

**Third Amendment to Franchise Agreement
Between the City of Pinole
and Richmond Sanitary Service, Inc.**

This Amendment to Franchise Agreement ("Amendment") is made on the 5th day of NOVEMBER 2013 ("Effective Date"), by and between the City of Pinole ("City"), a general law city and municipal corporation, and Richmond Sanitary Service, Inc., a California corporation ("RSS", or "Contractor"), a wholly owned subsidiary of Republic Services, Inc., a Delaware corporation, collectively the "Parties."

PREAMBLE

WHEREAS, on May 15, 2001, the City and RSS entered into that certain Franchise Agreement ("Franchise Agreement") which was amended April 1, 2007, and December 16, 2008, for an exclusive right to collect and dispose of all solid waste and recyclable materials within the City, until June 30, 2025; and

WHEREAS, Section III.2. of the Franchise Agreement provides that RSS, Inc.'s service rates shall be adjusted annually on January 1 by the change, if any, in the Consumer Price Index for the San Francisco-Oakland-San Jose Metropolitan Area for All Urban Consumers ("CPI"), published on or before November 30, preceding the December 31, adjustment; and

WHEREAS, Section III.3., as amended in 2007, provides that the City shall review RSS, Inc.'s rates in 2012 to establish the maximum rates for the year 2013; and

WHEREAS, on June 29, 2012, RSS, Inc., submitted an application for a 2013 Base Year Rate Adjustment that suggested a negative rate adjustment of approximately 3.32% (\$97,621.00); and

WHEREAS, the City desires to implement a rate stabilization program and enhanced compliance programs and activities that could facilitate leveling of future rates and provide needed service programs to complement other community activities, including, but not limited to programs

necessary to prevent blight, reduce unlawful dumping, enhance compliance with AB 939 source reduction and diversion from landfill burial goals, AB 32 commercial and multi-family recycling, Household Hazardous Waste management, and litter and solid waste control required under the Stormwater NPDES Municipal Regional Permit regulations; and

WHEREAS, the current monthly rate charged to ratepayers for solid waste and recyclables collection, processing and disposal has two components: (1) Collection Service and other related charges, which includes, but is not limited to, the costs for labor, equipment maintenance and operation, fuel, insurance, regulatory fees, and administrative costs directly associated with the collection of solid waste and recyclables within the City of Pinole; and (2) the costs of recyclable processing and residual disposal, as well as financing, operation, and maintenance of the Integrated Resource Recovery Facility (“IRRF”); and

WHEREAS, the West Contra Costa Integrated Waste Management Authority (“Authority”) is a joint powers agency created by the Cities of El Cerrito, Hercules, Pinole, Richmond, and San Pablo (individually and collectively referred to herein as “Member Agencies”) in a Joint Exercise of Powers Agreement dated April 2, 1991, as amended; and

WHEREAS, the Service Agreement between Authority and West County Resource Recovery, Inc. covering financing, operation and maintenance of the IRRF, recyclables processing and residual disposal will terminate on December 31, 2013; and

WHEREAS, the Joint Powers Agreement creating the Authority provides that the Authority is to establish the rates charged at the IRRF and/or for Post-Collection and Disposal Services to be paid by ratepayers; and

WHEREAS, due to the termination of the IRRF Service Agreement, retirement of the bonding debt and future service and operational changes will result in cost savings to ratepayers; and

WHEREAS, On October 10, 2013, the Authority authorized execution of an Agreement for Enhanced Recycling Services, Post-Collection Recycling, and Disposal Services with West County Resource Recovery, Inc., RSS, Inc., West Contra Costa Sanitary Landfill, Inc., Keller Canyon

Landfill, Inc. and Golden Bear Transfer Services, Inc. (hereinafter “Post-Collection Agreement”) governing the handling of waste and recyclables collected in the franchise areas served by RSS, Inc.; and

WHEREAS, implementation of the Post-Collection Agreement will also result in net cost savings to ratepayers; and

