

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

This Second Amendment to the Franchise Agreement ("Amendment") is made on the 16th of December, 2008 ("Effective Date") by and between the City of Pinole ("City") and Richmond Sanitary Service, Inc., a California corporation ("RSS") collectively the "Parties."

RECITALS

WHEREAS, on May 15, 2001, the City and RSS entered into that certain Franchise Agreement ("Agreement") which was amended April 1, 2007 for an exclusive right to collect and dispose of all solid waste within the City; and,

WHEREAS, the parent company of RSS is Bay Collections, ("Bay") a California corporation and subsidiary of Republic Services, Inc. a Delaware corporation ("Republic"); and,

WHEREAS, Republic intends to enter into a merger with Allied Waste Industries, Inc. a Delaware corporation ("Allied") in the form of a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended ("Merger"); and,

WHEREAS, there is disagreement between the parties as to whether Section V.3.B. of the Agreement requires the City's consent to any assignment of the Agreement as defined in Section V.3.A. of the Agreement which includes the merger entered into by Republic and Allied; and

WHEREAS, the City has considered the potential risks associated with such a merger and seeks certain assurances regarding the performance of RSS, as provided for herein; and

WHEREAS, RSS seeks to assure the City that following the Merger RSS will continue to operate in accordance with high professional standards and provide services to the City in full compliance with the terms of the Agreement and the City's operational expectations; and,

WHEREAS, RSS seeks to assure the City that the Merger will not result in increased costs or a reduction in services or the quality of those services or a reduction to the other obligations of RSS under the Agreement provided to the City, its residents, or businesses.

NOW, THEREFORE, the Parties hereto agree as follows:

1. **Defined Terms.** Unless otherwise defined herein, capitalized terms used in this Amendment have the meaning defined in the Agreement.
2. **Additional Service:** Section I.6 shall retain all existing language with the addition of I.6 A as follows:

"A. RSS shall provide annually to every residential subscriber that requests it one "free" (included service) on-call curbside bulky item/e-waste pickup of one bulky household item, such as refrigerator or couch, or up to 5 e-waste items. RSS and the City shall, from time to time, jointly establish rules and procedures regulating such on-call bulky item pickups.

3. Service Standards: Section III.11 is amended to read as follows:

"III.11 Operations, Administration and Service: RSS shall notify the City in writing of any material changes in, or to the operation to provide Franchise Service Operation (e.g. vehicle routes, equipment type or number, crew size), administration (e.g. management employees) and schedule at the time such material change is implemented.

A. Current Services. RSS shall continue to provide the types and levels of service described in Attachment A (as amended pursuant to this Second Amendment to the Franchise Agreement) RSS shall continue to provide, at no cost to the City, service to all City facilities, as required by Section V.4. of the Agreement, including, but not limited to, those listed in Attachment A. Any changes to the collection operation shall continue to meet the Service Levels set forth in Attachment A. If RSS, Inc. desires to change the collection day for Subscribers, it must notify all affected Subscribers at least 14 days prior to such change in the collection day. RSS shall not permit any Subscribers to go more than 7 days without service in connection with a collection schedule change.

B. Management and Employee Qualifications and Scope of Responsibility. The Parties acknowledge that provision of consistent, reliable Franchise Services is of the utmost importance to the City and that the ability to perform in such a manner is based, in part, on the customer service, billing, accounting, equipment maintenance, route supervision, operations management, general management, and executive management staff of RSS. The Parties acknowledge that the quality and qualifications of management employees directly correlate to the quality of Franchise Service provided under this Second Amendment and commit to always assign competent and professional managers and employees to carry out the delivery of services under this Franchise.

C. Vehicle Operations: RSS shall provide an annual report to the City on the condition of vehicles to include the ability of the fleet to meet Federal and State regulatory requirements for emission control.

4. Public Education and Outreach Requirements. Section III.8 of the Agreement shall retain all existing language and be expanded to include:

"Beginning in 2009 and each year thereafter, RSS shall collaborate with and assist the City and/or West Contra Costa Integrated Waste Management Authority to develop by August 1 each year, an Annual Public Education and Outreach Program to be implemented on January 1, of the following year. RSS shall conduct public education and outreach activities which are focused on the Franchise Services and which cover all of the following: (i) source reduction, reuse, and recycling opportunities in the City; (ii) household hazardous and universal waste landfill exclusion and appropriate management; (iii) green waste program details including minimizing contamination of the green waste carts; (iv) seasonal events including

availability of annual clean-up events and holiday tree collection with particular emphasis that such services are provided at no additional cost to the customer. By January 30 of each year, RSS shall provide the City with documentation for the prior year of these efforts including costs and outreach materials.

