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**CENTRAL DISPOSAL SITE AND FORMER LANDFILLS**

**SETTLEMENT AGREEMENT**

**BETWEEN**

**THE COUNTY OF SONOMA**

**AND**

**THE COMMITTED CITIES**

**EFFECTIVE DATE:** April 1, 2015

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**CENTRAL DISPOSAL SITE AND FORMER LANDFILLS  
SETTLEMENT AGREEMENT  
BETWEEN  
THE COUNTY OF SONOMA**

**AND**

**THE COMMITTED CITIES**

The County of Sonoma (the "County") and the Committed Cities (as defined below) (collectively, the "Parties" and individually any "Party") enter into this Central Disposal Site and Former Landfills Settlement Agreement (hereinafter "Settlement Agreement"), which shall be effective only if all of the conditions precedent set forth in Section 10.1 below are met.

**1.0    RECITALS**

Historically, waste throughout the County was disposed of at the Central Disposal Site (as defined below) and one or more of the Former Landfills (as defined below). Environmental liabilities exist for both the Central Disposal Site and the Former Landfills. The County has informed the cities that, if this Settlement Agreement does not become effective, it intends to pursue the cities, including, if necessary, through litigation, for their share of the costs to address the environmental liabilities associated with the Central Disposal Site and the Former Landfills. The Cities dispute their individual exposures for these environmental liabilities and believe that the County is responsible for such liabilities as the owner and operator of the Central Disposal Site and the Former Landfills. Notwithstanding the foregoing, the Committed Cities are entering into this Settlement Agreement to resolve their disputes with the County and avoid the significant time and expense associated with resolving their disputes through litigation.

The County entered into that certain long term operations agreement for the Central Disposal Site through execution of a Master Operations Agreement with Republic Services of Sonoma County ("Republic") on April 23, 2013. The effectiveness of the Master Operations Agreement is contingent upon several conditions precedent. A condition to the effectiveness of the Master Operations Agreement is that there will be a minimum number of Cities that commit their waste to Republic to be received and processed at the County Facilities (as defined below) for a 25 year period. A fundamental premise of this Settlement Agreement is that the Parties will send their waste to the County Facilities in accordance with their respective Waste Delivery Agreements (as defined below).

In exchange for the waste commitment and other obligations under this Settlement Agreement, the Committed Cities will receive a full release and indemnity from Republic for all environmental liabilities associated with the Central Disposal Site in perpetuity, with the exception of liabilities associated with other operators at the Central Disposal Site who are not under the control of, or in contract with, Republic (e.g., compost facility and household hazardous waste facility). The County is not granting the Committed Cities a release nor indemnifying the Committed Cities for any liabilities associated with the Central Disposal Site.

In addition, in exchange for the County granting Republic an exclusive right to operate the County Facilities, Republic is required to pay County Base Concession Payments (as defined below) for all waste sent to the County Facilities. Through execution of this Settlement Agreement, the County is agreeing to apply all Base Concession Payments to fund the environmental liabilities associated with the Former Urban Landfills (as defined below) and the expected Baseline Administrative Costs (as defined below). Besides the funds attributable to the Base Concession Payments, this Settlement Agreement also includes the payment to the County of a Committed Cities Contingent Liability Fund (as defined below) on all Committed City Waste and sets aside four other funds for the benefit of the County and Committed Cities to cover the environmental liabilities associated with the Former Urban Landfills. The four other funds include the CDS Leak Fund (as defined below), the County Contingent Liability Reserve Fund (as defined below), the Healdsburg Leak Fund (as defined below) and the Sonoma Leak Fund (as defined below). In addition, for purposes of this Settlement Agreement, as between the County and the Committed Cities, the County is agreeing to accept all responsibility for the Former Rural Landfills (as defined below) and is granting the Committed Cities a full release for the Former Rural Landfills.

The County believes that the execution of this Settlement Agreement allows the Parties to achieve a host of other benefits in addition to providing a funding mechanism for the on-going maintenance of the Former Urban Landfills and transferring the environmental liabilities for the Central Disposal Site to Republic. Such benefits include: (i) maintaining an in-County landfill and, therefore, reducing greenhouse gas emissions associated with waste disposal by avoiding unnecessary transportation of waste outside the County; (ii) construction of a materials recovery facility (MRF) at the Central Disposal Site to process and divert recyclable materials from commercial waste and construction and demolition debris waste which will also extend the capacity of the Central Disposal Site; and (iii) ensuring stable and predictable disposal rates and capacity rights for a minimum of 25 years.

As set forth in Section 10.1 below, in the event that the County and some Committed Cities execute this Settlement Agreement, but not enough Committed Cities commit their waste to Republic under the Master Operations Agreement, this Settlement Agreement shall be of no effect.

**NOW THEREFORE**, the Parties agree as follows:

## **2.0 DEFINITIONS**

To the extent any capitalized terms used in this Settlement Agreement are not specifically defined below, they shall have the meanings defined in the Master Operations Agreement.

**“Adjustment Date”** means each anniversary of the Effective Date.

**“Applicable Law” or “Applicable Laws”** means any past, present or future (a) statute, law, code, regulation ordinance, rule or common law, including Environmental Laws, (b) permit(s), (c) binding judgment, or binding judicial or administrative order or decree, (d) written directive, guideline, policy requirement or other restriction imposed by any Governmental

Authority, or (e) similar form of decision of or determination by, or any written interpretation or administration of any of the foregoing by, any Governmental Authority, in each case, which is applicable to or has an impact on this Settlement Agreement, whether taking effect before or after the Effective Date.

**“Base Concession Payment”** means the base concession payments paid by Republic to the County, during the initial 20 year term of this Settlement Agreement, in consideration for the County’s granting Republic an exclusive right and concession to operate the County Facilities under the Master Operations Agreement. The amounts of the payments are set forth in Exhibit A.

**“Base Concession Payment Fund”** means that certain fund within the County’s Treasury Pool which is maintained and administered by the County Treasurer for receipt of the Base Concession Payments and any interest accrued on said funds.

**“Baseline Administrative Costs”** means the actual baseline administrative costs related to (i) the County’s costs to comply with, implement, and/or maintain any and all Master Operations Agreement duties and obligations after the Master Operations Agreement is effective; (ii) the County’s costs to comply with, implement, maintain and/or enforce all requirements and obligations under this Settlement Agreement including any and all costs associated with County’s administration of all Funds, including the Committed Cities Contingent Liability Fund; and (iii) the County’s costs to oversee and maintain work required as a result of the Former Urban Landfills Liability, including all consultant and contractor work required as a result of the Former Urban Landfills Liability. The initial estimated Baseline Administrative Costs, which represent less than 30% of the County’s Fiscal Year 2011/2012 budget for the entire solid waste division, is set forth in Exhibit B.

**“Central Disposal Site” or “CDS”** means that certain real property located at 500 Meecham Road, Petaluma, California, which is comprised of approximately 432 acres.

**“CDS Leak Fund”** means that certain leak fund with a balance of \$2,306,347 which has been set aside by the County to address potential leaks in the future of the CDS.

**“City” or “Cities”** means any of the following: the City of Cloverdale, the City of Cotati, the City of Healdsburg, the City of Petaluma, the City of Rohnert Park, the City of Santa Rosa, the City of Sebastopol, the City of Sonoma, and the Town of Windsor.

**“Closure”** means the process by which the CDS, or a portion of the CDS, that is no longer receiving waste, undergoes all operations as required by the approved closure plan and Applicable Law to prepare the CDS (or portion thereof as appropriate) to enable it to undergo Post-Closure. Closure shall not be complete until the Closure Date.

**“Closure Date”** means the date on which all Governmental Authorities with jurisdiction over Closure of the CDS have accepted Republic’s certification that the Landfill has been closed in accordance with Applicable Law, or alternatively when all such Governmental Authorities or the County have indicated in writing that Closure of the CDS has been completed.



**“Committed Cities”** mean the Cities that have executed Waste Delivery Agreements.

**“Committed Cities Contingent Fund Agreement”** means that certain agreement that the Committed Cities have negotiated among themselves that include the terms and conditions surrounding the distribution of the Committed Cities Contingent Liability Fund, a copy of which is attached as Exhibit C.

**“Committed Cities Contingent Liability Fund”** means the special concession payments paid by Republic to the County on each ton of Committed City Waste for all or a portion of the 25 years of the Waste Delivery Agreements as set forth in Column C of the Concession Payment Schedule (Exhibit A), which fund shall be held by the County in trust on behalf of the Committed Cities in accordance with the terms of the Committed Cities Contingent Fund Agreement.

**“Committed City Waste”** means all waste committed to the County Facilities by a Committed City under a Waste Delivery Agreement.

**“County Administrative Costs”** means the Baseline Administrative Costs plus any Unexpected Administrative Costs.

**“County Administrative Costs Fund”** means the monies collected from the Base Concession Payments that are allocated to pay for the County Administrative Costs, as set forth in Section 6.3 below and any interest accrued on said fund.

**“County Contingent Liability Reserve Fund”** means that certain fund held within the County’s Treasury Pool which as of June 30, 2014, has a balance of \$10,611,435 and any interest accrued on said fund.

**“County Facilities”** means the Central Disposal Site, County Transfer Stations, and the Materials Recovery Facility. The term “County Facilities” does not include the compost facility or the household hazardous waste facility which is separately operated by the Sonoma County Waste Management Agency.

**“County Transfer Stations”** mean those certain transfer stations owned by the County and commonly referred to as the Annapolis Transfer Station, the Central Transfer Station, the Guerneville Transfer Station, the Healdsburg Transfer Station, and the Sonoma Transfer Station.

**“Default by Republic”** means a material uncured breach of the Master Operations Agreement by Republic and its parent corporation.

**“Dispute Resolution”** means the process set forth in Section 10.3 of this Settlement Agreement.

**“Effective Date”** means the date this Settlement Agreement becomes effective pursuant to Section 10.1 below.

**“Environmental Condition”** means the presence, release, threat of release or existence of any and all Hazardous Substances, leachate and/or landfill gas introduced into, on, over or about the soil, sediment, surface water, storm water or groundwater at CDS and/or any or all of the Former Landfills, including any migration of Hazardous Substances, landfill gas or leachate from CDS and/or any or all of the Former Landfills.

