

FRANCHISE AGREEMENT

BETWEEN

RODEO SANITARY DISTRICT

AND

RICHMOND SANITARY SERVICE, INC.

EFFECTIVE NOVEMBER 1, 2001

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FRANCHISE AGREEMENT

1. EFFECTIVE DATE, PARTIES. This Agreement, effective on November 1, 2001, is by and between the Rodeo Sanitary District, a special district organized under the Sanitary District Act of 1923 ("District"), and Richmond Sanitary Service, Inc. ("Contractor").

2. DEFINITIONS. As used herein, the following terms shall have the meanings set forth below:

a. Agreement. Agreement means this Franchise Agreement by and between the District and Contractor for the collection, removal, and disposal of solid waste and the recycling of material.

b. California Integrated Waste Management Act. California Integrated Waste Management Act means the California Integrated Waste Management Act of 1989 (Public Res. Code, § 40000 et seq.) and all rules and regulations adopted under any of those sections, as such sections, rules and regulations may be amended from time to time in the future.

c. Commercial Solid Waste. Commercial Solid Waste means Solid Waste routinely originating from commercial premises and from multi-family residential complexes receiving centralized bin service (as contrasted to individual cart service for residential unit in an apartment complex, in which event Solid Waste from each such residence shall be deemed to be Residential Solid Waste hereunder).

d. Contractor. Contractor means Richmond Sanitary Service, Inc. (RSS, Inc.), and is the entity which has been granted an exclusive franchise pursuant to the terms and conditions set forth herein.

e. Customers. Customers means home owners and owners or operators of commercial, industrial and business premises within the Franchise Area.

f. Designated Waste. Designated Waste as used herein has the meaning set forth in section 2522 of Title 23 of the California Code of Regulations, as amended from time to time.

g. District. District means the Rodeo Sanitary District, acting by and through its Board of Directors.

h. District Manager. District Manager means the District Manager of Rodeo Sanitary District.

i. Franchise Area. Franchise Area means the geographic area generally described in Exhibit C to this Agreement. Exhibit C may be amended from time to time upon the mutual agreement of the parties without requiring an amendment to this Agreement to reflect

changes of boundaries of the Franchise Area in such a manner as to identify each alteration to the Franchise Area and the effective date thereof.

j. Green Waste. Green Waste means any wastes separated at their source of generation, which are not manufactured or processed, are organic and subject to decomposition, including, but not limited to, leaves, grass clippings, weeds, tree trimmings, untreated wood waste, or shrubbery cuttings, and shall not include putrescible food wastes.

k. Hazardous Waste. Hazardous Waste means a waste, or combination of wastes, which because of its quantity, concentration, or physical, chemical, or infectious characteristics may either:

(1) cause, or significantly contribute to an increase in mortality or an increase in serious irreversible, or incapacitating reversible, illness; or

(2) pose a substantial present or potential hazard to human health or the environment when improperly treated, stored, transported, or disposed of, or otherwise managed.

Hazardous Waste is intended to include all waste which are defined as being a hazardous waste pursuant to any federal, state or county laws, statutes, ordinances or other regulation concurrently in effect or as may be enacted or amended in the future.

l. Industrial Waste. Industrial Waste means Solid Waste originating from mechanized-manufacturing facilities, factories, refineries, and publicly operated treatment works, and waste which is collected in debris boxes greater than 10 yards in size.

m. Infectious Waste. Infectious Waste as used herein has the meaning set forth in Health and Safety Code section 25117.5, as amended from time to time.

n. Recycling. Recycling means the process of collecting, sorting, cleaning, treating and reconstituting materials and recovering them so that they may be used in the form of raw material for new, reused, or reconstituted products.

o. Recyclable Materials. Recyclable Materials means those materials subject to Recycling. Recyclable Materials to be collected by Contractor from residential Customers are listed on Exhibit B of this Agreement.

p. Residential Solid Waste. Residential Solid Waste means Solid Waste routinely originating from single-family dwellings or multiple family dwellings in which each unit receives individual cart service. Residential Solid Waste includes household hazardous waste, but does not include septage.

q. Septage. Septage means non-sewered liquid or semi-liquid waste that may be trucked to treatment facilities for disposal, to include, but not be limited to, waste from residential septic tanks, commercial grease cleanouts, and industrial waste holding facilities.

r. Solid Waste. Solid Waste has the meaning set forth in Section 40191 of the California Public Resources Code as of the date of execution of this Agreement. Solid Waste includes, but is not limited to, all putrescible and nonputrescible solid, semisolid, and liquid wastes, including garbage, trash, refuse, paper, rubbish, ashes, demolition and construction wastes, abandoned vehicles and parts thereof, discarded home and industrial appliances, dewatered, treated, or chemically fixed sewage sludge which is not hazardous waste, manure, vegetable or animal solid and semisolid wastes and other discarded solid and semisolid wastes. Solid Waste does not include Infectious, Designated, and Hazardous Waste, except household hazardous waste.

3. TERM. Subject to Section 32 of this Agreement, the term of this Agreement and the exclusive franchise granted hereunder shall commence on November 1, 2001 and continue through October 31, 2011.