5. **Corporate Overhead Charges.** Section III.3 of the Agreement shall retain all existing language and be expanded to include:

"The local, regional, and corporate overhead charges assessed on RSS by any parent company and included in the costs of the RSS operation in any calculation of rates, fees, or other charges for customers in the City shall not exceed 3.4% of gross billed revenues for all operations covered under this Agreement unless justification is provided to the City for such amount over this limit. City approval shall not be unreasonably withheld."

6. **Office Facilities and Customer Service.** Due to the potential for consolidation of operations with Allied operations in Contra Costa County and the potential for reduced service levels and customer access associated therewith, Section III.9.A of the Agreement shall be amended to say:

"RSS shall establish and maintain at all times during the Term of this Agreement an office within the RSS West Contra Costa County service area. Customers will have access to a customer service representative between the hours of 8:00 am and 5:00 pm, Monday through Friday. All records required to be kept by Section II.9 of this Agreement shall be maintained at said office for all activities occurring during the term of this Agreement and such records shall be maintained for no less than three years beyond the term of this Agreement. If RSS desires to relocate its office outside of the West Contra Costa County service area, it shall request City approval no less than 60 days prior to such relocation; City approval shall not be unreasonably withheld."

7. **Franchise Fee.** Section IV.1. of the Agreement shall be amended to say:

"In consideration of the exclusive rights provided RSS herein, RSS shall pay Franchise Fees to the City each month on the following schedule:

- a. For calendar 2009, an amount of 2.25% of gross revenues*
- b. For calendar 2010 an amount of 4% of gross revenues*
- c. For calendar 2011 an amount of 7% of gross revenues*
- d. For calendar 2012 and thereafter an amount of 10% of gross revenues.*

Gross Revenues are all actual monies remitted to RSS by customers excluding any pass-through fees such as the IRRF Fee and AB939 Fee as determined in accordance with Generally Accepted Accounting Principles."

8. **Annual Rate Adjustment:** Section III.2 shall be amended to read:

"III.2 RSS collection service rates (including residential and commercial rates as referenced in Section III.1) shall be adjusted annually on January 1 by the change, in the San Francisco-Oakland-San Jose Metropolitan Area Consumer Price Index for All Urban Consumers plus an additional adjustment to implement service enhancements for the following calendar years 2009: 1.3%, 2010: 1.75%, 2011: 3%

and 2012: 3%. The adjustment shall be based upon the annual CPI published on or before November 30 preceding the December 31 adjustment. Nothing in this Section limits the adjustment of the Designated Rate in accordance with Article III of this Franchise Agreement.

9. **Annual Reporting.** Section III.11.01 "Annual Reporting" shall be added to the Agreement to say:

"RSS shall, on the anniversary of the Second Amendment, and for the duration of the Franchise Agreement, provide information to the City in a format and including content approved by the City which documents, to the satisfaction of the City, their performance of all requirements under this Agreement including, but not limited to, the following data elements:

Customer Service

*Account census (Single-family Residential, Multi-family Cart Service
Commercial and City facilities)*

Customer Feedback

Complaints

Reports of Missed Pick-ups

Materials Collection and Diversion (Solid Waste, Recycling, Green Waste)

Materials Processing and Marketing (Solid Waste, Recycling, Green Waste)

Operations

Operational Changes

Property Damage

Injuries

Public Education

Prior year activities

On-going activity

RSS shall make available to the City within a reasonable time of the City's request, at the location identified in Section III.9.A of the Agreement, all original books and records which would substantiate the reports including, but not limited to: payroll reports, account records, route sheets and route maps. Failure to supply such information in whole or part shall constitute an event of default and shall be subject to the liquidated damages required by Section III.13.B.iii.n. ("Timeliness of Submissions to the City") of this Agreement."