**“Environmental Law” or “Environmental Laws”** means any Applicable Law, as in effect from time to time, relating to air quality, water quality (including surface water, stormwater, groundwater, drinking water, and wastewater discharges), Hazardous Substances, Waste and similar environmental matters, including, but not limited to, the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. § 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. § 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Federal Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Oil Pollution Act (33 U.S.C. § 2701 et seq.) the Emergency Planning and Community Right-to-Know Act (42 U.S.C. § 11001 et seq.), the Porter-Cologne Water Quality Control Act (Cal. Wat. Code § 13020, et seq.), the Safe Drinking Water and Toxic Enforcement Act of 1986 (Cal. Health & Safety Code § 25249.5, et seq.), the Hazardous Substance Account Act (Cal. Health & Safety Code § 25300, et seq.), the California Integrated Waste Management Act of 1989 (Cal. Public Resources Code § 40000 et seq.), Cal. Health & Safety Code § 39000 et seq., 14 Cal. Code of Regulations § 18010 et seq., 23 Cal. Code of Regulations § 2510 et seq., 27 Cal. Code of Regulations § 20005 et. seq., and the Hazardous Waste Control Act (Cal. Health & Safety Code § 25100, et seq.).

**“Excess Settlement Funds”** mean the amount of funds collected by County for the Former Urban Landfills through a separate settlement agreement between the County and a City that does not execute a Waste Delivery Agreement, after deducting the County’s actual cost of pursuing the settlement.

**“Force Majeure Event”** means any occurrence, event, condition or circumstance beyond the reasonable control and without the fault, active negligence, intentional conduct, or misconduct of the County, Republic or a subsequent operator of CDS. Force Majeure shall include any of the following events to the extent such event has a direct adverse impact on the Former Urban Landfills, (i) acts of God, fire, explosion, flood, earthquake, severe or adverse weather conditions, or other natural disaster; (ii) acts of any Governmental Authority, including, failure or unanticipated or unjustified delay by the Governmental Authority in issuance, cancellation, or non-renewal of any applicable permit; (iii) acts of war or acts of public enemies, including, embargo, riot and/or civil unrest, civil commotion, insurrection, acts of terrorism or anticipated acts of terrorism, or sabotage; (iv) any labor dispute, including, strike, lockout, slowdown, or picketing; (v) any medical emergency, including, epidemic, regional medical crisis or quarantine; (vi) any failure of suppliers or third persons, including, interruption of services, lack of or shortage of electrical power, equipment or software program malfunction, or other occurrence outside of the ordinary course of business; and/or (vii) any other similar event, condition or circumstance beyond the reasonable control of the affected party and without its fault.

**“Former Landfills”** mean collectively, the Former Urban Landfills and the Former Rural Landfills.

**“Former Rural Landfills”** means the three former landfills located at 13450 Pocket Road, Guerneville, CA (*i.e.*, the Guerneville former landfill); 4985 Stoetz Lane, Occidental, CA (*i.e.*, the Occidental former landfill); and 33549 Annapolis Road, Annapolis, CA (*i.e.*, the Annapolis former landfill).

**“Former Urban Landfills”** means the former landfills located at 4376 Stage Gulch Road, Sonoma, CA (*i.e.*, the Sonoma former landfill); 7175 Roblar Road, Petaluma, CA 94952 (*i.e.*, the Roblar former landfill); 5200 Slusser Road, Windsor, CA 95492 (*i.e.*, the Airport former landfill); and 166 Alexander Rd, Healdsburg, CA 95448 (*i.e.*, the Healdsburg former landfill).

**“Former Urban Landfills Fund”** means the monies collected from the County Concession Payments that are allocated to pay for the Former Urban Landfills Liability as set forth in Section 6.2 below and any interest accrued on said funds.

**“Former Urban Landfills Liability”** means the costs for the Post-Closure Obligations For The Former Urban Landfills plus all costs and expenses necessary to address Unexpected Events related to the Former Urban Landfills.

**“Franchise Hauler”** means an entity that collects and hauls waste pursuant to a contract, franchise, permit, authorization or license issued by the County or a Committed City, as such franchises, licenses, contracts, permits and authorizations may be amended from time to time.

**“Governmental Authority”** and **“Governmental Authorities”** mean either individually or collectively any federal, state, local or other governmental, regulatory or administrative agency, governmental commission, department, board, subdivision, court, tribunal, other governmental arbitrator or arbitral body or other public agency.

**“Hazardous Substance”** and **“Hazardous Substances”** mean any waste, chemical, material or substance that is listed or regulated, whether presently or in the future, under Environmental Laws as a “hazardous” or “toxic” substance, or any pollutant or contaminant.

**“Healdsburg Leak Fund”** means that certain leak fund with a balance of \$2,567,504 which has been set aside by the County to address potential leaks in the future at the former Healdsburg landfill and any interest accruing on said funds.

**“Leak Funds”** mean collectively the CDS Leak Fund, Healdsburg Leak Fund and the Sonoma Leak Fund and any interest accruing on said funds.

**“Losses”** means any and all damages, assessments, losses, liabilities, judgments, orders, requirements, interest, costs, expenditures, attorneys’ fees, debts, liens of any kind and nature whether known or unknown, penalties, fines, interest and expenses, including court costs

and investigative, remedial, construction, consultant, expert witness, legal, engineering, accounting costs and other fees and expenses.

**“Master Operations Agreement”** means that certain Agreement for Operation of the Central Landfill and County Transfer Stations between County of Sonoma and Republic Services of Sonoma County, Inc. dated as of April 23, 2013, as may be amended.

**“Non-Committed City”** and **“Non-Committed Cities”** mean any City or Cities that are not a Committed City and that have not entered into a separate settlement agreement with the County.

**“Party”** means either the County or a Committed City.

**“Parties”** mean the County and all Committed Cities.

**“Post Closure”** means all activities undertaken at a landfill following Closure to maintain the integrity of the containment features and to monitor compliance with applicable performance standards which are consistent with all required plans, permits and Applicable Law.

**“Post-Closure Obligations For The Former Urban Landfills”** means the 30-year anticipated on-site maintenance and monitoring costs for the Former Urban Landfills to be funded by the Base Concession Payments and Leak Funds.

**“Prudent Solid Waste Practices”** means any of the practices, methods and acts engaged in or approved by a significant portion of the solid waste and landfill industry during the relevant time period, or any of the practices, methods or acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, environmental compliance and stewardship and expedition. Prudent Solid Waste Practices is not intended to be the optimum practice, method or act, but rather to be acceptable practices, methods or acts generally and significantly accepted in the solid waste and landfill industry, and specifically in the State of California. At a minimum, Prudent Solid Waste Practices shall be consistent with Applicable Law at the time such practices were followed.

**“Remediation”** means any or all of the following activities, to the extent they relate to or arise from the actual or threatened presence of Environmental Conditions associated with the Former Urban Landfills whether such activity is conducted at one or more of the Former Urban Landfills or off-site of a Former Urban Landfill boundary: (i) monitoring, investigation, sampling, testing, analysis, treatment, cleanup, containment, remediation, removal, burning, mitigation, transportation, disposal, handling, response or restoration work; (ii) any other activities that are reasonably necessary or appropriate or required under Applicable Law or Prudent Solid Waste Practices; (iii) known or reasonably foreseeable corrective action as required by the Regional Water Quality Control Board, CalRecycle, or other Governmental Authority; and (iv) preparing, implementing and/or submitting any reports, plans, sampling, analysis, other requests or studies for work identified in (i) through (iii).

**“Republic”** means Republic Services of Sonoma County, Inc., a California Corporation, its parent corporation Republic Services, Inc. and includes any third party with whom Republic contracts for operation of the County Facilities.

**“Settlement Agreement”** means this Central Disposal Site and Former Landfills Settlement Agreement Between the County of Sonoma and the Committed Cities and all attachments and Exhibits hereto.

**“Sonoma Leak Fund”** means that certain leak fund with a balance of \$2,170,837 which has been set aside by the County to address potential leaks in the future at the former Sonoma landfill and any interest accrued on said funds.

**“Third Party”** and **“Third Parties”** mean any entity other than the Parties to this Settlement Agreement.

**“Third Party Claim”** means any claim by a Third Party.

**“Unexpected Administrative Costs”** means costs related to: (a) the County’s cost to respond to, oversee, and address any Unexpected Event(s), including any consultant costs and County costs to oversee the consultant(s) work required as a result of such Unexpected Event(s); and/or (b) a change in law or Force Majeure Event causing an increase in the Baseline Administrative Costs.

**“Unexpected Event”** and **“Unexpected Events”** mean any and/or all of the following as well as any and all Losses associated with the following: (i) Force Majeure Event(s); (ii) Default by Republic that has an adverse effect on the Post-Closure Obligations for the Former Urban Landfills; (iii) Third Party Claim(s), including any claim identifying the County as a responsible party or potentially responsible party for any Environmental Condition and/or Remediation at the Former Urban Landfills; (iv) Environmental Condition(s) and/or Remediation at or associated with the Former Urban Landfills, including any migration of contamination, landfill gas or leachate from the Former Urban Landfills that needs to be addressed, consistent with, or necessary as a result of, Prudent Solid Waste Practices; (v) any Governmental Authority requirement, direction, mandate or order, related to any Environmental Condition and/or Remediation at the Former Urban Landfills; or (vi) any liability imposed under Applicable Laws related to any Environmental Condition and/or Remediation at the Former Urban Landfills. Unexpected Event does not include: (a) any Unexpected Event for which there are sufficient excess funds available to pay the additional costs, losses or expenses related to that event, out of the Leak Funds and the Former Urban Landfills Fund (the amount of excess funds shall be determined by estimating the then remaining costs for Post-Closure Obligations for the Former Urban Landfills and subtracting that from the balance available in the Leak Funds and the Former Urban Landfills Fund); and (b) the anticipated Post-Closure Obligations For The Former Urban Landfills.

**“Waste”** means all committed waste by the Cities under the Waste Delivery Agreement with Republic or the County under the terms of the Master Operations Agreement. The definition of waste may vary by jurisdiction based upon the special circumstances of each jurisdiction as agreed by Republic.

“**Waste Delivery Agreements**” mean those certain individual Waste Delivery Agreements executed by a Committed City and Republic whereby a Committed City has agreed to direct its Franchise Hauler to deliver waste to the County Facilities for a term of 25 years.

“**Water Treatment Plant**” means the Subregional Wastewater Treatment and Reclamation System Laguna Plant in Santa Rosa, California.