WHEREAS, the City Council of the City of Pinole has further determined that the interests of the community and its residents would best be served by utilization of savings from the retirement of Authority IRRF bonded indebtedness and implementation of the Post-Collection Agreement to implement rate stabilization and enhanced compliance programs and activities, as follows:

1. Twenty-five percent (25%) of said cost savings will be deposited in the City’s Rate Stabilization Fund for utilization to offset future collection service rate increases.
2. Seventy-five percent (75%) of said cost savings will be deposited in the City’s Solid Waste Project Fund for community programs and activities described above; and

WHEREAS, pursuant to the Post-Collection Agreement, RSS has agreed to specific enhancements of its collection services within the County and Member Agencies for which it is the current franchisee collector (“Franchise Agencies”), by providing weekly recycling and organic materials collection to residential customers; weekly mixed residential organics services; weekly or source separated commercial recyclable and organic materials collection and processing; routing of commercial customers for dry load collection and processing; expansion of recyclable materials accepted curbside; and two full-time recycling coordinators to exclusively serve the Authority’s service area with certain new services beginning on the start dates specified herein (hereinafter collectively referred to as “Enhanced Collection Services”); and

WHEREAS, the City, through the Authority Joint Powers Agreement, and the 1994 Exhibit to the Agreement entitled “Requirements for Franchise Agreements and Covenants Made A Part of Franchise Agreements,” authorized the Authority to direct the waste stream for processing and disposal to designated facilities through January 1, 2014, and the Post-Collection Agreement

exercises that authority on behalf of the City; and

WHEREAS, the initial Enhanced Collection Services rate adjustments being approved for residential and commercial customers shall be the sole means of compensation due to Contractor for providing the Enhanced Collection Services, with the exception of any annual CPI-adjustments provided for herein.

NOW, THEREFORE, the Parties hereto agree to be bound and hereby amend the Agreement as follows:

Amendment to Franchise Agreement

The Franchise Agreement is hereby amended as follows:

1. **Section III.2. "Annual Rate Adjustment,"** shall be deleted in its entirety and changed to read:

"Section III.2 Annual Rate Adjustment

A. The current RSS Collection Service charges for residential and commercial rates as referenced in Section III.1, are shown in Exhibit A, attached hereto. The Parties agree there shall be no increase in said RSS Collection Service Rates allowed for the calendar year 2013 based on the payment from RSS to the City in the amount of \$97,621.00, in settlement of the 3.32% negative adjustment generated from RSS operational efficiencies in 2013. Effective January 1, 2014, RSS Collection Service Rates are as shown on Exhibit A and reflect a reduction from the 2013 rates to account for the operational efficiencies identified in the 2013 rate review.

B. Effective January 1, 2014, and annually thereafter for the Term of the Franchise Agreement, RSS' Collection Service Rates for residential and commercial collection services may be adjusted by the change, if any, in the San Francisco-Oakland-San Jose Metropolitan Area CPI for All Urban Consumers. The adjustment shall be based upon the annual CPI published on or before November 30 preceding the December 31 adjustment, and may be offset by the application of funding from City's Rate Stabilization Fund, to the extent funds are available and as agreed to by the

Parties.

Section III.3 “City Review of Rates”, first sentence shall be deleted and replaced with the following:

“Section III. 3 City Review of Rates. City’s rate review for 2013 is continuing and the Parties are negotiating to address adjustments based on bad debt accounting. If agreed upon, the Parties may implement further adjustments administratively through a mutually acceptable amendment to this Franchise Agreement. In the years 2018 and 2022, City shall review RSS’ Collection Service Rates, based upon the terms of the Franchise Agreement to establish the rates for the Base Years 2019 and 2023. RSS shall initiate a request to adjust the rates authorized under this Franchise Agreement by prior written notice no later than 180 days prior to the January anniversary date for the adjustment of rates. Notice must, therefore, be given by July 1, 2018 for adjustment to the maximum permitted Base Year rates for calendar year 2019 and July 1, 2022 for adjustment to the maximum permitted Base Year rates for calendar year 2023.