10. **Consent to Assignment.** The parties dispute whether City consent to assignment is required by reason of the Merger between Republic Services, Inc., and Allied Waste Industries, Inc. Notwithstanding the disagreement of the Parties, for its part the City does hereby provide its consent subject to the terms and conditions outlined herein. Nothing herein shall be deemed to waive the City's or RSS' rights under Section V.3. of the Agreement in connection with any future change(s) in ownership or control

after the effective date of the Merger which may be subject to the assignment provisions of the Agreement.

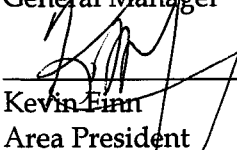
11. **Survival of Provisions.** Except as modified hereby, all of the terms and conditions of the Agreement shall continue in full force and effect and are incorporated herein by this reference. If there is a conflict between the provisions of the Franchise Agreement and the provisions of this Amendment,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

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

RICHMOND SANITARY SERVICE , Inc.
A California corporation



Shawn Moberg
General Manager



Kevin Finn
Area President

Approved as to form
By:



Scott W. Gordon

CITY OF PINOLE
A California municipal corporation

By: Charles A. Long
Its: Interim City Manager

ATTEST:

By: Patricia Athenour
Its: City Clerk

APPROVED AS TO FORM:

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

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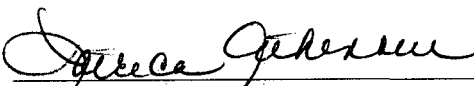
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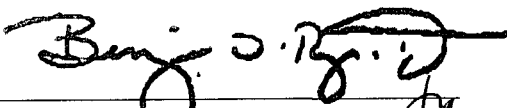
By: Charles A. Long
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ATTEST:



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

ATTACHMENT A
Service Level Requirements and Rates

Richmond Sanitary Service CITY OF PINOLE FRANCHISE SUMMARY December 2008	
Franchise Item	Covered Services
Franchise Grant	Exclusive right and privilege to collect and dispose of all solid wastes and recyclable materials in the City of Pinole.
Franchise term	May 15, 2001 through June 30, 2025
Franchise fee	For calendar 2009-2.25% of gross receipts. For calendar 2010-4% of gross receipts. For calendar 2011-7% of gross receipts. For calendar 2012 and thereafter 10% of gross receipts
Rate adjustments	
Annual CPI and service level adjustments	For calendar 2009: CPI +1.3% For calendar 2010 CPI + 1.75% For calendar 2011 CPI + 3% For calendar 2012 CPI + 3%
Audited review	Rate review in 2012 for adjustment January 1, 2013. Application must be submitted by July 1.
Special circumstances	Upon request by either party; requesting party pays costs
Additional services	For additional services required by City, rates adjusted to allow recovery of costs and reasonable profit for provision of such services.
Collection services	
Residential	
Solid waste	Weekly curbside collection. RSS provided carts available in 20, 35, 65 and 95-gallon sizes.
Recycling	Bi-weekly curbside pick-up on same day as solid waste collection. Standard container is 65-gallon cart provided by RSS for single-stream recycling. Materials collected: No. 1-7 narrow-necked plastic bottles and containers; glass bottles and jars; tin cans; aluminum cans, foil, pans; newspapers, cardboard, mixed paper.
*Used oil collection	New oil kits available at RSS office or by mail. Filled kits collected curbside on "appointment" date.
Green Waste	Bi-weekly curbside pick-up on same day as solid waste collection. Standard container is 65-gallon cart provided by RSS. Materials collected: Yard and grass clipping, leaves, flowers, pine needles. Natural Christmas trees trimmed and cut to size to fall freely from cart in emptying process. (See also "Special Services".)

Collection Services- Residential (continued)	
*Christmas trees	Natural Christmas trees trimmed and cut to size to fit in green waste cart to fall free when cart is emptied taken at no extra costs. "Self-haul" natural, unflocked, uncontaminated (free of tinsel, ornaments, stands, etc.) can be taken to Golden Bear Transfer Facility located at former West Contra Costa Sanitary Landfill site, for disposal at no cost through the first weekend in February. Regular disposal fees apply to artificial and contaminated trees. "For fee" pick-up of whole natural, clogged, contaminated trees and trees wrapped in cloth or plastic collected by special
On-Call Clean-ups	Two on-call curbside clean-ups per year for free of up to 1 cubic yard annually;-one in the first half and one in the second half of the year.
Bulky Pickup	One on-call curbside pickup per year for free of a e-waste or bulky item such as refrigerator, couch or other large bulky household item.
Commercial	Weekly collection of carts and 1 thru 7-yard containers for solid waste. Commingled recycling (carts and/or containers) equal to solid waste subscription level included.
Debris Boxes	Debris boxes in 10, 14, 20, 30 and 40-yard sizes are available for permanent industrial service, temporary 3-day rental for property clean-up, remodeling, C&D wood, green waste and cardboard. Rates vary by box size and filled weight. Reduced rates for dirt, wood, green waste and cardboard.
Special Services	
Youth Program	\$6,000/year to City thru 2013
Commercial Clean-up	Up to twelve (12) 40-yard debris boxes annually provided for community clean-ups.
Landfill privilege	Solid waste disposal premises operated by RSS, may be used by residents, business at times and on days established by RSS. Posted disposal rates apply.