4. INTENT TO PROVIDE FOR ALL SOLID WASTE COLLECTION, REMOVAL, DISPOSAL AND/OR RECYCLING. The parties hereto agree that District currently has the right to grant to Contractor the exclusive privilege and duty of the collection, removal, disposal and/or Recycling of all Solid Waste in the Franchise Area. The intent of this Agreement is to provide for the Solid Waste handling service and Recycling of material in the Franchise Area, as set forth herein.

5. EXCLUSIVE PRIVILEGE AND DUTY. District hereby grants to Contractor the exclusive privilege and duty to collect and remove for disposal and/or Recycling, all Solid Waste within the Franchise Area and to charge and receive charges therefor, pursuant to and subject to the terms of this Agreement. The Franchise Area may be expanded or reduced in size by mutual agreement of the parties.

6. EXCEPTIONS TO EXCLUSIVE PRIVILEGE. The exclusive privilege granted by this Agreement shall not apply if a person or entity contracts with a third person for the removal and disposal or recycling of inorganic refuse or garden waste (a "Non-Franchised Contractor") and such removal and disposal or recycling is solely incidental to work such as remodeling or gardening occasionally performed for the customer. This exception shall not apply if the Non-Franchised Contractor incurs a net cost of collection to any third person in connection with its collection and/or disposal of said Solid Waste. Nor shall the exclusive privilege of this Agreement apply to those who qualify for exemption under Rodeo Sanitary District ordinance 99-102 as amended.

7. CONTRACTOR'S DUTY TO MAINTAIN RECORDS; DISTRICT'S RIGHT TO EXAMINE RECORDS. Contractor shall maintain a proper set of books and records in accordance with generally accepted accounting principles, accurately reflecting the business done by it under this Agreement.

Contractor shall further maintain and make available to District, upon its request, records as to number of Customers, total and by type, route maps, and tonnage information, as may reasonably be required by the District. In addition, Contractor shall maintain accurate records of vehicle and equipment maintenance, and customer complaints which shall be available to the

District upon request. District shall treat the information required by this paragraph as confidential information to the extent permitted by law.

District may, in the event of a request for a change of rates based upon an event of Force Majeure pursuant to Section 33 of this Agreement, take the actions, subject to the limitations and controls, set forth in the balance of this Section 7:

The District may have the books and records of the Contractor examined by a District Agent appointed for that purpose by the District. District shall give thirty (30) days' written notice to the Contractor of such examination date.

The information required by this Section shall pertain to Contractor's operations covered and regulated by this Agreement, and nothing contained herein shall require the Contractor to provide the District with information pertaining to the Contractor's operations which are not regulated by the District, except in conformance with this Section.

A District Agent may examine Contractor's books, records and financial statements pertaining to operations not regulated by the District as may be reasonably required for the sole purpose of gathering information necessary to allow the District Agent to ascertain whether income, expenses, assets and liabilities are reasonably and consistently allocated among operations regulated by District and those not regulated by the District. Contractor shall obtain District's written approval of its method of segregating its financial records between District-regulated and non-District regulated operations. District shall not unreasonably withhold such approval.

Information gained from examination of records pertaining to operations not regulated by the District shall be treated by District and its agents as confidential information.

For the review of books and other financial records necessary to verify the Contractor's income, expenses, assets and liabilities, "District Agent" shall mean an independent Certified Public Accountant or public accountancy firm. For all other information or records, including the results of financial verification, "District Agent" shall mean any consultant designated by the District or District employees.

Nothing in this Section will prevent District from allowing public access to District records as provided for under the California Government Code, and in the event any dispute arises as to the public's public access to information provided by Contractor under the terms of this Agreement, the District shall in its discretion provide public access to said information according to law or tender the defense of any claims made against the District concerning said information to Contractor. Prior to releasing any information pursuant to this paragraph, District shall make a good faith effort to notify Contractor of the intended release.

8. RATES. Contractor shall perform the responsibilities and duties herein agreed in accordance with and in consideration of the rates set forth in Exhibit A to this Agreement, such rates subject to the Rate Adjustment Methodology set forth in Section 9 of this Agreement.

9. RATE ADJUSTMENT METHODOLOGY. Subject to other provisions of this Agreement, the rates charged hereunder, as set forth in Exhibit A to this Agreement, shall remain fixed for the first two (2) years of the term of this Agreement. Thereafter, Contractor shall be entitled to five (5) adjustments to the rates during the term of this Agreement based on the Consumer Price Index All Urban Consumers for the San Francisco – Oakland – San Jose Metropolitan Area, base period 1982-84 = 100 (CPI). Contractor shall be entitled to such rate adjustments on November 1, 2003, November 1, 2005, November 1, 2007, November 1, 2009, and on one of the following dates at the discretion of Contractor: November 1, 2004, November 1, 2008, or November 1, 2010.

In no event shall the Customers or the District be responsible for the payment of any increases in disposal costs, taxes, surcharges or fees arising from the closure of the West Contra Costa Sanitary Landfill or the use of any transfer station owned or used by Contractor.

