

**Third Amendment to the Franchise Agreement between the
City of East Palo Alto and BFI Waste Systems of North
America, Inc. for Solid Waste, Recyclable Materials, and Plant
Material Collection Services**

This THIRD AMENDMENT to the Franchise Agreement between the City of East Palo Alto and BFI Waste Systems of North America, Inc. for Solid Waste, Recyclable Materials, and Plant Material Collection Services (Agreement) of March 1, 2000 is made by and between BFI Waste Systems of North America, Inc. (Contractor) and the City of East Palo Alto (Agency).

RECITALS

Whereas, Agency and Contractor entered into the Agreement; and,

Whereas, the parties contemplated that the Agreement should be extended from December 31, 2006 to December 31, 2009, conditioned on the Agency's affirmative evaluation of the Contractor's performance in certain areas; and,

Whereas, the Agency has found that Contractor's performance has been reviewed and determined to be satisfactory; and,

Whereas, the Agreement contemplated that the Agency may wish to extend the term of the Agreement beyond the December 31, 2009 termination date of the initial contract extension, for a period of one to seven years in increments of at least 12 months; and,

Whereas, the Agency has determined that the benefits offered by the Contractor in exchange for granting its request are in the best interest of the agency and its residents and businesses;

NOW THEREFORE, BE IT AGREED AS FOLLOWS:

1. The term of the Agreement shall be extended from December 31, 2006 to December 31, 2009, in accordance with Section 2.04 of the Agreement, in recognition of the Contractor's satisfactory performance with certain exceptions, namely: not having achieved the diversion program guarantees described in Section 4.05.A.1 of the Agreement and Agency has agreed to waive Contractor's failure to perform to the above standard established in the Agreement.

2. The term of the Agreement shall be extended an additional 12 months, from December 31, 2009 to December 31, 2010, through the exercise of the Agency's right under Section 2.05 of the Agreement. Any extension of the Agreement thereafter shall be at the sole discretion of the Agency.

3. This agreement shall be effective on the date on which the last of the following agreements is executed.
- a. The Amendment to the Franchise Agreements between the SBWMA Member Agencies and BFI waste Systems of North America, Inc. for solid waste, recyclable materials and plant material collection services extending those agreements to December 31, 2010; and,
 - b. Fifteen-year Agreement between the South Bayside Waste Management Authority and Browning-Ferris Industries of California, Inc. for Solid Waste Disposal Services at most-favored disposal rates and with payments by Contractor to the Authority.
4. In all other respects the Agreement shall remain the same.

In witness thereof, the parties hereto have executed this Amendment to the Agreement on the date indicated below.

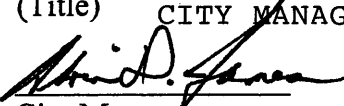
Dated: 17 May 2005

BFI Waste Systems of North America, Inc.

By: ALVIN D. JAMES

CITY OF EAST PALO ALTO

(Title) CITY MANAGER/CITY CLERK

By: 
City Manager

Allocation of \$11.6m Payment from BFI (\$1m/qr beginning 2nd Qtr 2005)

