

C94-14

AGREEMENT BETWEEN CITY OF BEAUMONT
AND WASTE MANAGEMENT OF INLAND VALLEY, A DIVISION
OF WASTE MANAGEMENT COLLECTION AND RECYCLING, INC.

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AGREEMENT BETWEEN CITY OF BEAUMONT
AND WASTE MANAGEMENT OF INLAND VALLEY, A DIVISION
OF WASTE MANAGEMENT COLLECTION AND RECYCLING, INC.

THIS AGREEMENT is made and entered into by and between the CITY OF BEAUMONT, a municipal corporation ("CITY") and WASTE MANAGEMENT OF INLAND VALLEY, A DIVISION OF WASTE MANAGEMENT COLLECTION AND RECYCLING, INC., a California corporation ("CONTRACTOR"). The CITY and the CONTRACTOR are sometimes collectively referred to herein as the "PARTIES".

RECITALS

A. Pursuant to State law, the CITY has the power and authority to enter into contracts with privately-owned businesses for the purpose, among others, of providing for the collection and disposal of residential, commercial and industrial waste; and

B. On December 12, 1988, the CITY and the CONTRACTOR's predecessor in interest, INLAND DISPOSAL, INC., entered into that certain "Agreement Between the City of Beaumont and Inland Disposal, Inc. for Collection of Refuse" which, by its terms and the provisions of the CITY's Resolution No. 1992-30, provides for a termination date of 2003. The said Agreement and Resolution are sometimes collectively referred to herein as the "1988 Agreement"; and

C. In response to developing concerns regarding the steadily-growing volume of solid waste materials, the adoption of regulatory constraints on landfills as a method of disposal, the proliferation of hazardous materials, increasing public awareness and environmental concerns, numerous laws have been enacted by the State of California which, directly and indirectly, require the CITY to develop and implement plans and programs that, among other things, reduce dependency on landfills as a method of disposal of waste, encourage recycling of waste materials, encourage composting, and protect and enhance air and water quality; and

D. In response to the aforementioned State mandates, the CITY and the CONTRACTOR began developing plans and programs that comply with the requirements of State law yet meet the specific needs of the residential, commercial and industrial sectors of the CITY; and

E. The CITY has found and determined that, in order to achieve and maintain compliance with the State's mandates, the traditional method of collection and disposal of waste within the CITY must be modernized to accommodate recycling, composting, and automation, but that such modernization must proceed in a orderly fashion with no adverse financial impact on the CITY and its citizens; and

F. The CONTRACTOR has represented and warranted to CITY that it has the capability and experience necessary to assist the CITY in complying with State-mandated requirements, to implement such CITY-approved plans and programs necessary to achieve such compliance and, in so doing, assist in achieving the CITY's goal of reducing the cost of rendering the services described herein to the citizens of the CITY.

NOW, THEREFORE, in consideration of the mutual covenants, agreements, terms and conditions set forth herein, the PARTIES agree as follows:

1. Scope of Services. Subject to all of the provisions of this Agreement, the CONTRACTOR shall render the following Residential and Commercial/Industrial Services to the CITY:

A. Residential Service: CONTRACTOR shall provide the following "Basic Residential Services" and "Special Residential Services" to all single-family residences and duplexes within the CITY:

(1) Basic Residential Services (Single-Family and Duplex Only): Consist of "Refuse Collection", "Residential Recycling" and "Residential Compostables," as more specifically described as follows:

(a) Refuse Collection Service:

(i) Collection Container: CONTRACTOR shall promptly provide to each single-family and duplex customer one (1) CONTRACTOR-owned 96-gallon capacity container, burgundy in color, topped with a hinged lid and mounted on a pair of large, rubber-tired wheels for ease of mobility. CONTRACTOR estimates that the container will safely contain one week's discards for an average household participating

in the recycling and composting programs described below. CONTRACTOR hereby agrees to repair or replace worn or damaged containers caused by normal wear and tear at no additional cost to the customer.

(ii) Frequency of Collection: The CONTRACTOR shall develop and implement a comprehensive, CITY-wide schedule of residential refuse collection, which schedule shall provide for the collection of refuse from each and every residential container once per calendar week. If the day of collection falls on a holiday observed by the disposal site and/or recycling facility operator, CONTRACTOR shall provide collection service on the next workday following such holiday.