In no event shall the Customers or the District be responsible for any increase in tipping fees resulting from the transfer of Solid Waste, Recyclable Materials, Green Waste or Hazardous Waste.

In no event shall the Customers or the District be responsible for any increase in tipping fees resulting from the disposal of Solid Waste, Recyclable Materials, Green Waste or Hazardous Waste at a landfill other than the West Contra Costa Sanitary Landfill.

In no event shall the Customers or the District be responsible for the payment of any increases of tipping fees by the West Contra Costa Integrated Waste Management Authority.

Along with Contractor's rights as described in this Section 9 and in Section 33, and notwithstanding the foregoing, the rates may only be increased by a pass-through of taxes, fees, or other surcharges increased or imposed after the effective date hereof by local, county or state governmental agencies on disposal rates generally at local landfills, so long as Contractor delivers to District forty-five (45) days' written notice and explanation of such an increase. The District shall have the right to approve such an increase, but such approval shall not be unreasonably withheld.

In the event that the West Contra Costa Integrated Waste Management Authority (the "Joint Powers Authority" or "JPA") refuses to accept Solid Waste, Recyclable Materials, Green Waste or Hazardous Waste from the Franchise Area or, after the effective date hereof, the JPA establishes or raises any special fees, taxes or other charges ("JPA Additional Charges") on Solid Waste, Recyclable Materials, Green Waste or Hazardous Waste, then Contractor shall not pass through such JPA Additional Charges and shall hold harmless the District from such JPA Additional Charges.

Contractor shall defend, indemnify, and hold District harmless from any increase in the rates not otherwise provided for in this Agreement.

10. COMMENCEMENT OF SERVICES BY CONTRACTOR. Contractor shall commence services provided pursuant to this Agreement on November 1, 2001, and shall provide such services throughout the term of this Agreement.

11. OPERATION BY CONTRACTOR. Contractor shall furnish all necessary equipment for services provided pursuant to this Agreement in the Franchise Area and shall maintain such equipment in a sanitary condition at all times. Contractor shall furnish all necessary labor in connection with the operation of a Solid Waste collection system in the Franchise Area. Contractor shall deliver all necessary carts and containers to Customers for the collection of all Solid Waste, Recyclable Material and Green Waste prior to Contractor's commencement of services on November 1, 2001. Such carts and containers will be provided at no additional cost to Customers or the District and shall be new or in like condition.

Contractor, in performance hereof, shall use trucks with covered, water-tight truck bodies constructed of sufficient strength to withstand a fire within, without endangering adjacent property. Trucks, drop boxes, bins, or similar types of equipment shall be kept clean and in good repair. Contractor shall have its name and telephone number on the side of each truck and on each drop box, bin or similar type equipment provided by Contractor. District shall have the right, but no obligation, to inspect the trucks and equipment used by Contractor within the Franchise Area.

Contractor shall provide free wheel-out service to eligible residents. For purposes of this Section 11, "eligible residents" are those Customers who: (1) are physically unable to move the carts and live in a residence with no other residents capable of moving carts; and (2) annually sign a sworn statement verifying these facts. Contractor shall make a good faith determination of whether or not a household is eligible for free wheel-out service, and Customers may appeal this determination to the District, and the District shall make a final determination under rules to be established at the discretion of the District.

Contractor shall develop and implement a Public Education and Outreach Program to ensure that recycling efforts are maximized and residences and businesses are fully informed about all aspects of Contractor's services to be rendered hereunder. Contractor shall work with the District to assure that Contractor's Public Education and Outreach Program achieves its goals of educating the residents and businesses of the District and increasing participation in recycling. As part of its efforts generally, Contractor shall provide local community involvement in Rodeo similar to its community involvement in surrounding areas. Section 5 of Part B of Contractor's response to the District's RFP is attached hereto as Exhibit E, and by this reference incorporated herein, and Contractor shall perform as provided therein.

Contractor shall develop and implement a Transition Plan to ensure that the implementation of the services to be provided hereunder occurs with minimal disruption in service. Contractor shall work with the District to develop and implement the Transition Plan. As part of Contractor's Transition Plan, Contractor shall offer permanent employment on routes serving Rodeo, without any reduction in pay or benefits or loss of seniority rights, to displaced full-time Rodeo drivers employed by the District's previous contractor, who apply to Contractor for such positions, subject only to Contractor's work rules including physical examination

requirements and drug testing and except as specifically provided for herein, subject to Contractor's existing union contracts. The offer of employment shall remain in effect for twenty (20) days after the effective date of this Agreement.

12. TIME AND MANNER OF COLLECTION. Contractor shall systematically collect Solid Waste from residential customers in Contractor-provided carts at curbside on a weekly basis and from commercial customers, using Contractor-provided containers, from locations agreed upon between Contractor and each commercial customer, on a weekly or more frequent basis. Upon commencement of service and upon changes in collection day schedules, Contractor shall provide each Customer with notice of the scheduled collection day. Contractor shall not collect Solid Waste from residential Customers between the hours of 7:00 p.m. and 5:30 a.m., and between the hours of 7:00 p.m. and 4:00 a.m. for commercial Customers.

