

**First Amendment to Franchise Agreement
Between the City of Pinole and Richmond Sanitary Service**

This First Amendment to Franchise Agreement ("Amendment") is made on the 1ST of April, 2007 ("Effective Date") by and between the City of Pinole ("City") and Richmond Sanitary Service, Inc., a California corporation ("RSS, Inc."), collectively the "Parties."

WHEREAS, on May 15, 2001, the City and RSS, Inc. entered into that certain Franchise Agreement ("Agreement") for an exclusive right to collect and dispose of all solid waste within the City; and

WHEREAS, Section III.2 of the Agreement provides that RSS Inc.'s rates shall be adjusted annually on January 1 by the change, if any, in the San Francisco-Oakland-San Jose Metropolitan Area Consumer Price Index; and

WHEREAS, Section III.3 of the Agreement provides that the City shall review RSS Inc.'s rates in 2006 and establish the rate for the year 2007; and

WHEREAS, Section III.3 of the Agreement also provides that the City and RSS, Inc. shall agree to negotiate a rate setting mechanism in accordance with Section 26, but the Agreement does not contain a Section 26; and

WHEREAS, the Parties desire to amend Sections III.2 and III.3 to provide that the Consumer Price Index is used to make automatic annual rate increases from 2008 through 2013, and to remove the reference to the nonexistent Section 26.

NOW, THEREFORE, the Parties hereto agree as follows (deletions in ~~strikethrough~~; additions in *italics*):

1. Unless otherwise defined herein, capitalized terms used in this Amendment shall have the same definitions as set forth in the Agreement.

2. Section III.2 "Annual Rate Adjustment" shall be amended to read as follows:

"RSS, Inc.'s Rates (including residential and commercial rates as referenced in Section III.1, as adjusted) shall be adjusted annually, on January 1, by change, if any, in the San Francisco-Oakland-San Jose Metropolitan Area Consumer Price Index for All Urban Consumers, all items ("CPI") for each of the succeeding six years. The adjustment shall be based upon the annual CPI published on or before November 30 preceding the December 31 adjustment. The adjustment in January of 2001 shall be pro-rated at (2/3) two-thirds of the annual adjustment. Nothing in this Section-49 limits the adjustment of the Designated Rate in accordance with ~~Article III~~ *Section II.3* of this Franchise Agreement. *The adjustment shall remain in force from 2008 through 2013, starting with the rate set for 2007 pursuant to Section III.3.*"

3. Section III.3 "City Review of Rates" shall be amended to read as follows:

"The City shall review RSS, Inc.'s Rates, as adjusted, in the year 2006 based upon the terms of the Franchise Agreement to establish the rate for the year 2007. *The City shall also review the Rates in the year 2012 to establish the maximum rate for the year 2013. Both the 2007 and 2013 maximum rates shall be established by resolution of the City Council for the City of Pinole.* RSS, Inc. shall submit a rate application no later than July 1, 2006 which application shall be supported by financial and operational information. Said application shall not include any acquisition or other costs related to the transfer/acquisition of stock from R.S.S., Inc. to Republic Services, Inc. The City, by its employees or by consultants employed by the City, shall have the right subject to an appropriate written confidentiality agreement to review the books and records of RSS, Inc. and to conduct such studies of RSS, Inc.'s operations and audits and reviews of its financial records as is reasonably necessary to consider RSS, Inc.'s application. ~~In addition, and notwithstanding the foregoing, the City and RSS, Inc. agree to negotiate a rate setting mechanism in accordance with Section 26, below.~~ The City expressly reserves the sole authority in accordance with the Franchise Agreement, to review and approve or deny future rate adjustments."