(iii) Collection Point: Unless otherwise mutually agreed upon by and between the CONTRACTOR and any customer of the CITY, the point of collection of residential refuse by CONTRACTOR shall be curbside.

(iv) Cost of Service: The cost for residential service shall be established, from time to time, by resolution of the CITY.

(v) Excess Refuse:

a) Three Annual Excess Refuse Collections Permitted: Customers may set out for collection additional containers or bags of excess refuse (i.e., refuse that exceeds the capacity of the CONTRACTOR-supplied container) up to three times per calendar year at no additional cost. One such collection shall occur on the first regularly-scheduled collection following the Christmas Holiday. The other two collections may be scheduled by each customer of the CITY, at the customer's sole discretion.

b) Warning Notice: Upon the third collection of excess refuse from any customer of the CITY, the CONTRACTOR shall notify such customer, in writing, that if

the customer continues to produce excess refuse for collection (i.e., refuse that exceeds the capacity of the CONTRACTOR-supplied container), the customer shall be billed and shall be required to pay an excess refuse collection fee established, from time to time, by resolution of the CITY.

(vi) Uncollected Refuse: When any refuse is not collected by the CONTRACTOR, a tag shall be attached to the container or bin explaining the reason for the refusal to collect the refuse.

(vii) Ownership of Refuse: As between CONTRACTOR and each residential customer, title to and ownership of residential refuse shall be deemed transferred from each such customer to CONTRACTOR at the time such refuse is collected.

(b) Residential Recycling Service:

(i) Collection Container: CONTRACTOR shall provide to each residential customer, at CONTRACTOR's expense, one (1) CONTRACTOR-owned 64-gallon capacity container, grey in color, topped with a hinged lid and mounted on a pair of large, rubber-tired wheels to enable each customer to segregate commingled recyclables (i.e., glass, paper products, metal and plastics) from household refuse. The CONTRACTOR agrees to repair or replace worn or damaged containers caused by normal wear and tear at no additional cost to the customer.

(ii) Frequency of Collection: The CONTRACTOR shall develop and implement a comprehensive, CITY-wide schedule which shall provide for the collection of commingled recyclables from each and every such container once per calendar week. If the day of collection falls on a holiday observed by the disposal site and/or recycling facility operator, CONTRACTOR shall provide collection service on the next workday following such holiday.

(iii) Collection Point: Unless otherwise mutually agreed upon by and between the CONTRACTOR and any customer of the CITY, the point of collection of residential recyclables by the CONTRACTOR shall be curbside.

(iv) Cost of Service: The cost for recycling service shall be established, from time to time, by resolution of the CITY.

(v) Excess Recyclables:

a) Three Annual Excess Recyclables Collections Permitted: Customers may set out for collection additional containers, clear yard bags or bundles of recyclables up to three times per calendar year at no additional cost. One such collection shall occur on the first regularly-scheduled collection following the Christmas Holiday. The other two collections may be scheduled by each customer of the CITY, at the customer's sole discretion.

b) Customer Notice: Upon the third collection of excess recyclables from any customer of the CITY, the CONTRACTOR shall notify such customer, in writing, that if the customer continues to produce excess recyclables for collection (i.e., recyclables that exceeds the capacity of the CONTRACTOR-supplied container), the customer shall be provided with an additional CONTRACTOR-supplied container(s). If CONTRACTOR determines that a customer does not need the additional container(s), and the customer refuses to relinquish such additional container(s), the customer shall pay a monthly service charge for the additional container(s).

(vi) Ownership of Recyclables: CITY and CONTRACTOR hereby agree that title and ownership of recyclables shall pass to CONTRACTOR at such time as they are placed at the Collection Point.

(c) Residential Compostables Service:

(i) Collection Container: Compostable material, sometimes referred to as "green waste" shall be collected by the CONTRACTOR by means of up to 5 32-gallon cans with handles to be provided by each residential customer for that purpose; or tied-up bundles with a maximum length of 4' and 18" in diameter; provided, however, that CONTRACTOR is not obligated to collect compostables placed by a customer in oil drums, grease barrels, plastic or paper bags, or cardboard boxes.

(ii) Frequency of Collection: The CONTRACTOR shall develop and implement a comprehensive, CITY-wide schedule of collection of compostables, which schedule shall provide for the collection of compostables once per calendar week. If the day of collection falls on a holiday observed by the disposal site and/or recycling facility operator, CONTRACTOR shall provide collection service on the next workday following such holiday.