As used in this Section 12, the term "curbside" shall mean a location within sufficient proximity of the street to allow Contractor to perform collection using the automated collection devices of Contractor's trucks. Contractor shall not unreasonably refuse to pick up containers improperly placed at curbside and shall work with its Customers to educate them on how to place carts for collection.

If a collection of Solid Waste for any residential Customer is missed, then upon notification, Contractor will return to perform such missed collection. Where the missed collection is not due to the fault of Contractor, an additional fee, as set forth in Exhibit A to this Agreement, will be charged to those residential Customers requesting return collections. Where a residential Customer fails to place his or her cart out in a timely fashion as a result of a good faith error, Contractor shall return to perform such missed collection at no charge to the Customer one time and shall provide written notice to the Customer that a charge will be imposed on subsequent occasions.

13. CUSTOMER SATISFACTION, AB 939 AND EFFICIENCIES IN OPERATION. From time to time, at its discretion, District may examine Contractor's operation in order to evaluate whether or not the Contractor is operating at a satisfactory level of efficiency and customer satisfaction. Contractor agrees to cooperate in any such examination and shall permit District representatives to inspect, at Contractor's principal place of business, such information pertaining to Contractor's obligations hereunder as District may require, including, but not limited to, such things as customer inquiry records, collection routes and equipment records. Access to Contractor's records shall be subject to Section 7 of this Agreement. Contractor shall provide to the District a quarterly report of AB 939 compliance. The base year shall be 1990.

Contractor agrees to indemnify and hold the District harmless from and against any and all liability to the State of California for the District's noncompliance with the requirements of the California Integrated Waste Management Act due in whole or material part to the material failure of Contractor to properly carry out the reasonable directives of the District to Contractor regarding collection and disposition of Solid Waste and Recyclable Material; provided, however, that Contractor shall not be obligated to carry out any such directive (and shall not indemnify nor hold the District harmless from any resulting liability) if the District fails to agree to allow

Contractor its reasonable costs (including a reasonable profit) associated with carrying out any such directive.

14. **CUSTOMER SERVICE STANDARDS.** Contractor shall provide prompt, efficient, continuous and professional service to its Customers. Contractor shall have a phone system with sufficient capacity to promptly respond to telephone calls for at least 8 hours a day during weekdays, excluding those holidays observed by Contractor. Telephone numbers for customer service shall be located in the local telephone directory. All telephone lines for customer service shall be toll free to Customers.

Upon initiation of service, and at least once a year, Contractor shall send or deliver to Customers information concerning the conditions of service, including, but not limited to, rates, fees, charges, service options, payment options, discounts (if any), collection schedule information, the amount and manner of refuse to be collected, service level and inquiry/complaint procedures, including the name, address and local telephone number of Contractor and the name, address and telephone number of the District. The form and content shall be subject to the review and approval of the District Manager, such approval not to be unreasonably withheld.

15. **CUSTOMER COMPLAINTS.** Contractor shall develop and implement policy and procedure for responding to and recording Customer complaints, including dispute resolution. Contractor will provide to District, on a monthly basis, summary reports including the number and nature of complaints from Customers and the resolution thereof.

16. **BILLING.** Contractor shall bill (a) residential customers quarterly, in advance, (b) commercial customers monthly, in advance, and (c) debris box and compactor customers monthly, in arrears. Contractor shall have the right to modify the billing method for any customer if requested by customer and agreed to by Contractor, or in the event that the customer is delinquent. Contractor may, with the approval of the District, change the frequency of billing for any class of customers. Contractor shall have the right to assess and collect reasonable late charges for delinquent payments or to suspend service to any customer for non-payment, in accordance with Contractor's standard procedures applicable to its services in West Contra Costa County, and subject to applicable District ordinances. In no event shall the District assume any liability for non-payment of the Customers.

The form and content of Customer bills shall conform to the standards and practices of billings for Solid Waste collection, disposal and recycling services applicable in West Contra Costa County.

17. **RECYCLING, GREEN WASTE AND USED MOTOR OIL.** Contractor shall collect and remove Recyclable Materials for Recycling from residential Customers on a biweekly basis, on the same day of the week as Solid Waste collection, but on opposite weeks of Green Waste collection. Contractor shall collect those Recyclable Materials listed on Exhibit B of this Agreement that are timely placed at curbside in a Contractor-provided container for that purpose. Exhibit B may be amended from time to time upon the mutual agreement of the parties without requiring an amendment to this Agreement.

Contractor shall collect and remove Green Waste for recycling from residential customers on a biweekly basis, on the same day of the week as Solid Waste collection, but on opposite weeks of Recyclable Materials collection. Contractor shall collect Green Waste that is timely placed at curbside in Contractor-provided containers.

Contractor shall collect and remove used motor oil for Recycling from residential Customers on a biweekly basis, on the same day of the week as Solid Waste collection, and on the same day of the week as Recyclable Materials collection. Contractor shall collect and remove up to two (2) gallons of used motor oil from each residential Customer on said biweekly basis, provided that such used motor oil is presented in translucent plastic containers with sealed or screw-on tops (e.g., milk jugs).

