

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

953



FROM: Waste Management Department

SUBMITTAL DATE:
May 15, 2006

SUBJECT: Amendments of Agreements with Waste Management, Inc. Companies and Assignments of them to Burrtec Recovery and Transfer, LLC.

RECOMMENDED MOTION: That the Board:

1. Approve the Amendment and Assignment of the Master Lease with Waste Management of California, Inc. to Burrtec Recovery and Transfer, LLC.
2. Approve the Amendment and Assignment of the Agreement for the Disposal of Solid Waste with Waste Management of California, Inc. to Burrtec Recovery and Transfer, LLC.
3. Approve the Amendment and Assignment of the Exclusive Waste Delivery Agreement for Franchise Area 11 with USA Waste of California, Inc. to Burrtec Recovery and Transfer, LLC.
4. Approve the Amendment and Assignment of the Exclusive Waste Delivery Agreement for Franchise Area 12 with Waste Management of California, Inc. to Burrtec Recovery and Transfer, LLC.
5. Authorize the Chairman to execute the above documents on behalf of the Board.
6. Authorize the Chairman to execute the Consent and Estoppel that is requested by the bank involved in the acquisition. (Continued)

Departmental Concurrence

Hans W. Kernkamp, General Manager-Chief Engineer

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	n/a
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	n/a
	Annual Net County Cost:	\$ 0	For Fiscal Year:	n/a

SOURCE OF FUNDS: n/a	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

County Executive Office Signature

- Policy
- Consent
- Policy
- Consent

Dept's Recomm.:
Per Exec. Ofc.:

Prev. Agn. Ref.: 10.5 - 5/19/98, 12.2 - 1/5/02, 12.1 - 12/7/04, 3.6 - 5/9/06

District: 4th

Agenda Number:

**ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD**

12.3

F11 - Amendments of Agreements with Waste Management, Inc. Companies and Assignments of them to Burrtec Recovery and Transfer, LLC.

May 15, 2006

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BACKGROUND: The Department received a letter dated February 16, 2006 from Waste Management of the Desert announcing that its assets had been sold and transferred to Burrtec Recovery and Transfer, LLC. (Burrtec). The letter (Attachment 1) requested that the County, pursuant to Section 6, consent in writing to the assignment of the Exclusive Waste Delivery Agreement(s) to Burrtec. The County has Exclusive Waste Delivery Agreements with Waste Management, Inc. companies in the Coachella Valley for Franchise Areas 11 and 12 (each dated May 19, 1998). The attached Amendment and Assignment documents for each franchise area's Exclusive Waste Delivery Agreement grants the County's consent to the requested assignment and amends the agreements to give the current landfill rate of \$30.54 as the preferential rate for franchisees that take their refuse directly to the landfill facility.

The County also has a Master Lease Agreement (Lease) and a separate Agreement for the Disposal of Solid Waste (Disposal Agreement) with Waste Management of California, Inc. regarding the Edom Hill Transfer Station. Section 18(c) of the Lease and section 13 A of the Disposal Agreement both state that the County has to consent in writing regarding any assignment of the documents to another entity. The Department worked with Waste Management on amending a number of provisions in each document. The primary change in both documents prohibits the operator from charging fees for services that have no comparable services or comparable charges at County/Non-County landfills in Riverside County. The other changes involve providing a new Guarantor/Parent Company Guarantee for the new lessee and updating the hours of operation at two landfills in the Disposal Agreement. Burrtec has also consented to the changes. Separate Amendment and Assignment documents for the Lease and the Disposal Agreement are also included with this report.

The Department recommends approval of the above documents at this time. The County currently works with Burrtec companies on two Master Leases and two transfer station Agreements for the Disposal of Solid Waste (for the Robert A. Nelson Transfer Station and Material Recovery Facility and through the Coachella/Indio Waste Transfer Station Authority for the Coachella Valley Transfer Station). The parties are in compliance with the contracts. The assignment of the two Exclusive Waste Delivery Agreements to Burrtec would be the first two such agreements the County would have with the company. Based on the above experience, staff also expects Burrtec to comply with these agreements. The Board approved Resolution 2006-137 on May 9, 2006 recognizing the sale of Waste Management of the Desert to a Burrtec company and granting authority to Burrtec to service collection and hauling contracts in Franchise Areas 11 and 12.

The Consent and Estoppel is required by Burrtec's bank. It gives the County's consent to the collateral assignment of the Lease and the Disposal Agreement to the bank as security for Burrtec's obligations. The County represents that there are no uncured defaults or failures to perform under either the Lease or the Disposal Agreement and they are in full force and effect. The financing for the acquisition presents a situation that does not fit the pertinent section of the Master Lease (18(d)). Item 4 of the Consent and Estoppel details the difference and what the County acknowledges and consents/agrees regarding it. Staff recommends that the Board authorize the chairman to execute the Consent and Estoppel.



COUNTY OF RIVERSIDE
WASTE MANAGEMENT

06 MAY -5 AM 10: 37

**WASTE MANAGEMENT
OF THE DESERT**

Executive Department
41-575 Eclectic Street
Palm Desert, CA 92260
(760) 340-5901
(760) 340-2732 Fax
www.wmdesert.com

February 16, 2006

VIA PERSONAL DELIVERY

Mr. Hans Kernkamp
General Manager-Chief Engineer
Riverside County Waste Management Department
14310 Fredrick Street
Moreno Valley, California 92553

Mr. Kernkamp:

On behalf of Waste Management, I would like to thank you for your support and patronage of our company. Waste Management recently announced the sale and transfer of assets of Waste Management of the Desert to Burrtec Recovery & Transfer LLC. ("Burrtec"). Both Waste Management and Burrtec remain committed to keeping you informed and in ensuring a smooth transition.

Pursuant to Section 6 of the Exclusive Waste Delivery Agreement, we hereby request the written consent of the County to assign such agreement to Burrtec. In connection therewith, enclosed is an information packet describing the Burr family of companies.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Frank Orlett
District Manager

Enclosure

Attachment 1