AMENDMENT TO FRANCHISE AGREEMENT

BETWEEN

CITY OF RICHMOND

AND

RICHMOND SANITARY SERVICE, INC.

This Amendment to the Franchise Agreement is entered into as of the 20th day of JANUARY 1997 by and between the CITY OF RICHMOND, a municipal corporation ("City") and RICHMOND SANITARY SERVICE, INC., a California corporation ("RSS, Inc.").

PREAMBLE

A. The City has certain obligations ("Obligations") with respect to the clean, safe and efficient management of Solid Wastes and the processing and diversion of Solid Wastes under the California Integrated Waste Management Act, as amended, and other relevant laws and regulations.

B. At present, the City has directed RSS, Inc. to dispose of Solid Wastes at the West Contra Costa Sanitary Landfill ("WCCSL") which is the closest, but which is expected to close within several years. To dispose of the Solid Wastes in an economical and efficient manner at a more distant landfill after the closure of WCCSL, it is necessary and appropriate to first process the Solid Wastes in a clean, safe and sanitary manner at a transfer station for subsequent disposal at such landfill.

C. City and RSS, Inc. desire to provide for the diversion of
Solid Wastes from landfills under the California Integrated Waste Management Act, as amended, and other relevant laws and regulations and to provide for the transfer and disposal of remaining Solid Wastes at a more distant landfill following closure of the WCCSL.

D. The West Contra Costa Integrated Waste Management Authority ("Authority") has been formed under the laws of the State of California to, among other things, provide for the implementation of an Integrated Resource Recovery Facility to be operated for the benefit of the Authority and the residents within the jurisdictional boundaries of the Authority, and pursuant to the Authority - County Contract, the residents within the area subject to said Contract.

E. The City is a signatory to the Joint Powers Agreement creating the Authority and the Second Amendment and Restatement of the Joint Exercise of Powers Agreement, and is thereby a member of the Authority and obligated to comply with the provisions of said Joint Powers Agreement.

Accordingly, the City has determined that in order (i) to provide for the clean, safe and efficient management of Solid Wastes, and (ii) to meet the Obligations, it is the best interest of the City to Enter into this Amendment

RSS Inc. and City desire to amend the Franchise Agreement.

THEREFORE, IN CONSIDERATION OF THE COVENANTS AND CONDITIONS CONTAINED HEREIN, THE CITY AND RSS INC. DO HEREBY AGREE AS FOLLOWS:
1. DEFINITIONS

1.01 "Agreement" means the Franchise Agreement as amended by this Amendment.

1.02 "Amendment" means this Amendment.

1.03 "Authority" means the West Contra Costa Integrated Waste Management Authority, a joint exercise of powers authority established and existing pursuant to Government Code Section 6500 et seq., or any successor entity and shall have the same meaning as defined in the Joint Power Agreement.

1.04 "Authority - County Contract" means that certain contract between the Authority and Contra Costa County dated May 25, 1993, as amended from time to time and shall have the same meaning as defined in the Joint Powers Agreement.

1.05 "Closing Date of the IRRF Financing" means the date of initial delivery of the IRRF Bonds to the original purchasers of the IRRF Bonds.

1.06 "Designated Facility" means a Solid Waste Management Facility or Facilities designated from time to time by Authority to receive some or all Directed Wastes and materials and shall have the same meaning as defined in the Joint Powers Agreement.

1.07 "Designated Rates" means (i) the rates as authorized by Authority from time to time to be paid for Directed Waste and Materials received at the Designated Facility or Facilities and/or (ii) any additional amounts determined by the Authority as necessary to provide for the planning and implementation activities of the Authority, to pay other costs and obligations of the
Authority, or to implement the Authority - County Contract to the extent such additional amounts are not included by the Authority in the rates authorized to be charged at the Designated Facility or Facilities and shall have the same meaning as defined in the Joint Powers Agreement.

1.08 "Directed Waste and Materials" means Solid Waste and Separated Materials, or portions or types of such waste or materials (including recyclables) collected pursuant to this Agreement and directed by the Authority to be delivered to the Designated Facility or Facilities and shall have the same meaning as defined in the Joint Powers Agreement.

1.09 "Franchise Agreement" means that certain agreement by and between City and RSS, Inc. dated September 6, 1991, as existing prior to this Amendment.

1.10 "In Lieu Surcharge" means a surcharge as determined from time to time by Authority in the event of shutdown or abandonment of an IRRF as this term is defined in the Joint Powers Agreement.

1.11 "Interim Recycling Center" means the existing facility generally located northwesterly of the intersection of an extension of Garden Tract Road and Parr Boulevard and established for the processing of source separated Solid Waste.

