

Exhibit 1

Summary Report on MarBorg Compliance with Extension Right Preconditions for Exclusive Solid Waste Collection in Zones One and Three

Background

In 1999, your Board approved a revision to MarBorg's contracts for solid waste collection in Zones 1 and 3 allowing two four-year extensions (2011-2015 and 2015-2019) if specific performance requirements or preconditions were met. Staff is required to review information to determine that MarBorg has met each of the preconditions in order to be eligible for their right to an extension. The eight preconditions are listed below with a summary of how the requirements are being met.

Preconditions

1. Minimum Contamination Levels.

A. Commingled recyclables are allowed no more than 16% contamination. For fiscal year 2007-08, Gold Coast Recycling, the facility that processes recyclables collected by MarBorg's curbside program, reported 15% residual/contamination. Since July of 2008, residual/contamination has decreased to 10% and remained at that level.

B. Organics are allowed no more than 2% contamination by weight. Green waste collected under these agreements is delivered to a County facility on the South Coast. Based on a visual inspection by facility operators of the organics, the material is largely clean and MarBorg appears to be meeting this organics contamination threshold of 2%.

C. Commingled Commercial Recyclables are allowed no more than 20% contamination by weight. The Contractor conducted a sort of commercial recyclables, to the County's specifications, in October 2008. The contamination measured at 10%, and staff is satisfied that this requirement is being met.

2. Low Assessed Liquidated Damages.

The Contractor could not be assessed more than \$2,000 annually and \$7,500 in the aggregate of liquidated damages. No damages have ever been assessed on MarBorg.

3. Customer Satisfaction.

The Contractor must score at least a 75% satisfaction rating according to a random customer satisfaction survey conducted by or on behalf of the County of Santa Barbara. The latest customer satisfaction survey was conducted in 2009 and reported that overall commercial and residential satisfaction ratings, for both field service and office staff, were greater than 90%. This requirement has been met.

MarBorg Customer Satisfaction 2009 Survey Results		
	Zone 1	Zone 3
How good are the haulers at making regular pickups?	9.74	9.73
Overall satisfaction with field collection services	9.38	9.67
How clear is the billing statement?	9.20	9.35
Overall satisfaction with office staff	9.47	9.72
Average	9.44	9.62

4. Timely Payment of Fees.

The Contractor needs to have paid all monies due to the County in a timely manner, and the County may not have received adverse information regarding monies owed by the Contractor to any third parties. The Resource Recovery & Waste Management Division Accounting Section reports that all funds due have been paid in accordance with our agreements, and the Division has not received any notice that the Contractor has been delinquent with payments to third parties. This requirement has been satisfied.

5. Timely Implementation of Transition Plan.

This step has already been accomplished and no longer applies.

6. No Unauthorized Customer Charges.

An audit in 2008 revealed that the Contractor's billing procedures were substantially correct. There were unauthorized charges made to commercial customers to service bins containing only

cardboard or green waste. County staff reviewed the rate used and **confirmed** that it was reasonable and included the rates for these services in the subsequent rate sheets. Since the correction of this error, the Contractor is in compliance with this requirement.

7. Commercial Diversion Guarantee.

The Contractor is required to achieve at least 20% commercial diversion in each contract year after FY 2005-06. In Zone 1, the current commercial diversion is 46%, and in Zone 3 it is 35%, both of which meet and exceed the requirement of 20%.

8. Processing Diversion at C & D Processing Facility.

The Contractor is required to divert 60% of all materials originating **from** the unincorporated area and delivered to the C & D Facility or 12,000 tons overall, **whichever** is greater. The Contractor exceeds both of these standards, with a diversion rate of 80% and an average diversion of 68,177 tons per year over the last 4 years.

A. Corroboration of Diversion.

The Contractor must meet strict requirements for the weighing, attribution and allocation of all tons received at the C & D Facility. The audit of MarBorg conducted in 2008 verified that these standards were being met. The annual diversion reporting procedure has also been followed.

B. Organics and Residue Delivery.

The Contractor is required to use "Reasonable Business Efforts" to transfer organics and C & D residual to County facilities. The Contractor has County staff approval to process the organics received on site with no further transfer, and the Contractor does transport the C & D residual to County facilities as either tailings at a special rate or as trash.

C. No Independent Assignment or Transfer.

MarBorg has not assigned or transferred either of their agreements for solid waste collection in Zones 1 and 3.

Overall Contract Terms & Conditions

County staff is satisfied that the Contractor has met and is in compliance with all other terms and conditions, not specifically listed above, of its franchise agreements for the provision of solid waste, recyclables & organics collection in unincorporated Zones 1 & 3.