City Service	
AB939 fees	Collect on behalf of City, AB 939 Surcharge as set by City.
City buildings/facilities	Weekly solid waste, recyclables and green waste collection from all City "public purpose" facilities. Served as of 10/27/08: City Hall, Police/Fire 880 Tennent Corp Yard, Treatment Plant 11 Tennent Fire Station 3700 Pinole Valley Road Senior Center 2500 Charles Avenue Memorial Stadium 601 Tennent Swim Center 2454 Simas Avenue Pinole Valley Park 3790 Pinole Valley Road Downer Grove 1267 Adobe Road
Landfill privilege	City personnel utilizing city vehicles may deposit solid wastes from City facilities at the solid waste disposal facilities maintained by RSS on an unlimited basis without cost to the City.
Subsidized Services	
Senior discount	Senior Discount Services is available to households utilizing 35 gallon service where the subscribing account holder is 62 or older, residing in a single-family unit, or is an owner-occupant in a multi-family premises. The Senior Discount applies only to the multi-family unit occupied by the owner-occupant over 62.
20-gal Mini-can	Mini-can Service is available for one-person, or other households that generate small amounts of solid wastes. The combined 20-gallon rate, reflects a 43% reduction in disposal charges.
Disability carry-out	Exemption from curbside collections is available for households where no one is physically able to move their carts to the curb for collection. Medical certification must be provided annually to maintain eligibility for this complimentary service.
Customer service	
Local office	Office must be located in Contra Costa County and all records available for inspection
Customer service	Pinole residents must have access to customer service phone representatives from 8am to 5pm.

*Not included in rate calculation

**CITY OF PINOLE
PUBLIC FACILITY SERVICES**

December 2008

	Solid Waste			Recycle			Green Waste		
	No.	Size	x wk	No.	Size	Bi-wk	No.	Size	Bi-wk
City Hall, Police, Fire 800 Tennent Ave	1	2-yd	2	11	65-gal	1			
Corp Yard, Treatment Plant 11 Tennent Ave	1 1	5-yd 14-yd	1 On-call						
Fire Station 2700 Pinole Valley Rd	2	95-gal	1	3	65-gal	1			
Senior Center 2500 Charles Ave	1	35-gal	2	1 1	35-gal 65-gal	1 1			
Memorial Stadium 601 Tennent	1	4-yd	1	4	65-gal	1			
Swim Center 2454 Simas Ave	1	2 yd	2	1	65-gal	1			
Pinole Valley Park 3790 Pinole Valley Rd	1	4-yd	1						