1.12 "IRRF" or "Integrated Resource Recovery Facility" means an integrated resource recovery facility, including land on which such facility is located, for receiving, processing, recycling and transportation or transfer of Acceptable Waste and Material, or the recovery of materials for diversion, or any combination thereof,
which facility is owned either wholly or in part by the Authority or by a private entity, but in all events is operated for the benefit of the Authority and the residents within the jurisdictional boundaries of the Authority, and within the area subject to said Authority - County Contract and shall have the same meaning as defined in the Joint Powers Agreement.

1.13 "IRRFP Bonds" means the Authority-approved debt securities issued to finance the planning, design, construction and performance testing of an Integrated Resource Recovery Facility and additional indebtedness, as approved by the Authority, to finance the improvements or modifications to an Integrated Resource Recovery Facility.

1.14 "Joint Powers Agreement" means the joint exercise of powers agreement creating the Authority and that certain Second Amendment and Restatement of the Joint Powers Agreement by and among the Cities of El Cerrito, Hercules, Pinole, Richmond and San Pablo, including any subsequent amendments thereto.

1.15 "Solid Waste" shall mean all materials subject to collection pursuant to the Agreement more particularly as set forth on page 6 of the Agreement.

1.16 "Solid Waste Management Facility" shall mean an Integrated Resource Recovery Facility, or transfer station or material recovery facility or landfill or combination thereof.

2. DIRECTION OF SOLID WASTE

2.01 Notwithstanding any other provision of the Agreement, City has control and authority to direct RSS, Inc. to deliver
Solid Wastes, or portions or types of such Wastes, to the
Designated Facility. The City hereby directs the RSS, Inc. to
deliver all Directed Waste and Materials, including without
limitation all Directed Waste and Materials collected by the RSS,
Inc. hereunder to the Designated Facility or Facilities commencing
upon receipt of notice from Authority.

2.02 RSS, Inc. agrees it shall deliver Directed Waste to the
Designated Facility or Facilities as specified by the Authority
upon City and RSS, Inc.’s receipt of direction from Authority, and
said deliveries shall begin upon the date specified by Authority in
its notification to City and RSS, Inc. and continue until City and
RSS, Inc. receive notice from Authority to suspend delivery of
Directed Waste to the Designated Facility.

2.03 Suspension of delivery of some or all Directed Wastes to
the Designated Facility shall occur only upon receipt of notice
from the Authority and shall be for no longer period than specified
by Authority.

2.04 RSS, Inc. shall comply with all of the rules and
regulations of the Designated Facility or Facilities, including
without limitation, rules governing the types and characteristics
of Solid Waste that may or may not be acceptable for delivery to
the Designated Facility or Facilities, the manner of delivery of
Solid Wastes, the payment of Designated Rates, and payment of any
costs arising at the Designated Facility or Facilities due to
failure of RSS, Inc. to comply with rules and regulations of the
Designated Facility or Facilities.

Amendment to Franchise Agreement
City of Richmond
2.05 Nothing in this Amendment shall affect the rights of City or RSS, Inc. with respect to the direction of Solid Waste until such Waste is directed by Authority as contemplated herein. Further, nothing in this Amendment shall be construed to affect the rights of the City or RSS, Inc. with respect to the direction of the waste stream in the event that the Authority at any time thereafter permanently discontinues direction of the Directed Waste to a Designated Facility or Facilities.

2.06 RSS, Inc. covenants and agrees that it will not purchase, dispose or recycle, offer to purchase, dispose or recycle or contract for the purchase, disposal or recycling of, directly or indirectly, any Solid Waste (or portions or types of such Solid Waste) which would otherwise be collected pursuant to the Agreement and delivered to the Designated Facility or Facilities and that it will not otherwise divert, or cause to be diverted or allow to be diverted, in any way, Solid Waste to any use, any other Solid Waste Management Facility or other party without the approval of the Authority.

3. DESIGNATED RATES

3.01 RSS, Inc. shall, without regard to the amount collected pursuant to Section 3.03 of this Amendment, pay over to the operator of the Designated Facility or Facilities, without reduction, limitation, offset, or adjustment of any kind, all amounts owing in accordance with Designated Rates for Directed Waste and Materials delivered to said Designated Facility or Facilities and said payments shall be made at the times and in the
manner specified by the Authority.

3.02 RSS, Inc. shall, without regard to the amount collected pursuant to Section 3.03 of this Amendment, pay over to Authority, without reduction, limitation, offset or adjustment of any kind, all amounts authorized by Authority in accordance with Designated Rates which are in addition to the rates authorized to be charged at the Designated Facility or Facilities and said payment shall be made at the times and in the manner specified by the Authority.