### **3.0 COUNTY COMMITMENTS**

#### **3.1 NON-COMMITTED CITIES**

The County, for the benefit of the County and the Committed Cities, agrees to use reasonable efforts to reach a separate settlement agreement with each City that does not enter into a Waste Delivery Agreement and this Settlement Agreement, to ensure that each such City pays its respective share of environmental liabilities for the Central Disposal Site, Former Urban Landfills and County Administrative Costs. Any Excess Settlement Funds shall be deposited into the Former Urban Landfills Fund and County Administrative Costs Fund in accordance with the allocation set forth in Section 6.

#### **3.2 FORMER RURAL LANDFILLS**

For purposes of this Settlement Agreement, as between the County and the Committed Cities, the County agrees to (a) indemnify, release, defend and hold the Committed Cities harmless from any and all damages, fees, costs, claims and liability of any sort arising out of the Former Rural Landfills, (b) accept all responsibility for the Former Rural Landfills, and (c) not apply any of the Base Concession Payments to maintenance, monitoring or remediation costs of the Former Rural Landfills. The County agrees to pay for the maintenance, monitoring, and remediation costs of the Former Rural Landfills through use of County general fund monies.

#### **3.3 COUNTY REPRESENTATIONS**

County represents to the Committed Cities that as of the Effective Date there are no Known claims pending or threatened against the County related to ownership, operation or use of the Central Disposal Site or any of the Former Urban Landfills arising out of, based on or resulting from the presence or release of, or exposure to, any Hazardous Substance. For purposes of this representation, the term “Known” means the actual knowledge after reasonable due inquiry of the County employees listed on Exhibit D.

#### **4.0 FORMER URBAN LANDFILLS LIABILITY**

##### **4.1 FUNDING FOR FORMER URBAN LANDFILLS**

###### **(a) FORMER URBAN LANDFILLS FUND**

It is anticipated that the Former Urban Landfills Fund will be sufficient to cover the Post-Closure Obligations For The Former Urban Landfills so long as there are no Unexpected Events. Provided there are no Unexpected Events, the County accepts all responsibility for the Post-Closure Obligations For The Former Urban Landfills for 30 years following the Effective Date.

###### **(b) UNEXPECTED EVENTS**

If an Unexpected Event impacts the former Sonoma landfill, the County shall use the Sonoma Leak Fund to address the Unexpected Event. If an Unexpected Event impacts the former Healdsburg landfill, the County shall use the Healdsburg Leak Fund to address the Unexpected Event. Notwithstanding the foregoing, should the Committed Cities unanimously decide to apply the Sonoma Leak Fund or Healdsburg Leak Fund to one of the other Former Urban Landfills, they shall provide County with written notice of such intent, and County shall apply such funds as directed by the Committed Cities.

###### **(c) EXHAUSTION OF FUNDS**

Upon the occurrence of an Unexpected Event, and subject to Section 4.1(b) the County shall use the applicable Leak Funds and the Former Urban Landfills Fund to address the Unexpected Event. If the Unexpected Event is not resolved upon the exhaustion of the Leak Funds and the Former Urban Landfills Fund, the mutual covenants not to sue as provided below in Section 7.2 shall expire. County shall provide written notice to the Committed Cities within fourteen (14) days after the date of said exhaustion, along with a detailed accounting of the use of the funds specified above and explanation of why and when said funds were exhausted.

###### **(d) GOOD FAITH MEETING PRIOR TO LITIGATION**

In the event of an occurrence of an Unexpected Event, the County and the Cities agree to meet in good faith within thirty (30) days of a notice under subsection (c) and prior to instituting any litigation against the other party for purposes to determine if a resolution of the issue can be agreed upon.

## **5.0 COLLECTION OF COUNTY ADMINISTRATIVE COSTS**

### **5.1 FUNDING FOR COUNTY ADMINISTRATIVE COSTS**

#### **(a) COUNTY ADMINISTRATIVE COSTS FUND**

It is anticipated that the County Administrative Costs Fund will be sufficient to cover the Baseline Administrative Costs. On or before September 30, 2015, and every year thereafter, the County shall provide the Committed Cities with a financial accounting of actual County Administrative Costs incurred during the previous one year period. If actual expenses exceed the initial estimate set forth in Exhibit A and require that more Base Concession Payments be allocated to the County Administrative Costs Fund (to the extent funds are available), then, in accordance with Section 6.4, the County shall provide the Committed Cities with notice of the County's intention to implement such adjustment along with documentation identifying where costs were exceeded and said adjustment may occur only after the procedures set forth in Section 6.4 have been followed and the County has met its burden of proof as set forth in Section 6.4. If the actual expenses incurred by the County in a period covered by the annual financial account were less than 80% of the amount allocated to the County Administrative Costs Fund for the same period, then the County shall transfer any excess amounts to the Former Urban Landfills Fund, after leaving a 20% contingency amount in the County Administrative Costs Fund to roll over into the next annual period.

#### **(b) DISPUTE RESOLUTION AND BURDEN OF PROOF**

Any dispute concerning payments for County Administrative Costs shall be subject to Dispute Resolution. In any dispute, the County shall provide reasonable documentation to show that such payments were reasonably necessary and made, or incurred, in accordance with Prudent Solid Waste Practices.

## **6.0 PAYMENTS AND MONIES DISTRIBUTION**

### **6.1 COUNTY BASE CONCESSION PAYMENTS**

#### **(a) PAYMENT FLUCTUATION**

The Base Concession Payments will fluctuate over the term of this Settlement Agreement based on actual tons delivered to the County Facilities. The Base Concession Payments formula is set forth in Exhibit A. The County agrees to waive its rights to collect Base Concession Payments from Republic on Committed City Waste delivered to the County Facilities during the 5-year period commencing the first day of year 21 of the Waste Delivery Agreements and ending the last day of year 25 of the Waste Delivery Agreements except as may be required to cover Baseline Administrative Costs for the final five years of the Master Operations Agreement. Starting in year 21, the Base Concession



Payments on Committed City Waste shall be set by calculating the average annual Baseline Administrative Costs for the previous 5 years.

(b) ALLOCATION

The County, for the benefit of the County and each Committed City, shall allocate the Base Concession Payments as set forth in this Section 6 (which includes subsections 6.1 through 6.5).

**6.2 FORMER URBAN LANDFILLS FUND**

The County shall initially allocate 70% of the Base Concession Payments to the Former Urban Landfills Fund. Consistent with the requirements of this Settlement Agreement, the County shall use the Former Urban Landfills Fund to cover the Parties' obligations for Former Urban Landfills Liability.

**6.3 COUNTY ADMINISTRATIVE COSTS FUND**

The County shall initially allocate 30% of the Base Concession Payments to the County Administrative Costs Fund.

**6.4 ADJUSTMENT OF BASE CONCESSION PAYMENTS PERCENTAGES**

(a) COUNTY ADJUSTMENTS

The County shall be entitled to adjust the percentage of the Base Concession Payments allocated to the Former Urban Landfills Fund and/or the County Administrative Costs Fund. Before any adjustment, the County and the Committed Cities shall discuss the change in allocation. The County shall consider any concerns or issues raised by any Committed City prior to proceeding with the allocation adjustment. Any dispute as to the County's allocation adjustment shall be subject to Dispute Resolution. The County shall have the burden of showing any adjustment is reasonable in light of Prudent Solid Waste Practices and is otherwise consistent with the terms of this Settlement Agreement.

**6.5 FUND TRACKING; ACCOUNTING AND DISBURSEMENTS**

(a) TRACKING

The County shall provide for the Former Urban Landfills Fund, the County Administrative Costs Fund, the Cities Contingent Liability Fund, and the Base Concession Payment Fund no later than 30 days after the Effective Date of this Settlement Agreement.

(b) ACCOUNTING

On or before September 30<sup>th</sup> of each year beginning in 2015, the County shall provide each Committed City with an annual accounting of the Former Urban

Landfills Fund, the County Administrative Costs Fund, the Committed Cities Contingent Liability Fund and the Base Concession Payment Fund, including a breakdown of each Committed City's contribution to the Former Urban Landfills Fund, the County Administrative Costs Fund, the Cities Contingent Liability Fund and the Base Concession Payment Fund based on the Committed City's delivery of Waste to the County Facilities. Such accounting shall include a report of all interest earned on each of the specified funds.

(c) DISBURSEMENTS

County shall have the right to draw funds from the Former Urban Landfills Fund, the County Administrative Costs Fund and the Base Concession Payment Fund in order to pay for County Administrative Costs and the Former Urban Landfills Liability; provided same is done in compliance with this Settlement Agreement.

**6.6 USE OF COUNTY CONTINGENT LIABILITY RESERVE FUND**

During the term of this Agreement, the County shall retain the County Contingent Liability Reserve Fund in a separate account to be available to the County to: (i) fund Unexpected Events at the Former Urban Landfills; and/or (ii) be used in connection with unfunded liabilities at the CDS in the event of a Default by Republic.

**6.7 USE OF COMMITTED CITIES CONTINGENT LIABILITY FUND**

The Committed Cities Contingent Liability Fund will fluctuate over the term of this Settlement Agreement based on actual tons delivered to the County Facilities. The Committed Cities Contingent Liability Fund is subject to the following terms and conditions:

(a) Use of the Committed Cities Contingent Liability Fund is limited to: (i) addressing landfill liabilities (Central Disposal Site and/or The Former Urban Landfills); and/or (ii) paying for other expenditures that benefit solid waste ratepayers;

(b) The special concession payment that funds the Committed Cities Contingent Liability Fund shall initially be set at \$5/ton and shall be adjusted by the change in the rates for Republic. In addition, said rate may be changed by the Committed Cities in accordance with the terms and conditions of Exhibit C;

(c) The Committed Cities must give County notice at least 90 days in advance of the Adjustment Date of any change to the amount of the surcharge;

(d) Committed Cities shall defend and indemnify the County against any challenge brought related to the special concession payment that funds the Committed Cities Contingent Liability Fund. In the event that any challenge is also brought against the collection of any other concession fees collected by the County, any defense and indemnity shall be prorated on equitable principles. The



Committed Cities shall have the sole right to: (i) select counsel to provide such defense; (ii) direct such defense; and (iii) determine the terms to resolve all claims. The County shall cooperate fully with the Committed Cities, including timely complying with all reasonable requests by the Committed Cities with respect to such defense; and

(e) There shall be no disbursement of funds in the Committed Cities Contingent Liability Fund without approval of the Committed Cities in accordance with the terms and condition of Exhibit C.

