

**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 16th day of March, 1999, by and between the City of Richmond, a municipal corporation ("City") and Richmond Sanitary Service, Inc., a California corporation (RSS, Inc.).

The City and RSS, Inc. entered into a Franchise Agreement effective July 1, 1986, and amended September 6, 1991, and January 20, 1994 (hereinafter referred to as the "Franchise Agreement"). The City and RSS, Inc. have agreed to a further amendment of the Franchise Agreement. All of the terms, conditions, rights and obligations of the parties under the Franchise Agreement shall remain in force and effect and shall not be changed in any manner except as expressly set forth in this Amendment to the Franchise Agreement. The parties expressly agree that their rights and duties under the Agreement derive from the execution of the original Franchise Agreement in 1986 and are modified only to the extent of subsequent amendments which expressly modify the Franchise Agreement.

The City of Richmond and Richmond Sanitary Service, Inc. hereby amend the Franchise Agreement between the City of Richmond and Richmond Sanitary Service, as follows:

1. Line five of the initial paragraph of the Franchise Agreement Between the City of Richmond and Richmond Sanitary Service, Inc. entitled "WITNESSETH" is hereby amended and revised as follows:

The year 2025 is inserted in the place and stead of the year 2011.

2. Section 3.7 is hereby amended and revised as follows:

Effective January 1, 2000, the City shall establish the Year 2000 Rate, which rate shall be exclusive of the Designated Rate and shall be the maximum rate which RSS, Inc. shall be allowed to charge for services rendered hereunder. The Year 2000 Rate is the rate

established under the Rate Setting Mechanism, as applied by the City and RSS, Inc. hereunder, for 1999, adjusted in accordance with the terms of the Franchise Agreement independent of this Amendment to the Franchise Agreement.

The Year 2000 Rate shall be adjusted annually, on December 31, by the change, if any, in the San Francisco - Oakland - San Jose Metropolitan Area Consumer Price Index for All Urban Consumers, all items (CPI) for the succeeding six years. The adjustment shall be based upon the CPI published on or before the November 30 preceding the December 31 adjustment. Each such rate adjustment is in accordance with the rate adjustment provisions of the Franchise Agreement for Indexed Years.

In the absence of agreement to the contrary between the parties, RSS, Inc. shall submit all necessary financial information for a Test Year in 2006 and the City shall, based upon the Rate Regulation Methodology, establish the rate for 2007. In the event of unforeseen economic conditions which materially affect the cost of providing service hereunder, either party may demand that rates be established as in a Test Year under the Rate Setting Methodology on reasonable notice to the other party. The party requesting such an interim Test Year rate setting shall bear the burden of proof with respect to the establishment of unforeseen economic conditions which materially affect the cost of providing service hereunder and the final discretion as to whether or not to proceed with a rate setting shall be in the party other than the party who request such interim Test Year rate setting.

It is the expectation of the parties hereto that, effective January 1, 2000, the West Contra Costa Integrated Waste Management Authority will reduce the Designated Rates by the savings to be gained upon a refinancing of the IRRF (Integrated Resource Recovery Facility) Bonds and otherwise. In the event that the savings in the Designated Rates for residential waste from the refinancing of the IRRF Bonds and otherwise is less than \$1.00 per month per residential 35 gallon can then RSS, Inc. and the City shall meet and confer and RSS, Inc. shall make such changes in the services provided hereunder as directed by the City to achieve rate savings equal to the amount by which the decrease

in the Designated Rates is less than the increase in the Year 2000 Rate from the rate effective immediately prior to the imposition of the Year 2000 Rate.

3. Section 5.3 is hereby amended by deleting the word and number "fifty (50)" from line 5 of Section 5.3 and replacing the word and number with "one hundred (100)."

4. Section 5.3 is hereby further amended by adding the following language immediately following the last sentence of Section 5.3:

Commencing in the year 2000 and continuing for the term of this Agreement, RSS, Inc. shall pay to the City the sum of \$50,000 per year, payable in two installments of \$25,000 in June and December to be used by the City to fund its neighborhood clean up efforts or such other uses as the City may, in its sole discretion, establish.

5. Section 5.4 is hereby amended by deleting the first and second sentences of Section 5.4 and adding in their place the following:

In addition to its regular collections, RSS, Inc. shall provide two on-call clean ups per year, one in the first half of the year and one in the second half of the year, to each residential customer. An on-call clean-up shall be the collection by RSS, Inc. of up to one cubic yard of non-hazardous waste. RSS, Inc. and the City shall, from time to time, jointly establish rules regulating on-call clean-ups.

6. In addition to the indemnification provided in Section 11.1 of the Franchise Agreement, RSS, Inc. agrees to indemnify, defend and save the City, its agents, officers and employees harmless from and against any and all liability, claims, suits, actions, damages and/or causes of action arising out of any personal injury, bodily injury, loss of life or damage to property, violation of any federal, state or municipal law or ordinance or other cause in connection with the provisions of this Amendment to the Franchise Agreement, the City's establishment (by ordinance) of the Year 2000 Rate, or in connection with the activities of RSS, Inc., its subcontractors, agents and employees under this Amendment to the Franchise Agreement. By this indemnification, RSS, Inc. agrees to indemnify, defend and save the City harmless from and against all costs, counsel fees, expenses incurred in obtaining expert testimony and the attendance of witnesses, expenses and liability incurred in and about any such claim, the investigation thereof

or the defense of any action or proceedings brought thereon, and from and against any orders, judgments or decrees which may be entered therein unless arising out of the sole negligence or willful misconduct of the City.

IN WITNESS WHEREOF, the City has caused these presents to be signed and its corporate seal affixed by its Mayor and Clerk thereunto duly authorized, and RSS, Inc. has caused these presents to be signed on its behalf by its President and Secretary, being two of its officers, thereunto duly authorized by its Board of Directors, all on the day and year first above written.

"RSS, Inc."  
Richmond Sanitary Service, Inc.

By: Richard Granzella  
Richard Granzella, President

By: Pina Barbieri  
Pina Barbieri, Secretary

"City"  
City of Richmond

By: Rosemary M. Corbin  
Rosemary M. Corbin, Mayor

Attest:

By: Eula M. Barnes  
Eula Barnes, City Clerk

Approved as to form:

By: Malcolm Hunter  
Malcolm Hunter, City Attorney

State of California                    )  
                                          ) : ss  
County of Contra Costa                )

On March 16, 1999, before me, MARGARET ERIKSEN, Notary Public, personally appeared PINA BARBIERI, Secretary, Richmond Sanitary Service, Inc., personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

  
MARGARET ERIKSEN, Notary Public

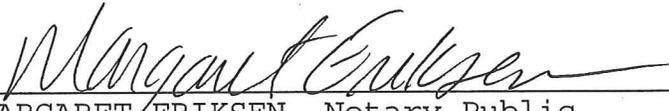
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State of California                    )  
                                          ) : ss  
County of Contra Costa                )

On March 16, 1999, before me, MARGARET ERIKSEN, Notary Public, personally appeared RICHARD GRANZELLA, President, Richmond Sanitary Service, Inc., personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

  
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MARGARET ERIKSEN, Notary Public

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