3.03 Notwithstanding any other provision of the Agreement, and in addition to all rates and charges otherwise allowed under the Agreement, RSS, Inc. shall collect from all residential and non-residential customers whose Solid Waste is delivered to the Designated Facility or Facilities the collection rate amounts specified by the Authority for such services and no more.

3.04 Collection of the amount authorized by Section 3.03 of this Amendment is hereby authorized to begin upon the date that RSS, Inc. commences delivery of Directed Wastes to the Designated Facility.

4. IN LIEU SURCHARGE

4.01 Notwithstanding any other provision of the Agreement, and in addition to all rates and charges otherwise allowed under the Agreement, RSS, Inc. shall collect from all residential and non-residential customers an In Lieu Surcharge when and if such In Lieu Surcharge is authorized by the Authority and such collection shall be in such amounts and at such times as specified by the Authority.

4.02 RSS, Inc. agrees to pay over to the Authority or another
party designated by Authority, without reduction, limitation, offset or adjustment of any kind, all amounts collected pursuant to Section 4.01 of this Amendment at the times and in the manner required by the Authority.

4.03 All amounts collected by RSS, Inc. pursuant to Section 4.01 of this Amendment, including interest earnings on said amounts, shall be held in trust by RSS, Inc. for benefit of the Authority or other party designated by Authority.

4.04 All amounts collected by RSS, Inc. as an In Lieu Surcharge shall be deposited in a segregated account ("In Lieu Surcharge Account").

4.05 The date of collection of the amount authorized by Section 4.01 of this Amendment shall begin upon the date specified from time to time by Authority as the effective date of an In Lieu Surcharge and continue for the period specified in Authority’s notification to City and RSS, Inc. of the Authority’s authorization of an In Lieu Surcharge.

5. SECURITY INTEREST

5.01 RSS, Inc. and City agree to take all such action as may be required to grant and perfect a security interest in the In Lieu Surcharge Account established pursuant to Section 4.04 of this Amendment, including interest earnings thereon, to the Authority or the Authority’s assignee.

5.02 RSS, Inc. warrants and represents that it has not granted a security interest in, or otherwise encumbered, the In Lieu Surcharge Account or funds required to be deposited therein and
covenants not to grant any other security interest in said amounts.

5.03 It is understood and agreed that RSS, Inc. shall have no title or other interest in the In Lieu Surcharge Account except as trustee; that RSS, Inc. has no right to retain, disburse, use, apply or encumber funds required to be collected as an In Lieu Surcharge and is expressly prohibited from doing so except as disbursement of funds is expressly provided for in Section 4.02 of this Amendment; and that RSS, Inc. shall not commingle its own funds or other funds with the In Lieu Surcharge Account.

6. AUTHORITY AS THIRD PARTY BENEFICIARY

6.01 The provisions of this Amendment are expressly declared to be intended for the benefit of the Authority, in addition to City and RSS, Inc..

6.02 The Authority is an intended third party beneficiary of this Amendment and shall have the right to pursue all available legal and equitable remedies to enforce the provisions of this Amendment.

7. SALVAGE RIGHTS

All salvage rights granted to RSS, Inc. by the Franchise Agreement are hereby deleted from the Agreement during any period where the Authority directs City and RSS, Inc. to deliver Directed Waste to the Designated Facility or Facilities.

8. INTERIM RECYCLING CENTER

8.01 The parties acknowledge that a portion of the rates being collected under the Franchise Agreement for the establishment and operation of the Interim Recycling Center will be included in
Designated Rates beginning on the date specified by Authority for
commencement of delivery of Directed Waste to the Designated
Facility.

8.02 City and RSS, Inc. agree that Authority shall determine
the amounts being collected under the Franchise Agreement for the
establishment and operation of the Interim Recycling Center and
that, upon commencement of delivery Directed Wastes to a Designated
Facility, all said amounts will be a part of Designated Rates and
shall not otherwise be collected under the Agreement.

9. BOOKS AND RECORDS

9.01 RSS, Inc. shall keep adequate books and records of the
revenue from rates and fees charged pursuant to Article 3 and
Article 4 hereof and the RSS, Inc.'s expenses incurred in
accordance with Article 3 and Article 4 hereof. RSS, Inc. shall
make available its records respecting such revenue and expenses
during business hours upon reasonable notice.

9.02 RSS, Inc. shall make quarterly reports to the Authority
of its revenue and expenses set forth in Section 9.01.

9.03 RSS, Inc. shall make quarterly reports to the Authority
on the amount of Solid Waste collected by the Company hereunder and
the disposition of said Solid Waste. Such reports shall be in such
form and detail as may be required for the City and/or the
Authority to accurately report compliance with Solid Waste
diversion requirements.