## **7.0 INDEMNITY, RELEASE AND COVENANT NOT TO SUE BETWEEN THE COUNTY, REPUBLIC AND THE COMMITTED CITIES**

### **7.1 INDEMNITY AND RELEASE FOR CENTRAL DISPOSAL SITE**

#### **(a) REPUBLIC INDEMNITY AND RELEASE**

As set forth in the Waste Delivery Agreements, each Committed City shall receive an unconditional and full indemnity and release from Republic for all environmental liabilities associated with the Central Disposal Site; with the exception that Republic shall not indemnify the Committed Cities for liabilities associated with operators other than Republic (e.g., compost facility and household hazardous waste facility) at CDS. Notwithstanding the foregoing, the nature, extent and scope of Republic's release and indemnification shall be governed by the relevant terms in the Waste Delivery Agreements. In no event shall the County be liable or responsible for, or otherwise guarantee, Republic's compliance with the Waste Delivery Agreements, including Republic's indemnification obligations, release and covenant not to sue. Notwithstanding the foregoing, County shall pursue to conclusion all its rights and remedies against Republic, its parent corporation and sureties under the Master Operations Agreement, and pursue the Non-Committed Cities, before pursuing any Committed City for any liability associated with the CDS. The County is not providing any form of release or indemnification to the Committed Cities for any liability associated with the CDS.

#### **(b) COUNTY COVENANT NOT TO SUE**

The County covenants not to sue in perpetuity the Committed Cities for any and all environmental liabilities associated with the Central Disposal Site except (1) for environmental liabilities excluded from Republic's assumed liabilities under the Master Operations Agreement (e.g., environmental liabilities associated with operators other than Republic (e.g., compost facility and the household hazardous waste facility)) at the Central Disposal Site; (2) where there is a material breach by Republic of the Master Operations Agreement which results in Republic's failure to carry out its closure, post closure, remediation and/or indemnity obligations at the Central Disposal Site; and/or (3) when a Committed City is in material default of its Waste Delivery Agreement, in which case and at which time the County's covenant not to sue shall expire as to the Committed City only.

(c) COMMITTED CITIES COVENANT NOT TO SUE

The Committed Cities covenant not to sue in perpetuity the County for any and all environmental liabilities associated with the Central Disposal Site except (1) for environmental liabilities associated with other operators (e.g., compost facility and the household hazardous waste facility) at the Central Disposal Site; (2) where there is a material breach by Republic of the Master Operations Agreement which results in Republic's failure to carry out its closure, post-closure, remediation and/or indemnity obligations at the Central Disposal Site; (3) when the County is in material default of the Master Operations Agreement; and/or (4) in the event that the County brings an action against a Committed City or Committed Cities pertaining to the Central Disposal Site.

**7.2 COVENANT NOT TO SUE FOR FORMER URBAN LANDFILLS**

(a) COUNTY COVENANT NOT TO SUE

The County covenants not to sue the Committed Cities for the thirty (30) years following the Effective Date for any and all environmental liabilities associated with the Former Urban Landfills except for any and all environmental liabilities associated with an Unexpected Event. Upon the occurrence of an Unexpected Event, the County shall exhaust all applicable Leak Funds and the Former Urban Landfills Fund to address the Unexpected Event, prior to initiating any lawsuit against the Committed Cities for any environmental liabilities associated with the Former Urban Landfills. If any such lawsuit is initiated against the Committed Cities, the County shall additionally name the Non-Committed Cities as co-defendants. Notwithstanding the foregoing, to the extent the Unexpected Event is caused by an alleged breach by Republic under the Master Operations Agreement, County shall pursue to conclusion any and all remedies against Republic before pursuing any Committed City for any liability associated with the Former Urban Landfills, including without limitation, suing Republic and its parent guarantor.

(b) COMMITTED CITIES COVENANT NOT TO SUE

The Committed Cities covenant not to sue the County for the thirty (30) years following the Effective Date for any and all environmental liabilities associated with the Former Urban Landfills except in the event that (a) the County sues the Committed Cities for any and all environmental liabilities associated with an Unexpected Event; and/or (b) the County breaches this Agreement.

**7.3 COUNTY DEFENSE OF COMMITTED CITY**

The County shall pay for the common defense of the Committed Cities in the event a Non-Committed City asserts a claim against any such Committed City as a result of the County pursuing any Non-Committed City for environmental liabilities for the Former Urban Landfills. The County shall have the sole right to (i) select counsel to provide such defense; (ii) direct such defense; and (iii) determine the terms to resolve all claims. Any Committed City entitled to the defense provided in this Section 7.3 of this Settlement Agreement, shall cooperate

fully with the County, including timely complying with all reasonable requests by the County with respect to such defense. The Parties agree that the Committed Cities and the County through this Agreement, the Master Operations Agreement and the Waste Delivery Agreements will be making a fair and reasonable contribution to the Post-Closure Obligations for the Former Urban Landfills. The Committed Cities hereby understand and acknowledge that: (a) pursuant to Section 14.4 of the Master Operations Agreement, County has assigned to Republic the Assigned Environmental Claims (as defined in the Master Operations Agreement) associated with the Central Disposal Site; and (b) pursuant to Section 15.1(h) of the Master Operations Agreement, Republic is obligated to defend and indemnify the Committed Cities and the County for any claim asserted by a Third Party as a result of, related to or arising from Republic's actions to pursue an entity for any Assigned Environmental Claim (as defined in the Master Operations Agreement).

**7.4 RELEASE OF COMMITTED CITIES FOR FORMER RURAL LANDFILLS**

The County shall release the Committed Cities from all liabilities for the Former Rural Landfills. Without limiting the generality of the foregoing:

COUNTY DOES HEREBY RELEASE, HOLD HARMLESS AND FOREVER DISCHARGE THE COMMITTED CITIES AND EACH OF THEM FROM ANY AND ALL LOSSES, IN EACH CASE, OF ANY KIND OR CHARACTER, WHETHER KNOWN OR UNKNOWN, HIDDEN OR CONCEALED, TO THE PERSON OR PROPERTY OF COUNTY, ITS SUCCESSORS AND ASSIGNS, RESULTING FROM OR ARISING OUT OF (1) THE PAST, PRESENT, CONTINUED AND FUTURE SCREENING, ACCEPTANCE, DISPOSAL, TREATMENT, SORTING, HANDLING AND PROCESSING OF WASTE, HAZARDOUS SUBSTANCES OR OTHER MATERIAL AT OR IN THE FORMER RURAL LANDFILLS; (2) THE DISPOSAL OF WASTE COMING FROM THE COMMITTED CITIES TO THE FORMER RURAL LANDFILLS; (3) ANY CLOSURE AND POST-CLOSURE OBLIGATIONS RELATING TO THE FORMER RURAL LANDFILLS; (4) ANY ENVIRONMENTAL CONDITION OR REMEDIATION RELATING TO THE FORMER RURAL LANDFILLS; OR (5) THE OWNERSHIP, OPERATION, MAINTENANCE, REMEDIATION, CLOSURE AND/OR POST-CLOSURE OF THE FORMER RURAL LANDFILLS. COUNTY HEREBY WAIVES ANY AND ALL RIGHTS AND BENEFITS THAT IT NOW HAS, OR IN THE FUTURE MAY HAVE CONFERRED UPON IT BY VIRTUE OF THE PROVISIONS OF SECTION 1542 OF THE CIVIL CODE OF THE STATE OF CALIFORNIA (OR ANY OTHER STATUTE OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT), WHICH PROVIDES AS FOLLOWS:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER

FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

IN THIS CONNECTION, COUNTY HEREBY AGREES, REPRESENTS, AND WARRANTS THAT IT REALIZES AND ACKNOWLEDGES THAT FACTUAL MATTERS NOW UNKNOWN TO IT MAY HAVE GIVEN OR MAY HEREAFTER GIVE RISE TO CLAIMS THAT ARE PRESENTLY UNKNOWN, UNANTICIPATED AND UNSUSPECTED, AND IT FURTHER AGREES, REPRESENTS, AND WARRANTS THAT THIS RELEASE HAS BEEN NEGOTIATED AND AGREED UPON IN LIGHT OF THAT REALIZATION AND IT NEVERTHELESS HEREBY INTENDS TO RELEASE THE COMMITTED CITIES FROM THE LOSSES AND MATTERS DESCRIBED IN THIS SECTION.

NOTWITHSTANDING THE PROVISIONS OF THIS SECTION, THIS RELEASE SHALL NOT RELEASE THE COMMITTED CITIES FROM ANY OBLIGATIONS THEY MAY HAVE UNDER THIS AGREEMENT.

County's Initials nrq

Notwithstanding the foregoing, the release set forth herein shall not preclude County from pursuing, and County hereby expressly reserves its right to pursue, all Third Parties (which expressly exclude any entity released hereby) for any matter covered by the release set forth in this Section.

## **8.0 DEFAULT BY REPUBLIC**

### **8.1 CIRCUMSTANCES AND NOTIFICATION**

In the event there has been a Default by Republic under the Master Operations Agreement, the County shall provide written notification as set forth in Section 10.12 below to each Committed City within fifteen (15) business days after the County determines that there has been a Default by Republic. As set forth in Article 7 above, and pursuant to the terms and conditions set forth in Article 7, the County shall pursue its remedies against Republic, its parent guarantor and sureties under the Master Operations Agreement before pursuing any Committed City for unfunded liabilities, unless a Committed City is in material default of its Waste Delivery Agreement.

### **8.2 AUTOMATIC TOLLING PROVISIONS**

Upon notice to each Committed City of a Default by Republic, the Parties hereby agree to the automatic tolling of any and all Federal, State, legal and equitable claims of any sort concerning the matters described in this Settlement Agreement until such time as the County concludes pursuing its remedies against Republic, the parent guarantor and its sureties.

## **9.0 OTHER CONSIDERATIONS**

### **9.1 COMMITTED CITIES ACCESS TO COUNTY TRANSFER STATIONS AFTER EXPIRATION OF WASTE DELIVERY AGREEMENTS**

Upon the expiration of the Waste Delivery Agreements, the County agrees to allow any of the Committed Cities to deliver their Waste to those County Facilities that Republic returns back to the County in exchange for the Committed City paying the same rate charged self-haul customers for the processing of such Waste and subject to the County having capacity for such Waste after granting first priority to Waste delivered from the unincorporated County.

