

City of San Leandro  
Civic Center, 835 E. 14th Street  
San Leandro, California 94577



July 20, 2009

Mr. Louie Pellegrini  
Vice President  
Alameda County Industries, Inc.  
601 Aladdin Avenue  
San Leandro, CA 94577

RE: TENTH AMENDMENT TO FRANCHISE AGREEMENT

Dear Mr. Pellegrini:

This letter is the Tenth Amendment (the "Amendment") to the Franchise Agreement for Solid Waste, Recyclables, and Green Waste Services between the City of San Leandro ("City") and Alameda County Industries, Inc. ("ACI"), dated February 1, 2000 (the "Agreement"). For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the City and ACI hereby agree as follows:

1. Effective February 1, 2010, the Agreement shall renew for an additional 10 years. The Agreement may be extended beyond the 10 year term contingent upon ACI's vehicle replacement schedule, as follows: For every three (3) current collection vehicles that are replaced with natural gas-powered vehicles, the Agreement shall be extended one (1) additional year beyond the original term. Under no circumstances shall the Agreement be extended beyond January 31, 2025 unless approved by the City Council and amended only in writing, signed by the parties.
2. The rate adjustment process as specified in Section 6.2 of the Agreement shall be modified so that rates will be adjusted annually using a Refuse Rate Index (RRI) (as enumerated in Appendix B) in lieu of the Consumer Price Index, provided that the adjustment does not exceed ten (10) percent per annum. If an increase exceeds 10% per annum, ACI must request a Special Rate Review pursuant to the procedures in Section 6.4 of the Agreement. The parties shall no longer compare rates at five years as specified in Section 6.3 of the Agreement.
3. Upon approval of the governing board of the San Leandro Unified School District (SLUSD or District), as early as August 3, 2009, but no later than August 24, 2009, ACI shall provide garbage, recycling and organics collection to SLUSD facilities within the ACI service area at no charge to the District. Representatives from the City, the District and ACI will conduct waste audits at each facility prior to the start of service and again within three months of the start of service to establish waste generation rates at each facility site. Garbage service levels shall not exceed levels identified in Appendix A. Recyclables, and green waste service levels shall be determined by ACI and the District and approved by the City.

Tony Santos, Mayor

City Council:

Michael J. Gregory;  
Diana M. Souza;

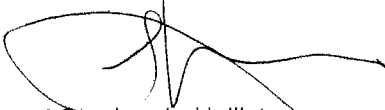
Jim Prola;  
Joyce R. Starosciak;

Ursula Reed;  
Bill Stephens

4. Effective July 1, 2010, the Revenue Neutrality payment specified in Section 3.5 of the Agreement, shall be adjusted on July 1 of each year to be equal to the sum of the per ton franchise fee and the per ton business license fee to be paid by the Davis Street Transfer Station on July 1 of that year.
5. Effective July 1, 2010, the MRF Permit Fee and the Residue Fee paid by ACI shall be adjusted by the Consumer Price Index (CPI) on July 1 of each year of the Agreement. ACI shall use the average change in CPI for the previous calendar year to calculate the adjustment.
6. Effective July 1, 2010, ACI shall collect household batteries from all recycling cart customers. To insure collection, customers shall place batteries in a sealed bag on top of their cart for weekly collection. The City of San Leandro shall pay for the cost to recycle Alkaline and Pile Lithium batteries. In addition, ACI shall collect latex paint, electronic waste and appliances containing freon from single-family and multi-family households as part of the Annual Bulky Goods service as specified in Sections 4.6 and 4.7 of the Agreement.
7. ACI shall design and print an informational brochure that identifies all of the services available to single-family households. The City and ACI will share the cost equally of mailing the brochure to every single-family household by August 1, 2010.
8. Effective February 1, 2010, ACI shall provide debris box service for garbage to the City at a 60% discount from the published debris box rates.
9. Effective July 1, 2010, and each July 1 thereafter, ACI shall share revenues on the sale of recyclable materials with ratepayers in the form of a ratepayer credit. Revenue from the sale of all recyclable materials processed at the 610 Aladdin facility, as identified from the Contractor's audited financial statements for the previous fiscal year, will be divided by the total tons of such materials during the same period, to determine the average price per ton. The average price per ton shall then be multiplied by those tons attributable to the City to establish the total dollar amount of revenue ("San Leandro Revenue") shared by ACI and ratepayers. If the average price per ton exceeds \$26, then the ratepayer credit will equal 25% of the San Leandro Revenue. If the average price per ton exceeds \$80, then the ratepayer credit will equal 75% of the San Leandro Revenue. The ratepayer credit will then be determined by taking the dollar value of the ratepayer share and dividing it by the total dollar value of all franchised revenue for the previous fiscal year to determine a percentage decrease in rates for the subsequent fiscal year. The ratepayer credit is not cumulative and will be recalculated each year. The annual revenue share shall be contingent upon all bank covenant calculations being met. In the event bank covenants are not met, the revenue share for that rate year shall be forgone.
10. Except as amended, the Agreement and all of its previously approved amendments, and unamended terms and provisions shall remain in full force and effect.