Contractor shall provide written notice of the availability of Recycling services to commercial Customers and shall provide Recycling services to commercial Customers upon their request, as set forth in Exhibit A to this Agreement.

18. **BULKY WASTE COLLECTION.** Contractor shall collect and remove for disposal and/or Recycling bulky wastes from residential Customers on an on-call basis twice per year for each residential Customer at no additional charge. Each residential Customer is limited to two (2) cubic yards of bulky waste per collection request. An additional fee, as set forth in Exhibit A to this Agreement, will be charged to those residential Customers requesting bulky waste collections beyond the twice per year limit or placing more than the two (2) cubic yards of bulky waste for collection per collection request. Bulky waste shall not include Green Waste.

19. **CHRISTMAS TREE RECYCLING.** Contractor shall collect at curbside and remove for Recycling Christmas trees from residential Customers during a two-week period commencing on the Monday following the Christmas holiday each year at no additional charge.

20. **HOUSEHOLD HAZARDOUS WASTE PROGRAM.** Contractor shall allow residential Customers, at no additional charge, to deliver household hazardous wastes to Contractor's West County Resource Recovery Facility, located at 101 Pittsburg Avenue, Richmond, CA 94801, during four (4) events per year. Each of the four (4) events shall be conducted over a 3-day period (Thursday and Friday, from 9:00 a.m. to 4:00 p.m., and Saturday, from 9:00 a.m. to 3:00 p.m.). Dates and times for delivery shall be clearly indicated on each invoice sent to residential Customers. Residential Customers may deliver those Hazardous Wastes typically found in residences and incidental to owning and maintaining a place of residence, such as pesticides, solvents, oil based paints, acids, bases, latex paint, used oil, antifreeze, lead-acid batteries, and household batteries. Excluded materials are any waste materials generated in the course of operating a business concern at a residence, as well as ammunition, explosives, nuclear waste, and Infectious Waste.

21. **FREE SERVICE FOR DISTRICT.** Contractor shall perform the Solid Waste collection and disposal services set forth on Exhibit D to this Agreement at no charge to the District. Contractor's expenses in performing services for the District described in this Section shall be recoverable through the rates charged hereunder.

22. RESPONSIBILITY FOR DISPOSAL. Contractor shall be solely responsible for the disposal of the Solid Waste collected pursuant to this Agreement. The costs of such disposal are included in the rates set forth in Exhibit A to this Agreement.

23. FRANCHISE FEE TO DISTRICT. Contractor shall pay to the District for the exclusive privilege of collecting and removing Solid Waste and Recyclable Materials within the Franchise Area, a franchise fee of four and one-half percent (4.5%) of all of Contractor's gross quarterly receipts generated from the performance of such Solid Waste collection services under this Agreement, and such franchise fee to be paid to the District on a quarterly basis. Said franchise fee shall not be applied to any collection fees or other receipts related to Green Waste, household hazardous materials, or Recyclable Materials.

24. HAZARDOUS WASTE. The parties hereto recognize that federal, state and local agencies with responsibility for defining Hazardous Waste and for regulating the collection, handling or disposing of such substances are continually providing new definitions, tests and regulations concerning these substances. Under this Agreement, it is Contractor's responsibility to keep current with the regulations and tests on such substances and to identify such substances and to comply with all federal, state and local regulations concerning such substances.

Contractor agrees to provide to District upon its request, Contractor's program for identifying Hazardous Waste and complying with all federal, state and local statutes and regulations dealing with Hazardous Waste.

Contractor shall make every reasonable effort to prohibit the collection and the disposal of Hazardous Waste in any manner inconsistent with applicable law.

25. FAITHFUL PERFORMANCE BOND. Contractor shall submit to District simultaneously with the execution of this Agreement a corporate surety bond in the amount of one hundred thousand dollars (\$100,000). The bond shall be executed by a surety company licensed to do business in the State of California and reasonably acceptable to District. The condition of the bond shall be that Contractor will faithfully perform the duties imposed by this Agreement. Any action by District to proceed against the bond shall not limit or affect the right of District to use other remedies available to District under the Agreement, or in courts of law or equity.

26. INSURANCE. Contractor shall procure and maintain in full force and effect at all times during the entire term of this Agreement the following insurance coverage:

(a) \$20 million in primary and excess (combined) for comprehensive general liability, automobile liability, and employer's liability insurance. District shall be named as an additional insured under such liability insurance policy or policies with respect to acts or omissions of Contractor relating to this Agreement, if commercially available.

(b) Workers' compensation insurance with statutory limits.

Evidence of comprehensive general liability, automobile liability, employer's liability and workers' compensation insurance shall be provided by Contractor by filing with District a certificate of insurance indicating that District is included as an additional named insured if commercially available under the liability policies. All policies shall include a provision that should a policy be cancelled before the expiration date thereof, the issuing company will endeavor to mail thirty (30) days' written notice to the District.