### **9.2 COORDINATION OF EFFORTS**

The Parties understand and acknowledge that actions taken by the Sonoma County Waste Management Agency could negatively or positively impact the benefits derived by, or obligations imposed upon, the Parties under this Settlement Agreement, the Waste Delivery Agreements and/or the Master Operations Agreement. Therefore, the Committed Cities and the County mutually agree to ensure that their respective representative to the Sonoma County Waste Management Agency is: (a) fully aware of the benefits and obligations under the Master Operations Agreement, this Settlement Agreement and the Waste Delivery Agreements; and (b) directed not to take any actions that could materially impact the Parties benefits or obligations under the Master Operations Agreement, the Waste Delivery Agreements or this Settlement Agreement without first seeking approval of the Party's appointing authority.

### **9.3 PARTIES OBLIGATIONS AT THE END OF YEAR 19**

At the end of the 19<sup>th</sup> year of the Waste Delivery Agreements, and every 10 years thereafter, the parties shall meet and confer in good faith to assess the on-going post closure maintenance costs of the Former Urban Landfills. In the event the Parties fail to agree upon the appropriate amount of funding to disburse, retain or collect in connection with the on-going Post Closure Obligations For The Former Urban Landfills, the Parties shall retain a mutually agreeable third party consultant to provide a recommendation on the scope of Post Closure. The Committed Cities shall provide the County with a list of potential third party consultants satisfactory to the Committed Cities and the County shall select the actual third party consultant from that list. The consultant's assessment shall also include a cost estimate for the scope of Post Closure for each of The Former Urban Landfills. If the Parties are unable to agree on what to do with the Former Urban Landfills Fund, the County shall continue to retain and have access to the Former Urban Landfills Fund. In the event the County receives a closure letter or similar commitment from the government agency with oversight for the remediation and closure of one or more of the Former Urban Landfills which provides a basis for the Parties to conclude that not all of the remaining Former Urban Landfills Fund or applicable Leak Funds are required to meet potential



future regulatory costs, then all or a portion of the Former Urban Landfills Fund shall be distributed to the Parties based on their respective percentage contributions into the Former Urban Landfills Fund. Any dispute as to whether there should be a distribution is subject to Section 10.3 Dispute Resolution with the understanding that the scope of the arbitrator's responsibility is limited only to this issue and not to any liability determination.

## **10.0 MISCELLANEOUS PROVISIONS**

### **10.1 CONDITIONS PRECEDENT TO EFFECTIVENESS OF THIS AGREEMENT**

The Effective Date of this Settlement Agreement shall not occur until the following conditions have been met:

**A. Waste Flow Commitments.**

All of the Committed Cities listed below shall have entered into Waste Delivery Agreements with Republic for a minimum period of 25 years. The Committed Cities that must enter into such Waste Delivery Agreements to satisfy this condition are: Cloverdale, Cotati, Healdsburg, Rohnert Park, Santa Rosa, Sebastopol, Sonoma and the Town of Windsor.

**B. Central Disposal Site and Central Disposal Site Expansion Permits.**

County shall have received a solid waste facilities permit, waste discharge requirements, NPDES permit, and leachate disposal permit from the Santa Rosa Subregional Water Treatment Plant, agreement from Cotati for use of its sewer line and all other permits required for the operation of the Central Disposal Site and the construction and operation of an additional 9 million cubic yards of new disposal capacity at the Central Disposal Site. The parties acknowledge that Rohnert Park has provided notice to the County of termination of the existing sewer agreement effective December 6, 2015. The County is currently negotiating with the City of Cotati for access to Cotati's sewer line for conveying leachate from the pipeline to the Water Treatment Plant.

**C. Delivery of Republic's Financial Security Instruments to County.**

Republic shall have delivered to County its proof of insurance, bond, letters of credit and signed and duly authorized parent company corporate guaranty.

**D. City Execution of Settlement Agreement**

Each Committed City shall have duly executed this Settlement Agreement.

E. Amendment of the Master Operations Agreement

County and Republic shall enter into an amendment to the Master Operations Agreement to provide for: (1) the additional 5 year waste commitment term; (2) the collection of the Committed Cities Contingent Liability Fund; and (3) use of the Transfer Stations by the Committed Cities at fair market rates following the expiration of the 25 year waste commitment term.

F. City Execution of Committed Cities Contingent Fund Agreement

Each Committed City shall have duly executed the Committed Cities Contingent Fund Agreement.

**10.2 AUTHORITY TO ENTER INTO SETTLEMENT AGREEMENT**

By executing this Settlement Agreement, each Party represents that its respective signatories to this Settlement Agreement are fully authorized to enter into this Settlement Agreement on the Party's behalf and to legally bind the Party to this Settlement Agreement.

**10.3 DISPUTE RESOLUTION**

(a) Binding Arbitration

Except as otherwise specifically provided for in this Settlement Agreement, any dispute between the Parties or between the County and any Committed City shall be resolved by binding arbitration in accordance with California Code of Civil Procedure Section 1280 et. seq. (the "Act").

(b) Written Notice

A request pursuant to this Section 10.3 of this Settlement Agreement shall be pursuant to written notice as set forth in Section 10.12 of this Settlement Agreement.

(c) Proceedings

Arbitration proceedings will be determined in accordance with the Act, the then-current JAMS Streamlined Arbitration Rules, and the terms of this Section 10.3 of this Settlement Agreement.

(d) Arbitration Location and Arbitrator Qualifications

The Parties involved in the dispute shall seek to agree on a mutually acceptable provider organization for administration of the arbitration proceeding. If the parties are unable to agree within 20 days after delivery by a Party of the written notice requesting arbitration, the arbitration shall be administered by JAMS and conducted in Sonoma County, California. If JAMS is unwilling or unable to (i)

serve as the provider of arbitration or (ii) enforce any provision of this arbitration clause, the County may designate another arbitration organization with similar procedures to serve as the provider of arbitration.

All claims shall be determined by one arbitrator. The arbitrator shall have at least 5 years direct experience with environmental remediation at solid waste facilities and shall be independent of, and unaffiliated with, each Party (and shall not ever have been an employee of any Party, under contract with any Party in the past 5 years or acted as an arbitrator for any Party within the past 5 years). If the Parties are unable to select an arbitrator within 20 days after the provider organization for administration of the arbitration proceeding has been determined, the organization administering the arbitration shall select a qualified arbitrator from its panel.

(e) Hearings

The arbitration hearings shall commence within 90 days of the demand for arbitration and close within 45 days of commencement and, the decision of the arbitrator shall be issued within 45 days of the close of the hearing. The Parties shall have the right to such discovery as permitted by California Code of Civil Procedure §1283.05. The arbitrator shall provide a concise written statement of the reasons for the decision. The arbitration decision may be submitted to any court having jurisdiction to be confirmed and have judgment entered and enforced.

(f) No Right to Jury Trial

By agreeing to binding arbitration, the Parties irrevocably and voluntarily waive any right they may have to a trial by jury as permitted by Law in respect of any claim; provided, however, with respect to any dispute arising from events which, in either Party's reasonable judgment, create an emergency condition or other condition which if not immediately resolved will substantially and adversely affect the rights and/or interests of one Party or the other and, as such, requires immediate and decisive action by one or both of the Parties for its resolution, then either the Committed City or County may take such action, including filing court actions, as either of them deems reasonably necessary to preserve such Party's rights under this Settlement Agreement, without first subjecting such dispute to arbitration under this Section 10.3. During the pendency of any arbitration proceeding, the time for (a) performance of any obligation, (b) exercise of any right, and (c) cure of any default, arising under or by virtue of this Settlement Agreement, which is the subject of or directly relates to the matter being arbitrated in such proceeding, shall be tolled, and extended for a period equal to the amount of time consumed by the arbitration process, and ending ten (10) business days after the rendering of the written final decision in the arbitration proceeding as to such matter. **WHETHER OR NOT THE CLAIM IS DECIDED BY ARBITRATION, THE PARTIES AGREE AND UNDERSTAND THAT THE EFFECT OF THIS SETTLEMENT**

**AGREEMENT IS THAT THEY ARE GIVING UP THE RIGHT TO TRIAL BY JURY TO THE EXTENT PERMITTED BY LAW.**

(g) Arbitration Costs and Award

Any of the sides involved in the arbitration shall evenly split the cost of any arbitration under this Section 10.3 of the Settlement Agreement. Any monetary award to any party to an arbitration proceeding shall, as appropriate, include interest owed on amounts due, with interest charged at a rate equal to the then current interest rate earned by the County Treasury investment pool plus 200 basis points.

**10.4 CAPTIONS**

The captions used in this Settlement Agreement have been inserted only for convenience of reference and do not modify, explain, enlarge or restrict any of the provisions of this Settlement Agreement.

**10.5 TIME IS OF THE ESSENCE**

Time is of the essence of each term of this Settlement Agreement. Without limiting the generality of the foregoing, all times provided for in this Settlement Agreement for the performance of any act shall be strictly construed.

**10.6 GOVERNING LAW**

This Settlement Agreement and the obligations of the Parties hereunder shall be governed by and construed and enforced in accordance with the substantive and procedural laws of the State of California, without regard to rules on choice of law.

**10.7 ENTIRE SETTLEMENT AGREEMENT**

This Settlement Agreement contains the sole and entire agreement and understanding of the Parties with respect to the entire subject matter hereof, and any and all prior discussions, negotiations, commitments and understandings related hereto. No representations, oral or otherwise, express or implied, other than those contained herein have been made by any Party hereto. No other agreements not specifically referred to herein, oral or otherwise, shall be deemed to exist or to bind any of the Parties.

**10.8 JOINT DRAFTING**

The Parties have participated jointly in the negotiation and drafting of this Settlement Agreement. In the event of ambiguity or question of intent or interpretation arises, this Settlement Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring

or disfavoring any Party by virtue of the authorship of any provision of this Settlement Agreement.

#### **10.9 SEVERABILITY**

If any provision of this Settlement Agreement or application thereof to any person, Party or circumstance shall to any extent be invalid or unenforceable, the remainder of this Settlement Agreement or the application of such provision to any person, Party or circumstance other than those as to which it is held invalid or unenforceable shall not be affected thereby and each remaining provision of this Settlement Agreement shall be valid and enforceable to the fullest extent permitted by law.