9.04 RSS, Inc. shall either (a) keep adequate books and
records showing disposition of all Solid Waste collected pursuant
to the Agreement and allow Authority to inspect same during normal business hours upon reasonable notice, or (b) implement Solid Waste allocation methods and procedures approved from time to time by the Authority. The RSS, Inc. shall cooperate with and assist the Authority in the Authority’s development of Solid Waste allocation methods and procedures.

10. MISCELLANEOUS PROVISIONS

10.01 In furtherance of the representations, warranties and covenants contained in this Amendment, whenever and so often as requested by Authority or any assignee thereof, City and RSS, Inc. agree to promptly execute and deliver or cause to be delivered all such other and further assurances, documents or instruments and promptly do so or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Authority, or its assignee, all advantages, benefits, interest, powers, privileges and rights to be conferred upon Authority by this Amendment.

10.02 Both parties and their respective legal counsel have independently reviewed this Amendment and agree that any rule that ambiguities are to be construed against the drafting party shall not apply.

10.03 This written Amendment contains all of the representations and sets forth the complete agreement of the parties with respect to the subject matter hereof. Except as specified in this Amendment, any prior correspondence, drafts, memoranda, agreements, warranties or representations with respect
to the subject matter of this Amendment are superseded in total by this Amendment.

10.04 In the event of conflict between this Amendment and the other provisions of the Agreement, this Amendment shall control and if any term or provision of the Agreement or other agreement between the City and RSS, Inc. could be construed to in any way be in conflict with the provisions of this Amendment, the provisions of this Amendment shall control.

10.05 If for any reason, any Solid Waste that is subject to collection pursuant to the Agreement is held not to be subject to collection under the Agreement by the State or Federal Legislature, or a court, agency or administrative authority (other than City, Authority, or RSS, Inc.) with jurisdiction over the parties, the parties intend that the Agreement shall remain in effect with respect to any Solid Waste not so identified.

10.06 Nothing in this Amendment shall prevent the City from directing RSS, Inc. to deliver Solid Wastes to the West Contra Costa Sanitary Landfill prior to the Authority’s direction to begin delivery of Directed Waste to the Designated Facility or Facilities.

10.07 Nothing in this Amendment is intended to alter the rights of City and RSS, Inc. with respect to collection of Solid Waste, rather, this Amendment is intended to address only those matters specifically set forth herein.

10.08 Contractor and City agree that City increase City’s franchise fee in an amount sufficient to cover the City’s costs
associated with funding the operation of the Authority until
Designated Rates are set and collected in amounts sufficient to
properly finance the Authority’s operations and that such
additional franchise fees may be placed in the collection rates-
without limitation.

11. NOTICES

A copy of any notice required or permitted under the
Agreement which pertains directly or indirectly with the subject
matter of this Amendment shall be provided to Authority
concurrently with the delivery of said notice to the other party
and said notices shall be addressed to: West Contra Costa
Integrated Waste Management Authority, One Alvarado Square, San
Pablo, California 94806, Attention: Executive Director, Fax. No.
(510) 236-1636, or other such address or Fax Number as the
Authority may specify in writing to the parties.

12. EFFECTIVE DATE

This Amendment shall become effective upon the Closing
Date of the IRRF Financing, provided that said Closing Date occurs
before March 31, 1994. The provisions of Sections 2, 3 and 7 of
this Amendment shall expire and cease to be of further force and
effect at such time as the Authority ceases to have the right,
whether by contract or otherwise, to require City to deliver Solid
Waste to the Designated Facility or Facilities. Any expiration of
such provision shall not affect any other provisions of the
Agreement, which shall remain in full force and effect in
accordance with their other applicable terms without giving further

Amendment to Franchise Agreement
City of Richmond
effect to such expired provisions.

IN WITNESS WHEREOF, and in consideration of the mutual promises set forth above, the City and RSS Inc. have duly authorized execution of this Amendment and have executed this Amendment as of the date first hereinabove written.

"RSS INC."

Richmond Sanitary Service, Inc.

[Signature]

for

RICHARD GRANZELLA, President

[Signature]

PINA BARBIERI, Secretary

"CITY"

City of Richmond

[Signature]

ROSEMARY M. CORBIN, Mayor

ATTEST:

[Signature]

Eula Barnes, City Clerk

Approved as to form:

Malcolm Hunter

City Attorney

BY: [Signature]

Amendment to Franchise Agreement
City of Richmond