Any Base Year rate application by RSS, shall be supported by financial and operational information. 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 and to conduct such studies of RSS’s operations and audits and reviews of its financial records as is reasonably necessary to consider RSS’s application.”

Section III.6 “Additional Obligations”, Item a., shall be changed to read:

“Section III.6. Additional Obligations

a. Effective January 1, 2014, the Rates charged to all customers will include a component entitled City Solid Waste Fund in an amount shown in Exhibit A, which will be subject to annual CPI adjustments. The proceeds collected by RSS for the City Solid Waste Fund shall be remitted to the City on a quarterly basis, and be utilized to fund the City’s Rate Stabilization Fund and Solid Waste Project Fund. Residential and Commercial customers will be able to view this component on an attachment to their bills.

4. A new section within Article I is hereby added to the Agreement, entitled “Enhanced Collection Services”, as follows:

Enhanced Collection Services

In addition to the all the other services to be provided under the Franchise Agreement, and for the remaining term of the Franchise Agreement between City and RSS, RSS shall provide the following Enhanced Collection Services at the agreed-upon compensation as set forth below:

I.12. Weekly Recycling and Organic Materials Collection. No later than October 31, 2014, Contractor shall convert the every-other-week collection program for all residential recyclable materials and organic materials to a weekly collection program. Such weekly recycling and organic materials collection will apply to both single family and multi-family customers. For commercial customers, no later than October 31, 2014, Contractor shall convert all commercial recyclable materials cart customers from every-other-week to weekly collection and shall service all cart and bin commercial recycling containers weekly, at a minimum.

I.13. Mixed Residential Organics. Beginning January 1, 2014, in addition to yard waste, all residential customers including those in Pinole, Hercules and the County Franchise area, will be allowed to place food scraps and food-soiled paper, into their green waste containers upon the City’s request. Contractor shall be responsible for distributing education and outreach collateral (e.g. stickers, mailers, food pails, etc.) purchased with Authority grant funding, at no additional charge to the Authority, the City, or customers.

I.14. Source Separated Commercial Recyclable Materials Collection and Processing. Beginning January 1, 2014, Contractor shall offer commercial customers (including multi-family customers receiving service in carts and bins) recyclable materials collection from carts and bins ranging from one to six cubic yards in capacity, and shall offer such service up to three times per week, at the customer’s request.

I.15. Source Separated Commercial Organic Materials Collection and Processing. Prior to April 1, 2014, Contractor shall identify, educate, and sign up restaurants, institutional kitchens, and food processors for source separated organic materials collection service. Beginning

April 1, 2014, Contractor shall commence collection service for commercial source separated organics accounts that have signed up for such service. Commercial organic materials accepted under this program shall include all compostable food waste and food soiled paper. Prohibited materials under this program shall include hazardous materials, metals, glass, ceramics, and plastics (except certain compostable bio-plastic bags and food service ware specified by Contractor). Contractor shall provide such customers the option of using sixty-five (65) gallon carts and one or two cubic yard bins, at the customer's request. Collection of source separated commercial organic materials shall be provided up to three times per week, at the customer's request. This service shall be provided at no additional charge to customers who subscribe to garbage service.

I.16. Routing of Commercial Customers for Dry Load Collection and Processing. Beginning December 1, 2013, Contractor shall commence a review of commercial customer accounts and waste characterization with the purpose of identifying customers where the primary constituents of their garbage containers are dry and recyclable. The goal for this program is to identify a sufficient volume of material for one full-time equivalent route. No later than March 1, 2014, Contractor shall have completed this review and shall submit a report to the Authority identifying the customers who have been selected for the dry routing program. No later than May 1, 2014, Contractor shall have implemented the dry material collections from customers. All material collected under this program shall be processed in a manner that maximizes the recovery of materials, and no material collected under this program shall be disposed of prior to processing without written approval from the Authority as may be required in Section 4.4 of the Post-Collection Agreement.