Such insurance shall be obtained from a company or companies licensed to do business in the State of California. Failure of Contractor to maintain insurance in the manner and amount stated herein will constitute a material breach of this Agreement. Contractor shall provide evidence of insurance satisfactory to the District.

27. INDEMNIFICATION. All work and performance covered by this Agreement shall be at the risk of Contractor.

Contractor agrees to save, indemnify and keep harmless the District, its officers, directors, employees, agents and assigns against any and all liability, claims, judgments, or demands, including demands arising from injuries or deaths of persons and damage to property, arising directly or indirectly out of the obligations herein undertaken or out of the operations conducted by Contractor, save and except claims or litigation arising through the sole negligence or willful misconduct of District, and will make good to and reimburse District for any expenditures, including reasonable attorney's fees, that District may make by reason of such matters and, if requested by District shall defend any such suit at the sole cost and expense of Contractor.

Should any party successfully challenge the validity of this Agreement, or the procedure by which this Agreement was entered into, then in such case the Contractor shall have no cause of action for damages or any other relief against District as a result of such successful challenge.

Contractor has the right to defend this Agreement and District. District has no duty to Contractor to defend the validity of this Agreement or any provision hereof.

28. ATTORNEY'S FEES. In the event of litigation between the parties arising hereunder, each party shall pay its own litigation expenses, including attorney's fees.

29. ASSIGNABILITY. Contractor shall not sell, assign, subcontract or transfer this Agreement or any part hereof, or any obligation hereunder, without the written consent of District. Any assignee, as a condition of obtaining the District's written consent, shall be required to disclose financial information to District evidencing that the obligations of Contractor pursuant to this Agreement will be performed throughout the remaining term of the Agreement.

The term "assign" shall include any dissolution, merger, consolidation or other reorganization of Contractor, which results in change of control of Contractor. The term "assign" does not include internal business reorganizations or formation of new companies by Contractor.

In the event Contractor herein attempts to assign or subcontract this Agreement or any part hereof or any obligation hereunder to a non-affiliate of Contractor without the consent of the District, then the District shall have the right to elect to terminate this Agreement forthwith, without suit or other proceeding.

Following a properly noticed public hearing, District may assign or transfer any or all of its rights under this Agreement without the consent of Contractor to any legally authorized public entity, providing such entity assumes all of the obligations of District as provided herein.

30. INVOLUNTARY ASSIGNMENT. No interest of Contractor in this Agreement shall be assignable by operation of law. Each or any of the following acts shall be considered an involuntary assignment providing District with the right to elect to terminate the Agreement forthwith, without suit or other proceeding:

(1) If Contractor is or becomes insolvent, or makes an assignment for the benefit of creditors;

(2) If Writ of Attachment or Execution is levied on this Agreement or other property of Contractor such that would affect Contractor's ability to perform its duties and obligations under this Agreement.

(3) If in any proceeding to which Contractor is a party, a Receiver is appointed with authority to take possession of Contractor's property such that would affect Contractor's ability to perform its duties and obligations under this Agreement;

31. NOTICE PROVISIONS. Any notice required or permitted under this Agreement shall be in writing and shall be deemed to have been given if delivered personally or ten (10) days after posted by certified mail, return receipt requested, addressed as appropriate either to Contractor:

Richmond Sanitary Service
Attention: William Burrows, Area President
P.O. Box 94804-0100
3260 Blume Drive, Suite 210
Richmond, California 94806

Or to District:
Rodeo Sanitary District
Attention: District Manager
800 San Pablo Ave.
Rodeo, California 94572

Each party will also endeavor to mail a courtesy copy to counsel for the other party.

32. BREACH AND TERMINATION. Upon recommendation by the District Manager, the District shall determine whether a breach of any provision of this Agreement by Contractor has occurred. Any waiver of a breach shall not be deemed to be a waiver of any subsequent breach or to be construed as approval of a course of conduct. In the event that the District determines that a breach has occurred, District shall give Contractor written notice of the breach setting forth the breach or default. Contractor shall have a reasonable period to cure the noticed breach. In the event the breach or default is cured to the satisfaction of the District within the period of time allotted, the breach shall not be deemed a material breach. In the event that the District determines that Contractor has failed to satisfactorily cure the breach or default within the period of time allotted, the District may determine such breach or default to be material, subject to Contractor's rights pursuant to the dispute resolution procedure set forth hereinbelow.

Multiple or repeated breaches, or a pattern of breaches and subsequent attempts to cure said breaches by Contractor shall provide an adequate basis for the District, in its discretion, to declare any subsequent breach to be material, notwithstanding whether that breach is ultimately cured by Contractor.

A material breach shall be cause for termination of this Agreement by the District.

In the event of a termination pursuant to this Section, District shall have the right to temporarily assume the obligations of Contractor and shall have the right to forthwith take possession of all trucks and other equipment of Contractor and exercise Contractor's right to enter and use any disposal facilities for the purpose of performing the services agreed to be performed by Contractor herein until such time as District can make other arrangements for the performance of said services. However, such temporary assumption of Contractor's obligations under the Agreement shall not be continued by District for a period exceeding twelve (12) months from the date such operations are undertaken by District.