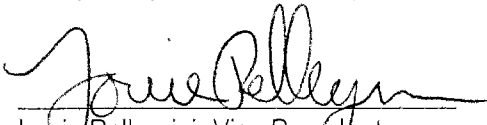
Please indicate Alameda County Industries, Inc.'s acceptance of this Amendment by signing and returning to me a copy of the Amendment.

Very truly yours,



~~FOR~~ Stephen L. Hollister  
City Manager

Accepted by Alameda County Industries, Inc.

  
\_\_\_\_\_  
Louie Pellegrini, Vice President

Date: \_\_\_\_\_

1260614.1

## Appendix A

School Name	Service	Size	Type	# Bins	# Service Days	Current rate per month	Current rate per year
Adult Ed. Center	Trash	2 yard		1	1	\$ 128.06	\$ 1,536.72
	Recycling	1 yard		1	1	\$ 30.31	\$ 363.72
							\$ -
							\$ -
Washington	Trash	4 yard		2	1	\$ 403.48	\$ 4,841.76
	Recycling	96 gallon		6	1	\$ 132.00	\$ 1,584.00
	Recycling	4 yard		1	1	\$ 121.24	\$ 1,454.88
							\$ -
Garfield	Trash	4 yard		1	3	\$ 568.45	\$ 6,821.40
	Recycling	3 yard		1	1	\$ 90.93	\$ 1,091.16
							\$ -
							\$ -
Lincoln	Trash	3 yard		1	1	\$ 152.71	\$ 1,832.52
	Recycling	64 gallon		2	1	\$ 29.32	\$ 351.84
							\$ -
Roosevelt	Trash	6 yard		2	1	\$ 593.32	\$ 7,119.84
	Recycling	96 gallon		8	1	\$ 270.88	\$ 3,250.56
							\$ -
Wilson	Trash	4 yard		2	5	\$ 1,870.33	\$ 22,443.96
	Recycling	4 yard		1	2	\$ 242.48	\$ 2,909.76
							\$ -
							\$ -
Bancroft*	Trash	4 yard		2	5	\$ 1,870.33	\$ 22,443.96
	Recycling	4 yard		1	1	\$ 130.94	\$ 1,571.28
							\$ -
John Muir	Trash	4 yard		2	5	\$ 1,870.33	\$ 22,443.96
	Recycling	64 gallon		1	1		\$ -
	Recycling	4 yard		1	1	\$ 121.24	\$ 1,454.88
							\$ -
Admin Office	Trash	4 yard		1	1	\$ 201.74	\$ 2,420.88
	Recycling	4 yard		1	1	\$ 133.00	\$ 1,596.00
							\$ -
Madison	Trash	4 yard		1	3	\$ 568.45	\$ 6,821.40
	Recycling	4 yard		1	1	\$ 121.24	\$ 1,454.88
					1		\$ -
McKinley	Trash	3 yard		2	2	\$ 580.45	\$ 6,965.40
	Recycling	96 gallon		6	1	\$ 142.56	\$ 1,710.72
							\$ -
Monroe	Trash	3 yard		1	3	\$ 458.13	\$ 5,497.56
	Recycling	6 yard		1	1	\$ 181.86	\$ 2,182.32
							\$ -
Maintenance	Trash	4 yard		1	1	\$ 201.74	\$ 2,420.88
	Recycling	4 yard		1	1	\$ 121.24	\$ 1,454.88
<b>Total Cost</b>						<b>\$ 11,336.76</b>	<b>\$ 136,041.12</b>

\*Bancroft currently has a 40 yard debris box and is charged \$200 per month. If ACI provides service they will switch to the same service level as Wilson School as shown above.