I.17. Expansion of Recyclable Materials Accepted Curbside. Beginning January 1, 2014, Contractor shall accept the following new or additional recyclable materials curbside:

- i. #1-#7 plastic beverage and food containers;
- ii. Mixed rigid plastic packaging and other food containers;
- iii. Scrap metal;
- iv. Plastic film and wrapping (properly bagged);
- v. All mixed plastics;
- vi. Milk and juice cartons.

1.18. Recycling Coordinators. By December 1, 2013, Contractor shall hire two full-time recycling coordinators dedicated to work exclusively within the Authority service area. Responsibilities of the recycling coordinators include, but are not limited to, supervising, coordinating, and implementing all approved public education and outreach activities and recycling and diversion programs; serving as liaisons between the Authority, City, and RSS; and generally interacting with residents, businesses, community groups, and public agencies. The full scope of the recycling coordinators' duties are set forth in Exhibit 4.1.9 of the Post-Collection Agreement. Public education and outreach materials prepared by RSS shall be subject to the review and approval of the Authority.

I.19. Implementation dates specified in Sections I.12, and I.14 through I.16. will remain unchanged as long as all Franchising Agency Franchise Agreement amendments are approved no later than November 15, 2013. If one or more Franchise Agreement Amendments are not approved on or before November 15, 2013, the following shall apply:

a. Franchise Agencies approving franchise amendments by November 15, 2013, containing provisions substantially in the form included as Exhibit 2.4.6 of the Post-Collection Agreement will be able to implement the new reduced post-collection rates established in the Post-Collection Agreement on January 1, 2014.

b. Franchise Agencies not approving franchise amendments by November 15, 2013, containing provisions substantially in the form included as Exhibit 2.4.6 of the Post-Collection Agreement will not be allowed to implement the new post-collection rates established in the Post-Collection Agreement on January 1, 2014. In this circumstance, the current (2013) post-collection rates will continue to apply in 2014 until thirty (30) days after the franchise amendment is approved by that Franchise Agency.

c. With the exception of the specific services outlined in section I.19(d) below, implementation dates for the other Enhanced Collection Services in sections I.12 and I.14 through I.16 will be delayed one month for each successive month past November 15, 2013. For example, if all of the Member Agencies approve their respective franchise amendments between November 16 and December 15, the implementation dates will be delayed one month.

d. Regardless of whether all of the Member Agencies have approved their franchise amendments by November 15, 2013, Contractor will begin implementing the following Enhanced Collection Service by December 1, 2013: I.18 (recycling coordinators). In addition,

Contractor will begin implementing the following Enhanced Collection Services by January 1, 2014: I.13 (food scraps in the mixed residential organics containers in jurisdictions that do not already have this in place); and I.17. (acceptance of the expanded list of recyclables in the curbside recycling carts placed out for collection).

I.20. The Contractor's sole compensation for any costs associated with providing Enhanced Collection Services shall be the revenue derived from the initial collection rate adjustment(s) approved by the City which would go into effect at the same time as the new post-collection rates discussed in Sections I.19.a-I.19.b, plus any subsequent CPI-adjustments to this initial collection rate adjustment as authorized pursuant to the City's rate setting methodology and process.

5. Except as modified hereby, all of the terms and conditions of the Franchise Agreement as amended previously, including, but not limited to the defense and indemnity provisions of Section 13, shall continue in full force and effect unless superseded by provisions of this Agreement, 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.

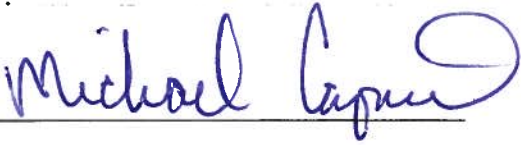
SIGNATURES ON FOLLOWING PAGE

The Parties have executed this Amendment as of the Effective Date first date written above.