EXISTING COMMERCIAL and RESIDENTIAL RATE TABLES FOLLOW

Richmond Sanitary Service -2009

Residential Rates

Basic rates

Service	IRRF Surcharge	City AB939	--- 1 Can Service ---	
			1 Month	3 Months
RICHMOND				
	(01/2009)	(01/2009)		
35 gallon container	\$18.33	\$9.71	\$28.04	\$84.12
65 gallon container	\$35.48	\$18.07	\$53.55	\$160.65
95 gallon container	\$52.65	\$27.10	\$79.75	\$239.25
20 gallon Mini-can	\$17.72	\$5.54	\$23.26	\$69.78
Senior 35 gallon container	\$17.19	\$9.71	\$26.90	\$80.70
SAN PABLO				
	(01/2009)	(01/2009)		
35 gallon container	\$17.44	\$9.71	\$27.15	\$81.45
65 gallon container	\$33.68	\$18.07	\$51.75	\$155.25
95 gallon container	\$49.97	\$27.10	\$77.07	\$231.21
20 gallon Mini-can	\$16.82	\$5.54	\$22.36	\$67.08
EL SOBRANTE, COUNTY				
	(01/2009)	(01/2009)		
35 gallon container	\$19.23	\$9.71	\$28.94	\$86.82
65 gallon container	\$37.46	\$18.07	\$55.53	\$166.59
95 gallon container	\$55.58	\$27.10	\$82.68	\$248.04
20 gallon Mini-can	\$18.63	\$5.54	\$24.17	\$72.51
PINOLE				
	(01/2009)	(01/2009)		
35 gallon container	\$17.52	\$9.71	\$0.83	\$28.06
65 gallon container	\$30.28	\$18.07	\$1.51	\$49.86
95 gallon container	\$43.01	\$27.10	\$2.19	\$72.30
20 gallon Mini-can	\$17.52	\$5.54	\$0.83	\$23.89
Senior 35 gallon container	\$15.33	\$9.71	\$0.83	\$25.87
HERCULES				
	(01/2009)	(01/2009)		
35 gallon container	\$17.88	\$9.71	\$27.59	\$82.77
65 gallon container	\$30.61	\$18.07	\$48.68	\$146.04
95 gallon container	\$43.30	\$27.10	\$70.40	\$211.20
20 gallon Mini-can	\$17.88	\$5.54	\$23.42	\$70.26
Senior 35 gallon container	\$15.81	\$9.71	\$25.52	\$76.56

Senior Citizen: 62 years or older who own and reside in a single-family or a single multi-family unit (where garbage is separately collected).

Apartment cart rates are the same as Residential rates. Carryout charges apply.

Richmond Sanitary Service

Effective: January 1, 2009

Commercial Rates

Pinole

SIZE IN YARDS	TIMES PER WEEK				
	1	2	3	4	5
1 YARD	216.18	382.04	547.81	713.71	879.46
2 YARDS	362.67	667.28	972.04	1,276.55	1,581.30
3 YARDS	500.91	936.90	1,372.88	1,808.88	2,244.85
4 YARDS	634.90	1,198.50	1,762.21	2,325.95	2,889.54
5 YARDS	766.26	1,456.10	2,145.78	2,835.63	3,525.34
6 YARDS	896.64	1,711.82	2,527.13	3,342.56	4,157.74
7 YARDS	1,026.10	1,966.89	2,907.97	3,848.75	4,789.54

**INCLUDES \$47.93 Per yard/per month/per pickup per week
IRRF Surcharge**

SPECIAL SERVICES:

SPECIAL PICKUPS without 24 HOUR NOTICE or SAME DAY service	\$53.02
STEAM CLEAN box	\$74.91
DISTANCE CHARGE for moving container over 15 feet (per foot).....	\$0.13
LOCK & KEY CHARGE	\$14.14

<u>CAN RATES</u>	Service	AB939	Surcharge	Total
30/35 GAL PER MONTH -	\$ 24.60	\$ 0.83	\$ 9.71	\$ 35.14
45 GAL PER MONTH -	\$ 38.64	\$ 1.17	\$ 12.53	\$ 52.34
60/65 GAL PER MONTH-	\$ 52.79	\$ 1.51	\$ 18.07	\$ 72.37
95/100 GAL PER MONTH-	\$ 65.02	\$ 2.19	\$ 27.10	\$ 94.31

SPECIAL PICKUPS	
SIZE	RATE
1	\$ 68.09
2	\$ 107.27
3	\$ 144.32
4	\$ 180.25
5	\$ 215.57
6	\$ 250.57
7	\$ 285.35

Richmond Sanitary Service -2009

Residential Rates

Service level	2008 Service Rate	2009 Rate Adjustment	2009 Service Rate	2009 IRRF Surcharge	City AB 939	2009 Rate Total
35-gallon	16.58	0.94	17.52	9.71	0.83	28.06
35-gallon Sr	14.51	0.82	15.33	9.71	0.83	25.87
65-gallon	28.66	1.62	30.28	18.07	1.51	49.86
95-gallon	40.70	2.31	43.01	27.10	2.19	72.30
20-gallon	16.58	0.94	17.52	5.54	0.83	23.89

12/11/09 jmc

Senior Citizen: 62 years or older who own and reside in a single-family or a single multi-family unit (where garbage is seperately collected).

Apartment cart rates are the same as Residential rates. Carryout charges apply.