#### **10.10 MODIFICATION OF SETTLEMENT AGREEMENT**

This Settlement Agreement may only be modified upon written agreement of the Parties hereto.

#### **10.11 APPLICATION OF SETTLEMENT AGREEMENT**

##### **(a) Benefit**

This Settlement Agreement shall apply to, be binding upon, and inure to the benefit of, the Parties and their respective board of supervisors, city council members, officers, directors, employees, predecessors, successors and assigns.

##### **(b) No Third Party Beneficiaries**

This Settlement Agreement is not intended to create or grant any rights, contractual or otherwise, in any third party beneficiaries.

#### **10.12 NOTIFICATION REQUIREMENTS**

Any notice required under this Settlement Agreement shall be effective only if in writing and delivered in person or sent by telecopy, email, certified or registered mail return receipt requested, or traceable overnight delivery service, to the following designees:

##### **County of Sonoma:**

Name: County Administrator  
County of Sonoma  
Address: 575 Administration Drive, Room 104A  
Santa Rosa, CA 95403  
With a Copy to: County Counsel

**For Each Committed City:**

City of Cloverdale

Name: City Manager  
City of Cloverdale  
Address: 124 N. Cloverdale Blvd.  
Cloverdale, CA 95425  
With a Copy to: City Attorney

City of Healdsburg

Name: City Manager  
City of Healdsburg  
Address: 401 Grove Street  
Healdsburg, CA 95448  
With a Copy to: City Attorney

Town of Windsor

Name: Town Manager  
Town of Windsor  
Address: 9291 Old Redwood Highway, Suite 400  
Windsor, CA 95492  
With a Copy to: City Attorney

City of Santa Rosa

Name: City Manager  
City of Santa Rosa  
Address: 100 Santa Rosa Avenue  
Santa Rosa, CA 95404  
With a Copy to: City Attorney

City of Sebastopol

Name: City Manager  
City of Sebastopol  
Address: 7120 Bodega Avenue  
P.O. Box 1776  
Sebastopol, CA 95473  
With a Copy to: City Attorney

City of Rohnert Park

Name: City Manager  
City of Rohnert Park  
Address: 130 Avram Avenue  
Rohnert Park, CA 94928  
With a Copy to: City Attorney

City of Sonoma

Name: City Manager  
City of Sonoma  
Address: No. 1 The Plaza  
Sonoma, CA 95476  
With a Copy to: City Attorney

City of Cotati

Name: City Manager  
City of Cotati  
Address: 201 W. Sierra Avenue  
Cotati, CA 94931  
With a Copy to: City Attorney

**10.13 INTERPRETATION**

In this Agreement, unless a clear contrary intention appears:

- (a) the singular number includes the plural number and vice versa;
- (b) "hereunder," "hereof," "hereto," "herein" and words of similar import are references to this Agreement as a whole and not to any particular Section or other provision hereof or thereof;
- (c) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term;
- (d) relative to the determination of any period of time, "from" means "from and including," "to" means "to but excluding" and "through" means "through and including;" and
- (e) reference to any "day" shall mean a calendar day unless otherwise specified.

**10.14 NO ADMISSION OF LIABILITY**

By execution of this Settlement Agreement, no Party admits any facts, liabilities or conclusions of law. Except for disputes between the Parties related to this Settlement Agreement, nothing in this Settlement Agreement shall constitute or be construed, considered, offered or admitted in whole or in part in any forum or


proceeding as evidence of an admission or evidence of fault or liability of any kind.



IN WITNESS WHEREOF, this Settlement Agreement shall be effective as of the Effective Date.

**County of Sonoma**

Dated: 3/6/15

By:   
Name: Susan Gorin  
Title: Chair of the Board of Supervisors

APPROVED AS TO FORM FOR COUNTY OF SONOMA:

By:   
Name: Sheryl Bratton  
Title: Assistant County Counsel

**City of Cloverdale**

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

APPROVED AS TO FORM FOR CITY OF CLOVERDALE:

By: \_\_\_\_\_  
Name: Jose Sanchez  
Title: City Attorney

**City of Cotati**

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

APPROVED AS TO FORM FOR CITY OF COTATI:

By: \_\_\_\_\_  
Name: Robin Donoghue  
Title: City Attorney

IN WITNESS WHEREOF, this Settlement Agreement shall be effective as of the Effective Date.

County of Sonoma

Dated: \_\_\_\_\_

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

Name: David Rabbitt

Title: Chairman of the Board of Supervisors

APPROVED AS TO FORM FOR COUNTY OF SONOMA:

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

Name: Sheryl Bratton

Title: Assistant County Counsel

City of Cloverdale

Dated: \_\_\_\_\_

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

Name: \_\_\_\_\_

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

APPROVED AS TO FORM FOR CITY OF CLOVERDALE:

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

Name: Jose Sanchez

Title: City Attorney

City of Cotati

Dated: March 16, 2015

By: 

Name: Damien O'Bid

Title: Acting City Manager

APPROVED AS TO FORM FOR CITY OF COTATI:

By: 

Name: Robin Donoghue

Title: City Attorney

IN WITNESS WHEREOF, this Settlement Agreement shall be effective as of the Effective Date.

County of Sonoma

Dated: \_\_\_\_\_

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

Name: David Rabbitt

Title: Chairman of the Board of Supervisors

APPROVED AS TO FORM FOR COUNTY  
OF SONOMA:

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

Name: Sheryl Bratton

Title: Assistant County Counsel

City of Cloverdale

Dated: 12/10/2014

By: Paul Cayler

Name: PAUL CAYLER

Title: CITY MANAGER

APPROVED AS TO FORM FOR CITY OF  
CLOVERDALE:

By: Jose Sanchez

Name: Jose Sanchez

Title: City Attorney

City of Cotati

Dated: \_\_\_\_\_

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

Name: \_\_\_\_\_

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

APPROVED AS TO FORM FOR CITY OF  
COTATI:


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

Name: Robin Donoghue

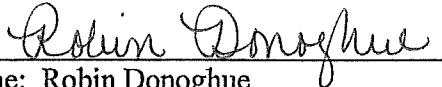
Title: City Attorney

**City of Healdsburg**

Dated: 3/2/15

By:   
Name: David Mickaelian  
Title: City Manager

APPROVED AS TO FORM FOR CITY OF  
HEALDSBURG:

By:   
Name: Robin Donoghue  
Title: City Attorney

**City of Rohnert Park**

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

APPROVED AS TO FORM FOR CITY OF  
ROHNERT PARK:

By: \_\_\_\_\_  
Name: Michelle Marchetta Kenyon  
Title: City Attorney

**City of Santa Rosa**

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

APPROVED AS TO FORM FOR CITY OF  
SANTA ROSA:

By: \_\_\_\_\_  
Name: Caroline Fowler  
Title: City Attorney

**City of Healdsburg**

Dated: \_\_\_\_\_

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

Name: \_\_\_\_\_

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

APPROVED AS TO FORM FOR CITY OF  
HEALDSBURG:

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

Name: Robin Donoghue

Title: City Attorney

**City of Rohnert Park**

Dated: \_\_\_\_\_

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

Name: \_\_\_\_\_

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

APPROVED AS TO FORM FOR CITY OF  
ROHNERT PARK:

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

Name: Michelle Marchetta Kenyon

Title: City Attorney

**City of Santa Rosa**

Dated: 3/9/15

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

Name: SEAN MC GAYN

Title: City Manager

APPROVED AS TO FORM FOR CITY OF  
SANTA ROSA:

By: Caroline Fowler

Name: Caroline Fowler

Title: City Attorney

City of Healdsburg

Dated: \_\_\_\_\_

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

Name: \_\_\_\_\_

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

APPROVED AS TO FORM FOR CITY OF  
HEALDSBURG:

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

Name: Robin Donoghue

Title: City Attorney

City of Rohnert Park

Dated: December 31, 2014

ATTEST:

Chris Adams  
Deputy City Clerk

Per Reso. No. 2014-134 adopted 10/28/14

By: Brian Masterson

Name: Brian Masterson

Title: Acting City Manager

APPROVED AS TO FORM FOR CITY OF  
ROHNERT PARK:

By: Michelle Marchetta Kenyon

Name: Michelle Marchetta Kenyon

Title: City Attorney

City of Santa Rosa

Dated: \_\_\_\_\_

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

Name: \_\_\_\_\_

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

APPROVED AS TO FORM FOR CITY OF  
SANTA ROSA:

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

Name: Caroline Fowler

Title: City Attorney

**City of Sebastopol**

Dated: 12/2/14

By: [Signature]  
Name: Larry McLaughlin  
Title: City Manager

APPROVED AS TO FORM FOR CITY OF  
SEBASTOPOL:

By: [Signature]  
Name: Larry McLaughlin  
Title: City Attorney

**City of Sonoma**

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

APPROVED AS TO FORM FOR CITY OF  
SONOMA:

By: \_\_\_\_\_  
Name: Jeffrey Walter  
Title: City Attorney

**Town of Windsor**

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

APPROVED AS TO FORM FOR TOWN OF  
WINDSOR:

By: \_\_\_\_\_  
Name: Robin Donoghue  
Title: Town Attorney

**City of Sebastopol**

Dated: \_\_\_\_\_

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

Name: \_\_\_\_\_

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

APPROVED AS TO FORM FOR CITY OF  
SEBASTOPOL:

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

Name: Larry McLaughlin

Title: City Attorney

**City of Sonoma**

Dated: \_\_\_\_\_

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

Name: \_\_\_\_\_

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

APPROVED AS TO FORM FOR CITY OF  
SONOMA:

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

Name: Jeffrey Walter

Title: City Attorney

**Town of Windsor**

Dated: 12-4-14

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

Name: LINDA KELLY

Title: TOWN MANAGER

APPROVED AS TO FORM FOR TOWN OF  
WINDSOR:

By: Robin Donoghue

Name: Robin Donoghue

Title: Town Attorney



**City of Sebastopol**

Dated: \_\_\_\_\_

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

Name: \_\_\_\_\_

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

APPROVED AS TO FORM FOR CITY OF  
SEBASTOPOL:

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

Name: Larry McLaughlin

Title: City Attorney

**City of Sonoma**

Dated: 1-5-2015

By: *C. E. Giovanatto*

Name: CAROLE E. GIOVANATTO

Title: CITY MANAGER

APPROVED AS TO FORM FOR CITY OF  
SONOMA:

By: *Jeffrey Walter*

Name: Jeffrey Walter

Title: City Attorney

**Town of Windsor**

Dated: \_\_\_\_\_

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

Name: \_\_\_\_\_

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

APPROVED AS TO FORM FOR TOWN OF  
WINDSOR:

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

Name: Robin Donoghue

Title: Town Attorney

**City of Sebastopol**

Dated: \_\_\_\_\_

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

Name: \_\_\_\_\_

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

APPROVED AS TO FORM FOR CITY OF  
SEBASTOPOL:

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

Name: Larry McLaughlin

Title: City Attorney

**City of Sonoma**

Dated: \_\_\_\_\_

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

Name: \_\_\_\_\_

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

APPROVED AS TO FORM FOR CITY OF  
SONOMA:

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

Name: Jeffrey Walter

Title: City Attorney

**Town of Windsor**

Dated: \_\_\_\_\_

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

Name: \_\_\_\_\_

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

APPROVED AS TO FORM FOR TOWN OF  
WINDSOR:

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

Name: Robin Donoghue

Title: Town Attorney

**EXHIBIT A**  
**CONCESSION PAYMENT SCHEDULE**

	<b>A</b>	<b>B</b>	<b>C</b>
<b>Total Annual Tons</b>	<b>Base Concession Payment on Committed Waste and Self Haul Waste (\$/ton)</b>	<b>Special Concession Payment on Committed County Waste and Self Haul Waste</b>	<b>Special Concession Payment on Committed City Waste</b>
Less than 200,000 tons	\$15.75	\$1.00	\$5.00
200,000 – 225,000 tons	\$13.75	\$1.00	\$5.00
225,001 – 250,000	\$12.25	\$1.00	\$5.00
250,001 – 275,000	\$11.00	\$1.00	\$5.00
275,001 – 300,000	\$10.00	\$1.00	\$5.00
300,001 – 325,000	\$9.25	\$1.00	\$5.00
325,001 – 350,000	\$8.50	\$1.00	\$5.00
More than 350,000 tons	\$8.00	\$1.00	\$5.00

**NOTES:**

1. The above rates would be the initial rates starting in 2014. The rates in the above table would all be adjusted annually by the same inflation adjustment factor applicable to the Contractor Service Fee, as described in Section 11.4 A of the MOA.
2. The Base Concession Payment would start at \$9.25 for the initial operating year and then be adjusted annually based on changes in total tonnage delivered during the previous 12 months.
3. The Special Concession Payment on Committed City Waste would start at \$5.00 for the initial operating year and be adjusted annually by the same inflation adjustment factor applicable to the Contractor Service Fee, as described in Section 11.4 A of the MOA. In addition, the Committed Cities may make other adjustments to the Special Concession Payment on Committed City Waste in the Committed Cities' discretion as further set forth in Exhibit C. County shall implement said adjustments to the Special Concession Payment on Committed City Waste, (to take effect on an Adjustment Date), by providing Contractor with written notice at least 60 days prior to the Adjustment Date.
4. The Special Concession Payment on Committed County Waste and Self Haul Waste (Column B) would start at \$1.00 for the initial operating year and then be adjusted annually by the same inflation adjustment factor applicable to the Contractor Service Fee, as described in Section 11.4 A of the MOA. In addition, County may make other adjustments to the Special Concession Payment on Committed County Waste, to take effect on an Adjustment Date, by providing Republic with written notice at least 60 days prior to the Adjustment Date.
5. Both the Base Concession Payment (Column A) and the Special Concession Payment (Column B) will be charged on all Committed City Waste during the term of the Waste Delivery Agreements, provided, however, that County agrees to waive the then current Base Concession Payment for Republic and all Committed Cities on Committed City Waste during the last 5 years of the 25 year term of the Waste Delivery Agreements. For

example, during the first year of the Term, Republic would pay County \$14.25 per ton of Committed City Waste.

6. Both the Base Concession Payment on County Committed Waste and Self-Haul Waste and the Special Concession Payment on Committed County Waste and Self Haul Waste will be charged throughout the Committed Waste Period and the County Facilities Operation Period. For example, during the first year, Republic would pay County \$10.25 per ton of Committed County Waste and Self-Haul Waste.

7. If total tons of Committed and Self Haul Waste drop below 175,000 tons per year, County has the right to increase the Base Concession Payment (Column A).

8. The above Base Concession Payments shall be imposed on every ton coming through the County Facilities (except as provided in Note 10 below) throughout the Committed Waste Period and the County Facilities Operation Period, except as provided in Note 5 above.

9. All Concession Fee Payments described in this Exhibit shall be a "pass-through" expense of Republic and shall be included in the Gate Rates to be collected by Republic. Republic shall not be obligated to make payment on materials where the Concession Fees have not been placed in the tipping fees that Republic can collect or if materials are not being delivered to the County Facilities.

10. The above Base Concession Payments (Column A), Special Concession Payment on Committed County Waste/Self Haul Waste (Column B) and Special Concession Payment on Committed City Waste (Column C) shall be charged on every ton coming through the County Facilities, including all green waste and wood waste received at the County Facilities with the following limited exceptions:

- Beneficial Reuse Material ["Beneficial Reuse Materials" means materials that are incorporated into the operations of the County Facilities in accordance with Applicable Law, including but not limited to material used as or for Alternative Daily Cover, daily or intermediate soil cover, construction of drainage and erosion controls, retaining walls, French drains, sedimentation basins, roads, all weather surfaces, or other non-disposal, beneficial reuse. The term shall not include materials converted for purposes of producing energy or other products.]
- Special Waste from within the County ["Special Waste" means any solid, liquid, semi-solid, gaseous material and associated containers which would not normally be disposed of by a municipal garbage removal and disposal system, which by way of example would include materials generated as a direct or indirect result of an industrial process or from the removal of contaminants(s) from the air, water or land. "Special Waste" includes but is not limited to any Waste from a non-residential source that includes, but is not limited to any of the following: industrial process waste, pollution control waste, incinerator residues, ash, spent catalyst, coke, sludges; tires, bottom settlements and water from storage tanks, oily silt, gasoline additive residues, tars, oils, grease, contaminated soil, contaminated wood, dead animals, residue, debris, articles from the cleanup of a spill or release of materials listed in this section, and regulated asbestos-containing material as defined in 40 CFR 61.141.]
- Residuals from any other non-County owned waste processing or transfer station facility within the County.

## **EXHIBIT B**

### **BASELINE ADMINISTRATIVE COSTS**

Provided the Effective Date occurs within Fiscal Year 2013-14, County administrative costs are estimated to be \$785,927 per year, once the Master Operations Agreement becomes effective. The \$785,927 estimate for administrative costs is based on the assumption of core labor, services and supplies, equipment, audit, IT and accounting services, legal services and overhead costs needed to run a budget to administer and oversee the Master Operations Agreement and manage post-closure maintenance of the Former Landfills. Labor is large portion of this cost, and has been increased in response to feedback regarding the need for robust oversight of the Master Operations Agreement. Key positions included within the Baseline Administrative Costs are 0.75 FTE for management oversight, and 0.60 FTE for field inspection oversight. A more detailed estimate is set forth on the next page.

**FY 2013-14 Integrated Waste Division Estimated Budget for Managing Residual System**

Expenditure Description			Estimated Salaries & Benefits	Estimated Fiscal Year Cost
Salaries and Benefits <sup>(1)</sup>				
0.67	FTE	Department Analyst	\$ 91,428	
0.75	FTE	Division Manager <sup>(2)</sup>	\$ 145,361	
0.60	FTE	Enforcement Code II <sup>(3)</sup>	\$ 78,106	
0.23	FTE	Account Clerk III	\$ 22,516	
0.19	FTE	Deputy Director	\$ 51,342	
0.14	FTE	Executive Secretary	\$ 14,994	
0.13	FTE	Payroll Clerk	\$ 14,861	
0.13	FTE	Senior Office Asst. (Receptionist)	\$ 11,766	
0.12	FTE	IT Support	\$ 22,388	
0.11	FTE	Administrative Services Officer II	\$ 16,651	
0.10	FTE	Secretary	\$ 8,930	
0.09	FTE	Senior Office Asst. (Clerk Typist III)	\$ 8,057	
0.08	FTE	Director	\$ 23,858	
0.05	FTE	Safety Officer/Human Resources ASO I <sup>(4)</sup>	\$ 7,849	
3.39	FTE's	Total Salaries and Benefits		\$ 518,108
Accounting Services <sup>(5)</sup>				\$ 77,884
A87 Allocation to Budget (by CAO) <sup>(5)</sup>				\$ 49,936
Legal Services <sup>(5)</sup>				\$ 35,000
Audit Services <sup>(6)</sup>				\$ 69,500
Computer Services (by ISD) <sup>(7)</sup>				\$ 7,500
Miscellaneous Expenditures <sup>(5)</sup> (Supplies, Equipment, Software, etc.)				\$ 28,000

	Total Services & Supplies	\$ 267,820
	TOTAL ANNUAL ESTIMATE	\$ 785,927

- (1) *Those position titles that were updated have old title in parenthesis.*
- (2) *Division Manager position added for more robust oversight of the MOA. In addition, the Admin Aide position has been deleted, and some of that allocation has been added to this position.*
- (3) *Refuse Code Enforcement position, created in FY 12-13, was not included in original draft of administration costs for managing residual system. This position has been added to provide more robust oversight and inspection for the MOA.*
- (4) *Safety Officer/Human Resources ASO I, created in FY 11-12, was not included in original draft of administration costs for managing residual system.*
- (5) *Item to be billed based on actual costs billed to the Integrated Waste Division for services related to the MOA Agreement, the Former Urban Landfills, and other activities authorized under the Settlement Agreement.*
- (6) *Annual audit services to be billed based on: (a) actual costs of the audit of the MOA Agreement; (b) 50% of the actual costs of the annual Integrated Waste Division audit; and (c) actual costs of any audit required under the Settlement Agreement.*
- (7) *Item to be billed based on actual costs billed to the Integrated Waste Division for computer support for three workstations.*

## **EXHIBIT C**

### **Sonoma County Committed Cities' Contingency Liability Fund Agreement**

This Agreement is entered into by the Cities of Cloverdale, Cotati, Healdsburg, Rohnert Park, Santa Rosa, Sebastopol and Sonoma, and the Town of Windsor (collectively, the "Committed Cities").