RICHMOND SANITARY SERVICE, INC.,

A California corporation

By:



Michael Caprio

Area President

CITY OF PINOLE,

A California municipal corporation

By:



Belinda B. Espinosa

1/16/2014

City Manager

ATTEST:

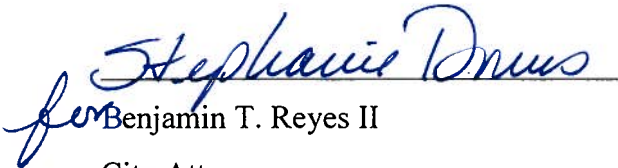


Patricia Athenour, MMC

1-16-2014

City Clerk

APPROVED AS TO FORM:



Benjamin T. Reyes II

City Attorney



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
08/08/2013

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER CANNON COCHRAN MANAGEMENT SERVICES, INC. 17015 N. SCOTTSDALE RD. SCOTTSDALE, AZ 85255	CONTACT NAME: PHONE (A/C No. Ext): _____ FAX (A/C No. Ext): _____ E-MAIL ADDRESS: cert@acord.com													
	<table border="1"> <tr> <th>INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> <tr> <td>INSURER A: OLD REPUBLIC INSURANCE COMPANY</td> <td>24147</td> </tr> <tr> <td>INSURER B: ILLINOIS UNION INSURANCE COMPANY</td> <td>27960</td> </tr> <tr> <td>INSURER C: LEXINGTON INSURANCE COMPANY</td> <td>19437</td> </tr> <tr> <td>INSURER D:</td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> </tr> </table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A: OLD REPUBLIC INSURANCE COMPANY	24147	INSURER B: ILLINOIS UNION INSURANCE COMPANY	27960	INSURER C: LEXINGTON INSURANCE COMPANY	19437	INSURER D:		INSURER E:		INSURER F:
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INSURER D:														
INSURER E:														
INSURER F:														
INSURED REPUBLIC SERVICES, INC. 18500 N. ALLIED WAY PHOENIX, AZ 85054														

COVERAGES

CERTIFICATE NUMBER: 358848

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADCL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC			MWZY 80248	08/30/2013	08/30/2014	EACH OCCURRENCE \$ 5,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 5,000,000 MED EXP (Any one person) PERSONAL & ADV INJURY \$ 5,000,000 GENERAL AGGREGATE \$ 5,000,000 PRODUCTS -COMP/OP AGG \$ 5,000,000
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input checked="" type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS <input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input type="checkbox"/> RETENTION \$			MWVB 21845	08/30/2013	08/30/2014	COMBINED SINGLE LIMIT (Ea accident) \$ 5,000,000 BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS			MWXC 118477 00 AOS MWXS 1024 Excess WC OH MWXS 1023 Excess NSWC TX	08/30/2013	08/30/2014	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 3,000,000 E.L. DISEASE -EA EMPLOYEE \$ 3,000,000 E.L. DISEASE -POLICY LIMIT \$ 3,000,000
B	POLLUTION LEGAL LIABILITY			PPLG27064061002	08/30/2013	08/30/2014	\$25,000,000 Per Occurrence \$25,000,000 Aggregate

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

Evidence of Coverage for use for Republic Services, Inc. and all its subsidiaries

TEXAS EXCESS INDEMNITY AND EMPLOYERS LIABILITY:
 Republic Services, Inc. and its subsidiaries are registered non-subscribers to the Texas Workers Compensation Act. Republic Services, Inc. has filed an approved Indemnity Plan with the Texas Department of Insurance which offers an alternative in benefits to employees rather than the traditional Workers Compensation Insurance in Texas. The excess policy (MWXS 1023) shown on this certificate provides excess Indemnity and Employers Liability coverage for the approved Indemnity Plan.

CERTIFICATE HOLDER

CANCELLATION

EVIDENCE ONLY

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