\*\* The Adult School Office, Jefferson Elementary, and San Leandro High are excluded from the agreement since they are not located within the ACI service area.

## REFUSE RATE INDEX SAN LEANDRO

The "Refuse Rate Index" adjustment shall be calculated in the following manner:

1. The expenses of the collection services for the designated fiscal period shall be prepared in the format set forth in the Operating Cost Statement - Description on the following page of this Exhibit.
2. The expenses of the collection services shall be broken down into the following six cost categories: Labor; Diesel Fuel; Vehicle Replacement; Vehicle Maintenance; Disposal and All Other. Each cost category is assigned a weighted percentage factor on that cost category's proportionate share of the total of the costs shown for all cost categories.
3. The following indices published by the United States Department of Labor, Bureau of Labor Statistics (BLS), are used to calculate the adjustment for each diesel fuel, vehicle Replacement, Vehicle Maintenance and All Other. Labor and disposal shall be calculated using the actual change in values from year to year. The change in each index is calculated on a twelve-month period in accordance with the terms of the Agreement using the average change in the index from the previous calendar year. In the event any index is discontinued, a successor index shall be selected by CITY. Successor indices shall be those indices that are most closely equivalent to the discontinued indices as recommended by the BLS.

### Cost Category

### Index

Labor	Actual Values Teamsters Local 70 Union Agreement and Automotive Machinist Local 1546 Union Agreement
Diesel Fuel	Series ID: wpu057303 #2 Diesel Fuel
Vehicle Replacement	Series ID: wpu141301 Truck and Bodies sold separately
Vehicle Maintenance	Series ID: wpu11440378 Parts Attachments and accessories
Disposal	Actual Values Disposal Costs
All Other	Series ID: cuur0000sa0 of Consumer Price Index, All Urban Consumers, All Items

4. The percentage weight for each cost category is multiplied by the change in each appropriate index to calculate a weighted percentage for each cost category. The weighted percentage changes for each cost category are added together to calculate the Refuse Rate Index (see Example).

**Operating Cost Statement - Description**

**Labor:**

List all operations and maintenance salary accounts.  
List payroll tax accounts, health and welfare, payroll insurance and pension directly related to the above salary accounts.

**Diesel Fuel:**

List all diesel fuel accounts.

**Vehicle Replacement:**

List all collection and collection related vehicle depreciation accounts.  
List all vehicle lease or rental accounts related to collection or collection related vehicles.

**Vehicle Maintenance:**

List all collection or collection related vehicle parts accounts.

**Disposal:**

List all disposal costs

**All Other:**

List all other expense accounts related to the services provided under this Agreement. This category includes non-union labor, insurance including general liability, fire, truck damage, extended coverage; rent on property, truck licenses and permits; real and personal property taxes; telephone and other utilities; employee uniforms; safety equipment; general yard repairs and maintenance; non-diesel fuel; office supplies; postage; trade association dues and subscription; advertising; employee retirement or profit sharing contributions; and miscellaneous other expenses.

Attachment 2

San Leandro									
Refuse Rate Index Calculations									
Example									
Item #	Category	Data Source	Index Start Start	Index End	Percentage Change	Index Adjustment	Annual Expenses	Item Weight	Weighted Percentage Change
A	Labor	Actual Values Labor Agreement	47.75	50.49	5.73%	5.73%	\$ 4,314,274.28	35.38%	2.0261%
		Diesel Fuel							
		Series ID: wpu057303							
B	Diesel Fuel	#2 Diesel Fuel	235.50	325.30	38.13%	38.13%	\$469,133	3.85%	1.4669%
		Vehicle Replacement							
		Series ID: wpu141301							
C	Vehicle Replacement	Trucks and Bodies Sold Separately	208.30	216.80	4.08%	4.08%	\$1,299,525	10.66%	0.4349%
		Vehicle Maintenance							
		Series ID: wpu 1440378							
D	Vehicle Maintenance	Parts attachments and accesories	157.20	192.10	22.20%	22.20%	\$448,149	3.67%	0.8159%
E	Disposal	Actual Values Disposal costs	39.05	40.15	2.82%	2.82%	\$2,114,680	17.34%	0.4897%
		CPI All Items							
		Series ID: cuur0000sa0							
F	All Other	Consumer Price Index - All Urban Consumers, All Items	207.34	215.30	3.84%	2.88%	\$3,548,874.77	29.10%	0.8380%
Total							\$ 12,194,636.38	100.00%	6.07%
		cc							