During any period in which District has temporarily assumed the obligations of Contractor under this Agreement, District shall be entitled to the gross revenue attributable to operations during such period and shall pay therefrom only those costs and expenses applicable or allocable to said period, including the reasonable rental value of the trucks and equipment to be paid to Contractor. District shall be entitled to the excess, if any, of revenue over applicable or allocable costs and expenses during such period. The loss, if any, during such period shall be a charge against Contractor, and shall be paid to District by Contractor on demand. Final adjustment and allocation of gross revenue, costs, and expenses to the period during which District temporarily assumed the obligations of Contractor shall be determined by an audit by a Certified Public Accountant and prepared in report form with his unqualified opinion annexed thereto.

Nothing in this Agreement shall prevent District during any period in which District temporarily assumes the obligations of Contractor under this Agreement, from employing persons who were employed by the Contractor for the collection of Solid Waste under this Agreement.

Upon the occurrence of a material breach and the declaration of such and termination of this Agreement by the District, this Agreement and the franchise granted thereunder shall be of no further force and effect, excepting these provisions concerning District's right to temporarily assume Contractor's obligations and to use Contractor's facilities upon early termination as provided herein. District then shall be free to enter into whatever other arrangements are deemed justified and necessary for the collection, removal and disposal of Solid Waste within the Franchise Area.

In the event of a dispute between Contractor and the District of whether or not a material breach has occurred, or whether or not such a breach has been cured, or otherwise under this Agreement, then the parties shall engage in good faith negotiations to resolve their differences. The party seeking to commence the dispute resolution process provided in this Section 32 shall send a notice to the other party. The parties may elect to employ the services of a mediator to assist in the resolution of any such dispute. In the event that the parties are unable to resolve their dispute within thirty days of the date of the sending of the notice, then either party may commence an action in the Superior Court of the State of California in the County of Contra Costa. The parties hereby waive their right to trial by jury. This waiver of their right to a trial by jury is made by the parties after consultation with their respective counsel and is a knowing and informed waiver.

District

Contractor

Notwithstanding the foregoing, in the event that the District determines that the health and safety of its residents require immediate action, the District may proceed to litigation without mediation and may seek injunctive relief.

33. **FORCE MAJEURE.** Notwithstanding Contractor's exclusive franchise rights set forth in Section 5 of this Agreement, upon an event of Force Majeure due to war, insurrection, riots, floods, earthquakes, fires, acts of God, acts of a public enemy, epidemics, quarantine restrictions, or any other causes beyond the control or not the fault of Contractor, which interrupts the collection of Solid Waste by Contractor, the District Manager shall have the right to declare a temporary suspension of this Agreement for the reasonable duration of the event of Force Majeure and until such time as District determines that Contractor is able to reassume all obligations under this Agreement. Should Contractor fail to demonstrate to the reasonable satisfaction of the District Manager that required services can be resumed by Contractor prior to the expiration of a six (6) month period, this Agreement may be terminated at the direction of the District.

Upon an event of Force Majeure beyond the control or not the fault of Contractor, which does not interrupt the collection of Solid Waste by Contractor, but affects the costs incurred by Contractor to perform the duties and obligations described herein, Contractor may apply to District for changes to the rates set forth in Exhibit A to this Agreement.

Contractor shall not be in breach or default under the terms of this Agreement if such breach or default is due to war, insurrection, riots, floods, earthquakes, fires, acts of God, acts of

a public enemy, epidemics, quarantine restrictions, or any other causes beyond the control or not the fault of Contractor, and such breach or default could not have been prevented by reasonable foresight on the part of the Contractor.

34. COMPLIANCE WITH FEDERAL, STATE AND LOCAL LAWS. Contractor shall comply with all applicable laws, rules and regulations that are now in effect or may be promulgated or amended from time to time by the Government of the United States, the State of California, the District and any other agency now authorized or which may be authorized in the future to regulate the services to be performed herein regarding the collection, removal and disposal of Solid Waste and recycling of material.

35. AMENDMENT OR MODIFICATION. This Agreement may be amended or modified upon written agreement of the parties hereto. The parties agree to meet and confer in good faith if amendments or modifications are proposed.

36. SEVERABILITY. In the event legal action is brought by a person or entity, other than the parties to this Agreement, to challenge, invalidate, contest or set aside any of the provisions of this Agreement, each and every term and condition, and each and every section and paragraph is severable from the remaining terms, conditions, sections, and paragraphs. The invalidation of any term, condition, section or paragraph as a result of a legal action, brought by a person or entity not a party to this Agreement, shall not affect the validity or enforceability of the remaining provisions. However, if material provisions hereof are affected, the parties agree to negotiated in good faith to reach agreement on revisions which preserve the substance hereof to the greatest extent allowed by law.

37. CONFLICT OF INTEREST STATEMENT. Section 9 of Part A of Contractor's response to the District's RFP is attached hereto as Exhibit F, and by this reference made a part hereof.