#### **RECITALS:**

WHEREAS, historically, municipal solid waste from throughout Sonoma County was deposited at the Central Disposal Site and one or more of the Former Landfills. Environmental liabilities exist for both the Central Disposal Site and the Former Landfills. Sonoma County has taken the position that the cities within the County are liable for their share of the costs to address the environmental liabilities associated with the Central Disposal Site and the Former Landfills. The Committed Cities dispute their individual responsibility for these alleged environmental liabilities and have taken the position that the County is responsible for such liabilities as the owner and operator of the Central Disposal Site and the Former Landfills. Notwithstanding the foregoing, the Committed Cities have entered into a Settlement Agreement, the "Central Disposal Site and Former Landfills Settlement Agreement between the County of Sonoma and the Committed Cities" ("Settlement Agreement"), to resolve their disputes with the County and avoid the significant time and expense associated with resolving their disputes through litigation; and.

WHEREAS, The County, on April 23, 2013, entered into a Master Operations Agreement with Republic Services of Sonoma County ("Republic") whereby Republic will operate the Central Disposal Site, and, upon the exhaustion of its capacity, will close the site and assume all responsibility for environmental liabilities on the site and release the Committed Cities from and indemnify the Committed Cities against all environmental liabilities associated with the Central Disposal Site in perpetuity, with the exception of liabilities (a) associated with other operators at the Central Disposal Site who are not under the control of, or in contract with, Republic (e.g., compost facility and household hazardous waste facility) and (b) related to facts and events pertaining to the Central Disposal Site and arising after the effective date of the Waste Delivery Agreement between the Committed Cities and Republic. Republic has also provided a parent guarantee and posted bonds as required by the State of California and the County for performance of its obligations under the Master Operations Agreement; and.

WHEREAS, The Central Disposal Site and Former Landfills Settlement Agreement between the County of Sonoma and the Committed Cities provides, in general, that the Committed Cities commit their solid waste to the Central Disposal Site and pay Base Concession Payments on each ton thereof that go to the County as part of the costs of disposal at the Central Disposal Site to be used for closure and post closure costs at the Former Urban Landfills and/or Central Disposal Site in addition to LEAK funds and other reserves previously established for this purpose; and



WHEREAS, the County agrees to release and indemnify the Committed Cities for environmental liabilities for the Former Rural Landfills and has agreed to a covenant not to sue on the Former Urban Landfills; however, the County is not granting the Committed Cities a release nor indemnifying the Committed Cities for any liabilities associated with the Central Disposal Site or the Former Urban Landfills. Thus, if Republic should default on its obligations and the County has insufficient funds and has been unable to recover from Republic, its parent corporation or its sureties sufficient funds to satisfy the environmental liabilities of the Central Disposal Site, then the County may pursue the Committed Cities for their alleged shares of that environmental liability; and

WHEREAS, the Committed Cities desire to each accumulate a fund entirely under the control of the Committed Cities to protect themselves and their rate payers against such contingent liability and against any other source of unanticipated environmental liability for solid waste disposal. The County has agreed to collect and hold, in addition to the Base Concession Payment, a fee of up to \$5 per ton, adjusted in accordance with the Settlement Agreement and this Agreement, to be designated as the "Committed Cities Contingent Liability Fund" (sometimes "CCCL Fund"), described in the Central Disposal Site and Former Landfills Settlement Agreement. This Agreement is solely between the Committed Cities and governs the setting of the fee, expenditures from the Committed Cities Contingent Liability Fund and the termination of the Committed Cities Contingent Liability Fund.

**Now, therefore,** the parties agree as follows:

## **AGREEMENT**

### **1. Definitions.**

Except as otherwise provided for herein, the definitions of capitalized terms in this Agreement shall have the same meaning as provided for in the Central Disposal Site and Former Landfills Settlement Agreement between the County of Sonoma and the Committed Cities which definitions are incorporated herein by reference.

### **2. Recitals.**

The Recitals, above, are true and are incorporated into this Agreement.

### **3. Governance of the Fund.**

#### **3.1. Committed Cities' Representatives.**

Each Committed City shall designate a representative to speak for and act on behalf of that Committed City with regard to decisions related to the Committed Cities Contingent Liability Fund. That representative shall be conclusively presumed to have the actual authority to speak for and act on behalf of his or her Committed City unless and until each of the other committed Cities have been given written notice of a limitation on that representative's authority, the revocation of that representative's authority or the appointment of a different representative.

The initial representative of each Committed City shall be its City Manager.

### **3.2. Voting.**

#### **A. Voting Power.**

Each committed City shall have one vote on any matter related to the Committed Cities Contingent Liability Fund.

#### **B. Supermajority Votes Required.**

The following decisions shall require the assent of at least seven of the eight Committed Cities subject to the provisions set forth in Section 4:

- Changing the amount of the fee to be charged and collected by Republic on each ton of Committed City waste and paid to the County to be held in the Committed Cities Contingent Liability Fund. This does not apply to the automatic adjustments to the fee under the Master Operations Agreement and the Central Disposal Site and Former Landfills Settlement Agreement. The parties agree that the initial amount of the fee to be collected shall be \$5.00 per ton.
- Reduction or increase in the amount of the Committed Cities Contingent Liability Fund surcharge.
- The termination of the CCCL Fund. Provided however that any individual Committed City or Cities may request the County and/or Republic to continue to collect funds on its behalf.

#### **C. Unanimous Vote.**

The Committed Cities may unanimously agree to such other disbursements from the Committed Cities Contingent Liability Fund for purposes identified in this agreement for the hiring of consultants, hiring of legal counsel or payment of any claims asserting Environmental Liability against the Committed Cities.

Any Committed City may call for a meeting as set forth below to discuss any interim disbursement from the Committed Cities Contingent Liability Fund.

### **3.3. Meetings.**

#### **A. Calling Meetings.**

Any Committed City may call a meeting of the Committed Cities by giving at least 30 days' written notice to all of the representatives of the Committed Cities of the date, time and place of the meeting. Prior to

calling such a meeting, the Committed City calling the meeting must consult with the representatives of the other Committed Cities to ascertain their availability to attend the meeting. Representatives may attend meetings by teleconference or video conference as long as those attending remotely may hear those present and those present may hear those attending remotely. Noticing of such meeting shall comply with the Ralph M. Brown Act if applicable.

**B. Quorum.**

Representatives of six or more of the Committed Cities attending a meeting in person or remotely shall be a quorum. Proxy votes are not permitted.

**C. Chairing the Meeting.**

The representative who called the meeting shall act as Chair of the meeting.

**3.4. Secretary.**

The Committed Cities shall choose one of their representatives to act as Secretary. It shall be the responsibility of the Secretary to take and keep minutes of each meeting, to keep in the minute book copies of Actions in Writing, and to keep records of each Committed City's reports of fees paid into the committed Cities Contingent Liability Fund as required by section 4.1, below. The Secretary shall serve until resignation, election of a new secretary, or removal of the Secretary as representative of his or her Committed City.

**4. Shares of the Fund.**

**4.1. Determination of Each City's Share.**

Each Committed City shall have a share of the Committed Cities Contingent Liability Fund equal to the proportion of the fees paid into the CCCL Fund from each Committed City's solid waste deliveries to the Central Disposal Site. The Committed Cities shall be provided with an annual accounting by the County of the amount and proportion of fees allocated to each Committed City.

**4.2. Disbursement of Each City's Share.**

Upon the termination of the CCCL Fund, the money in the CCCL Fund shall be disbursed among the Committed Cities in proportion to each City's share. If, during the life of the CCCL Fund, any disbursements or expenditures are made for the benefit of fewer than all of the Committed Cities, the disbursements shall be credited against the share in the CCCL Fund of each City which was disbursed said funds, and, on the termination of the CCCL Fund, only each Committed Cities' remaining share, if any, shall be distributed to each Committed City.

No City's share of funds shall be disbursed without that City's consent to distribution or payment from its share of the CCCL Fund. If other cities elect to terminate this Agreement, any Committed City or group of Committed Cities shall have the right to request the County to continue to collect fees on behalf of that jurisdiction (or on behalf of those jurisdictions) on its or their Committed Waste.

**5. Uses of the Fund.**

The Committed Cities Contingent Liability Fund and the money therein may be used only for the benefit of the Committed Cities' solid waste ratepayers. Whether a use is for the benefit of the Committed Cities' solid waste ratepayers is entirely within the reasonable discretion of the Committed Cities and their representatives to the CCCL Fund.

**6. Notices.**

All notices given pursuant to this Agreement or involving the Committed Cities Contingent Liability Fund shall be in writing, and shall be delivered in person, transmitted by email, facsimile, certified mail or recognized courier service (such as Federal Express or UPS). Notices shall be effective upon delivery at the address provided for each representative of each Committed City as confirmed by reply email, electronic confirmation of facsimile delivery, certified mail receipt or on-line tracking data. The initial addresses for notices are set forth below the signature lines for each Committed City, and may be changed by giving notice as provided in this section.

**7. Dispute Resolution.**

Any dispute among the Committed Cities or any of them involving the Committed Cities Contingent Liability Fund shall be subject to binding arbitration as provided in section 10.3 of the Central Disposal Site and Former Landfills Settlement Agreement between the County of Sonoma and the Committed Cities.

**8. Miscellaneous.**

**8.1. Severability.**

If any provision of this Agreement or application thereof to any person, Party or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such provision to any person, Party or circumstance other than those as to which it is held invalid or unenforceable shall not be affected thereby and each remaining provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

**8.2. Amendment and Modification.**

This Agreement may be modified only upon written agreement of the Committed Cities.

### **8.3 Integration.**

This Agreement contains the entire understanding of the parties and constitutes the sole and only agreement between them concerning the subject matter hereof or the rights and duties of any of them in connection therewith. Any agreements or representations among the parties hereto, regarding said subject matter not expressly set forth in this Agreement are null and void.

**SIGNATURE PAGES FOLLOW.**

## **EXHIBIT D**

### **COUNTY EMPLOYEES WITH KNOWLEDGE**

Susan Klassen  
Director of Transportation and Public Works

Marcia Chadbourne  
County Risk Manager

Trish Pisenti  
Landfill Manager

Alex Sebastian  
Landfill Engineer

Glenn Morelli  
Landfill Engineer