protected or regulated under any local, state or federal privacy or data security laws, including, but not limited to the Health Insurance Portability and Accountability Act of 1996, as amended, or other regulations or ordinances or other waste not approved in writing by WM (collectively, "Excluded Materials"). WM makes no representations as to the recyclability of the materials which are subject to this Agreement. Commingled Recyclables may not contain more than 10% non-Recyclables and may contain no Excluded Materials. WM may discontinue recycling services to customers who fail to abide by this requirement as provided for in section 5.4(e) of the Franchise Agreement.

# EXHIBIT D RECYCLING CONTAMINATION

## RECYCLING CONTAMINATION NOTICE

Date: \_\_\_\_\_ Address: \_\_\_\_\_

**Contamination:**

- Cart full of trash.  
*Please unload the trash from the recycling cart to ensure we can collect your recycling on your next recycling service day.*
- May be billed accordingly due to contamination in recycling cart.

**Motor Oil & Hazardous Waste:**

- Contaminated motor oil will not be collected.
- Hazardous materials will not be collected.  
*(Motor oil, paint, anti-freeze, cleaning supplies, batteries, light bulbs, etc.)*
- Electronic waste will not be collected.
- Cooking oil, transmission fluid or antifreeze will not be collected.  
*Visit [Sparks.wm.com](http://Sparks.wm.com) for a list of locations that accept hazardous waste.*

**Overflow:**

- All materials must be placed inside cart, and cart lid must close.

**Recycling is Every Other Week:**

- Recycling at your address is next week. To view a recycling calendar, please visit [Sparks.wm.com](http://Sparks.wm.com).

**Please review the checked items listed below and correct prior to your next scheduled service.**

- Cart was not placed curbside by 7 a.m.
- Improper location – place at the curb, clear of all parked cars, with handles facing away from the street.

Other problem(s) not listed above: \_\_\_\_\_  
\_\_\_\_\_

Driver: \_\_\_\_\_  
Route #: \_\_\_\_\_

If you have questions about the items marked on this tag, please call customer service at 775-329-8822.

*See reverse side for recycling information.*

**Recycle Often. Recycle Right.™**



PLEASE RECYCLE		
 *1-7* <b>Plastic Containers</b>	 <b>Glass Bottles &amp; Jars</b>	 <b>Aluminum Cans/Bottles</b>
 <b>Metal Cans</b>	 <b>Paper &amp; Junk Mail</b>	 <b>Cardboard (flattened)</b>

*\* Except #6 Polystyrene Foam*

PLEASE KEEP THE DIRTY DOZEN OUT OF YOUR RECYCLABLES.		
 <b>Food</b>	 <b>Household Hazardous Waste</b>	 <b>Needles</b>
 <b>Cords / Wires</b>	 <b>Clothing</b>	 <b>Diapers</b>
 <b>Broken Cups &amp; Dishes</b>	 <b>Plastic Bags</b>	 <b>Food Soiled Paper</b>
 <b>Electronics &amp; Batteries</b>	 <b>Snack Bags &amp; Wrappers</b>	 <b>Garden Hose</b>