4. Exhibit A "Commercial Rates" shall be deleted and replaced in its entirety as follows:

Can Rates

| Class of Service | Current Rate | Proposed Increase | New Rate | IRRF & Combined AB-939 | Rate |
|-------------------|--------------|-------------------|----------|------------------------|---------|
| 30/35 Gal. / Mo. | \$21.13 | \$0.77 | \$21.90 | \$ 9.92 | \$31.82 |
| 45 Gal. / Mo. | \$33.18 | \$1.22 | \$34.40 | \$12.90 | \$47.30 |
| 60/65 Gal. / Mo. | \$45.32 | \$1.68 | \$47.00 | \$18.42 | \$65.42 |
| 95/100 Gal. / Mo. | \$55.86 | \$2.04 | \$57.90 | \$27.56 | \$85.46 |

Bin/Box Rates (Including \$47.97 per yard/per pickup week IRRF Fee)

| Size in Yards | -----TIMES PER WEEK----- | | | | |
|---------------|--------------------------|------------|------------|------------|------------|
| | 1 | 2 | 3 | 4 | 5 |
| 1 Yard | \$ 197.77 | \$ 350.75 | \$ 503.64 | \$ 656.64 | \$ 809.52 |
| 2 Yards | \$ 333.50 | \$ 615.31 | \$ 897.25 | \$1,178.96 | \$1,460.89 |
| 3 Yards | \$ 461.88 | \$ 865.96 | \$1,270.02 | \$1,674.11 | \$2,078.17 |
| 4 Yards | \$ 586.48 | \$1,109.46 | \$1,632.56 | \$2,155.67 | \$2,678.65 |
| 5 Yards | \$ 708.73 | \$1,349.41 | \$1,989.96 | \$2,630.65 | \$3,271.22 |
| 6 Yards | \$ 830.11 | \$1,587.68 | \$2,345.38 | \$3,103.19 | \$3,860.77 |
| 7 Yards | \$ 950.67 | \$1,825.39 | \$2,700.35 | \$3,575.06 | \$4,449.77 |

Special Services

Special Pickup (without 24 HOUR NOTICE or SAME DAY service)

| | |
|--------------------------------|----------|
| Can Service (flat rate) | \$50.12 |
| Bin/Box Service (1 Yard) | \$62.61 |
| (2 Yards)..... | \$98.63 |
| (3 Yards)..... | \$132.70 |
| (4 Yards)..... | \$165.73 |
| (5 Yards)..... | \$198.22 |

| | |
|--------------------------------------------------------------------|----------|
| (6 Yards)..... | \$230.39 |
| (7 Yards)..... | \$262.37 |
| STEAM CLEAN box | \$66.83 |
| DISTANCE CHARGE for moving container over 15 feet (per foot) | \$0.13 |
| LOCK & KEY CHARGE..... | \$13.35 |

5. Exhibit B "Residential Rates" shall be deleted and replaced in its entirety as follows:


| Class of Service | Current Rate | Proposed Increase | 2007 Rate | IRRF & AB939 | Combined Rate | Increase Percent Gross (Net) |
|------------------|--------------|-------------------|-----------|--------------|---------------|------------------------------|
| 35-gallon | \$15.48 | \$0.57 | \$16.05 | \$9.92 | \$25.97 | 3.68% (2.24%) |
| 35-gallon – Sr. | \$14.03 | \$0.02 | \$14.05 | \$9.92 | \$23.97 | 0.00% (0.00%) |
| 65-gallon | \$26.74 | \$1.01 | \$27.75 | \$18.42 | \$46.17 | 3.68% (2.24%) |
| 95-gallon | \$37.98 | \$1.42 | \$39.40 | \$27.56 | \$66.96 | 3.68% (2.24%) |
| 20-gallon | \$15.06 | \$0.57 | \$16.05 | \$6.02 | \$22.07 | 3.68% (2.24%) |

6. Except as modified hereby, all of the terms and conditions of the Agreement shall continue in full force and effect and are incorporated herein by this reference. If there is a conflict between the provisions of the Agreement and the provisions of this Amendment, the provisions of this Amendment shall control.

WHEREFORE, the Parties have executed this Amendment as of the Effective Date first written above.

Signatures on the Next Page

RICHMOND SANITARY SERVICE, INC.,
A California corporation


By: _____
Its: General Manager

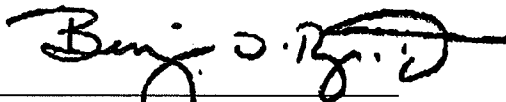
CITY OF PINOLE,
A California municipal corporation


By: Belinda Espinosa
Its: City Manager

ATTEST:


By: Patricia Athenour, CMC
Its: City Clerk

APPROVED AS TO FORM:


By: Benjamin T. Reyes, II
Its: City Attorney