2004 Act. TS SW Tonnage*	% of Total	2005			2006			2007			2008			Total
		2005 Rev. Req.	% of 2005 Rev. Req.	\$4,000,000	2005 Rev. Req.	% of 2005 Rev. Req.	\$4,000,000	2005 Rev. Req.	% of 2005 Rev. Req.	\$600,000	2005 Rev. Req.	% of 2005 Rev. Req.	\$600,000	
Burlingame	30,673	\$371,973	5.7%	\$495,964	7.6%	\$495,964	\$6,560,569	7.6%	\$495,964	7.6%	\$6,560,569	1.1%	\$74,395	\$1,438,295
San Mateo	57,749	\$700,325	4.9%	\$933,766	6.5%	\$933,766	\$14,337,142	6.5%	\$933,766	6.5%	\$14,337,142	1.0%	\$140,065	\$2,707,922
Hillsborough	4,303	\$52,183	2.8%	\$69,577	3.8%	\$69,577	\$1,832,748	3.8%	\$69,577	3.8%	\$1,832,748	0.6%	\$10,437	\$201,773
Belmont	11,775	\$142,796	4.0%	\$190,395	5.3%	\$190,395	\$3,607,004	5.3%	\$190,395	5.3%	\$3,607,004	0.8%	\$28,559	\$552,144
San Carlos	17,346	\$210,356	4.6%	\$280,474	6.1%	\$280,474	\$4,566,340	6.1%	\$280,474	6.1%	\$4,566,340	0.9%	\$42,071	\$813,375
Redwood City	51,659	\$626,471	5.3%	\$835,295	7.0%	\$835,295	\$11,889,640	7.0%	\$835,295	7.0%	\$11,889,640	1.1%	\$125,294	\$2,422,354
Atherton	3,548	\$43,027	2.8%	\$57,369	3.7%	\$57,369	\$1,549,143	3.7%	\$57,369	3.7%	\$1,549,143	0.6%	\$8,605	\$166,370
Menlo Park	25,947	\$314,660	5.2%	\$419,547	7.0%	\$419,547	\$6,009,413	7.0%	\$419,547	7.0%	\$6,009,413	1.0%	\$62,932	\$1,216,687
West Bay**	2,728	\$33,083	4.4%	\$44,110	5.9%	\$44,110	\$748,485	5.9%	\$44,110	5.9%	\$748,485	0.9%	\$6,617	\$127,919
East Palo Alto	14,594	\$176,982	6.3%	\$235,976	8.4%	\$235,976	\$2,813,726	8.4%	\$235,976	8.4%	\$2,813,726	1.3%	\$35,396	\$684,331
Foster City	18,208	\$220,809	5.7%	\$294,412	7.6%	\$294,412	\$3,854,714	7.6%	\$294,412	7.6%	\$3,854,714	1.1%	\$44,162	\$853,796
Fair Oaks	8,851	\$107,336	5.6%	\$143,115	7.4%	\$143,115	\$1,926,880	7.4%	\$143,115	7.4%	\$1,926,880	1.1%	\$21,467	\$415,034
247,381	100.0%	\$3,000,000		\$4,000,000		\$4,000,000			\$4,000,000				\$600,000	\$11,600,000

* Excludes self-haul tonnage and non-franchised roll-off tonnage
 ** Estimated 2004 SW tonnage

RESOLUTION No.

2457

**A RESOLUTION OF THE CITY OF EAST PALO ALTO APPROVING
THE THIRD AMENDMENT TO THE FRANCHISE AGREEMENT
BETWEEN THE CITY OF EAST PALO ALTO AND BFI WASTE
SYSTEMS OF NORTH AMERICA, INC. FOR SOLID WASTE,
RECYCLABLE MATERIALS, AND PLANT MATERIALS COLLECTION
SERVICES**

WHEREAS, the Franchise Agreement Between the City of East Palo Alto and BFI Waste Systems of North America, Inc. for solid waste, recyclable materials, and plant materials collection services was approved by the City of East Palo Alto and became effective on January 1, 2000, and

WHEREAS, the City of East Palo Alto approved the First Amendment to the Agreement establishing the commercial plant material collection program, and

WHEREAS, the City of East Palo Alto approved the Second Amendment to the Agreement establishing the commercial organics collection program, and

WHEREAS, the South Bayside Waste Management Authority recommends City of East Palo Alto approve the Third Amendment to the Franchise Agreement extending the term of the Agreement through December 31, 2010.

NOW, THEREFORE, BE IT RESOLVED that City Council of the City of East Palo Alto enters into the Third Amendment to the Franchise Agreement between City of East Palo Alto and BFI Waste Systems of North America to extend the term of the Agreement through December 31, 2010.

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of East Palo Alto at a regular meeting thereof held on the 17th day of May, 2005, by the following vote:

AYES, COUNCILMEMBERS: _____ RUTHERFORD, FOSTER, WOODS

NOES, COUNCILMEMBERS: _____ EVANS

ABSENT, COUNCILMEMBERS: _____ ABRICA

ABSTAIN COUNCILMEMBERS _____ 0

David E. Woods
MAYOR DAVID E. WOODS

ATTEST:
[Signature]
CITY CLERK

APPROVED AS TO FORM:
[Signature]
Michael S. Lawson, City Attorney