38. PARENT COMPANY GUARANTEE. Contractor is wholly-owned by Republic Services, Inc., and Republic Services, Inc. hereby guarantees the performance of Contractor hereunder.

39. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which shall constitute one and the same instrument.

(signatures on following page)

DISTRICT

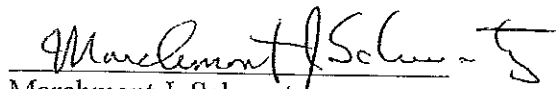


Mike Carlson,
Chair of the Board of Directors
Rodeo Sanitary District

CONTRACTOR

William Burrows,
Area President,
Richmond Sanitary Service, Inc.

Approved as to form:



Marchmont J. Schwartz
District Counsel

Republic Services, Inc.

Arthur J. Dudzinski,
Western Region Vice President

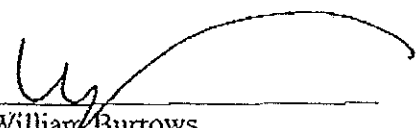
DISTRICT

Mike Carlson,
Chair of the Board of Directors
Rodeo Sanitary District

Approved as to form:

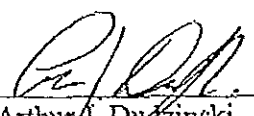
Marchmont J. Schwartz
District Counsel

CONTRACTOR



William Burrows,
Area President,
Richmond Sanitary Service, Inc.

Republic Services, Inc.



Arthur J. Duzinski,
Western Region Vice President

EXHIBIT A

Residential Rates

<u>Refuse Container Size</u>	<u>Monthly Rate/Dwelling Unit</u>	
	<u>Regular Rates</u>	<u>Senior Rates*</u>
20-gallon Cart (insert)	\$13.75	\$12.70
35-gallon Cart	\$14.75	\$12.70
65-gallon Cart	\$18.00	\$15.95
95-gallon Cart	\$24.75	

Note: The monthly rate per unit will vary based upon the refuse cart size utilized by the resident. The rates are based upon a single cart per dwelling unit. In addition, one Recycling and one Green Waste cart will be provided to each residence, the size of which will be based upon the needs and desires of each resident. Size variations in Recycling and Green Waste carts will not impact the monthly rate per dwelling unit. The portion of the above rates applicable to yard waste collection is \$2.20/unit/month.

Return Collections

\$10.00 per cart per return collection.

Bulky Waste Overages

\$28.00 per additional collection; and
\$15.00 per cubic yard.

*Senior Rates – Qualifying criteria is 62 years of age or older and less than \$12,000 in annual income.

Commercial Rates

<u>Refuse Container Size</u>	<u>Frequency of Service</u>				
	<u>1x/wk</u>	<u>2x/wk</u>	<u>3x/wk</u>	<u>4x/wk</u>	<u>5x/wk</u>
1-Cubic Yard	\$77	\$154	\$231	\$308	\$385
2-Cubic Yard	\$119	\$238	\$357	\$476	\$595
3-Cubic Yard	\$161	\$322	\$483	\$644	\$805
4-Cubic Yard	\$203	\$406	\$609	\$812	\$1,015
6-Cubic Yard	\$287	\$574	\$861	\$1,148	\$1,435
96-Gallon Cart	\$31				

Compactor/Debris Box Rates

20-Cubic Yard Debris Box	\$221/pull (includes disposal up to 1 ton)
Compactor Box	\$221/pull (includes disposal up to 1 ton)

Note: An additional disposal fee will be charged for all loads greater than one (1) ton.
Also, for same day service, add \$30/pull.

Household Hazardous Waste Collection

Residential rates above include biweekly collection of used motor oil, as well as the quarterly household hazardous waste program.

Commercial Recycling

Recycling and Green Waste services using standard carts at curbside shall be made available at no cost to commercial Customers upon their request.

EXHIBIT B

Recyclable Materials

- Newspaper
 - Corrugated cardboard
 - Aluminum, steel, and bi-metal containers
 - Junk mail
 - Envelopes
 - Magazines
 - White and colored office paper
 - Computer paper
 - Chip board
 - All #1 PETE containers
 - All #2 HDPE containers
 - Paper bags
 - Phone books
 - Non-carbon forms
 - Water, juice, beer and soda bottles
 - Aluminum foils and pans
 - Cereal boxes
 - Clear, brown, green glass containers
-

EXHIBIT C

Franchise Area

(to be attached)

EXHIBIT D

Free Service for District

- One two (2) cubic yard dumpster to be located at the District's wastewater treatment plant and emptied on a weekly basis.
- Two dumpsters to be provided during the annual Rodeo cleanup sponsored by the Rodeo Chamber of Commerce.
- Up to one two (2) cubic yard dumpster to be located at the Rodeo Community Center and emptied on a weekly basis.
- Collection services for all existing public streetside containers of the District.
- District's sludge material will be accepted at Contractor's West County Landfill. Only state and county mandated landfill fees and taxes will be charged to the District.

EXHIBIT E

Public Education Program

(to be attached)

EXHIBIT F

Conflict of Interest Statement

(to be attached)