(iii) Collection Point: Unless otherwise mutually agreed upon by and between the CONTRACTOR and any customer of the CITY, the point of collection of compostables by the CONTRACTOR shall be curbside.

(iv) Cost of Service: The cost for residential collection of compostables shall be established, from time to time, by resolution of the CITY.

(v) Excess Compostables: In the event any CITY customer places more than five residential compostables containers at the Collection Point, CONTRACTOR shall collect the excess compostables and inform such customer, in writing, that collection of excess compostables will be billed an extra service fee for each container in excess of five. The excess service fee shall be established, from time to time, by resolution of the CITY.

(vi) Ownership of Compostables: CITY and CONTRACTOR hereby agree that title and ownership of compostables shall pass to CONTRACTOR at such time as they are collected by CONTRACTOR.

(2) Special Residential Services
(Single-Family and Duplex Only):

(a) Additional Containers: Residential customers may request, and the CONTRACTOR shall provide one or more additional CONTRACTOR-owned containers for either, or both, household refuse or recyclables. The service fee for each such additional container shall be established, from time to time, by resolution of the CITY.

(b) Residential Bulky Waste Clean-Up: CONTRACTOR shall collect and dispose of, twice per calendar year, in the spring and in the fall of each year, bulky waste which has been placed at the Collection Point or such other point as the CITY and the CONTRACTOR may agree upon in residential collection areas. The CONTRACTOR shall publish prior written notice to each of its residential customers at least two weeks before the date each such collection will occur. All costs and expenses incurred in such collection and notification shall be borne by the CONTRACTOR. For purposes of this Agreement, "bulky waste" shall mean and include household appliances (without "CFC" content), up to two automobile tires per household, furniture, carpeting, mattresses and similar large household items which cannot be placed in the CONTRACTOR-provided container.

(c) Waste Motor Oil Recycling: CONTRACTOR shall collect waste motor oil placed at the Collection Point for residential recycling without additional charge to any residential customer or to the CITY; provided, however, the CONTRACTOR shall not be obligated to collect more than two gallons per month from any customer.

(d) Residential Hazardous Waste: The CONTRACTOR is not obligated to collect residential hazardous waste.

(e) "Special Waste": CONTRACTOR is not obligated to collect residential "special waste". However, CONTRACTOR may, in CONTRACTOR's discretion, offer to collect and dispose of "special waste" upon request of any CITY customer, pursuant to a separate negotiated written agreement between each such customer and the CONTRACTOR. The cost to the customer of the collection and disposal of "special waste" shall be established by negotiation and mutual agreement of the customer and the CONTRACTOR. "Special waste" means and includes, but is not limited to:

Flammable Waste	Containerized Waste
Liquid Waste	(e.g., a drum, barrel,
Sewage Sludge	tank, box, pail, etc.)
Dead Animals	Waste transported in a
Manure	bulk tanker
Wastewater	Pollution control process
Explosive Substances	waste
Radio Active Materials	Residue and debris from
Hazardous Materials	the cleanup of a spill
Any appliances	or release of hazardous
containing CFC's	materials
Waste exposed to highly	Contaminated soil, residue
infectious or	and debris from the
contagious diseases	cleanup of a site or
	facility containing
	hazardous materials

(f) Services to the Disabled: At the request of any customer who suffers from a disability (as that term is defined in the federal "Americans with Disabilities" Act), the CONTRACTOR shall make reasonable accommodation for the collection of refuse, recyclables and compostables from the residence of such customer at no extra cost to either the customer or to the CITY.

(g) Hazardous Materials Audit: The CONTRACTOR shall conduct a biennial household hazardous waste audit within the CITY, consisting of a statistically-significant, random sampling of single-family and duplex homes. Such sampling shall be made as large as necessary to ensure the accuracy of each such audit. The audit shall consist of visual inspection of the contents of sample residential containers for the purpose of determining the type

and quantity of household hazardous waste which waste includes, but is not limited to, oil-based paints, thinners, solvents, lubricants, adhesives, motor oil, pesticides, fungicides, automobile batteries, poisons and similar materials. In the event such inspection reveals the presence of any household hazardous waste, the material will be identified and recorded for later reporting to the CITY. The CONTRACTOR shall not be required to collect such waste, but shall place such waste in a safe location on the customer's property along with a written notice explaining why such waste cannot be collected and shall also inform the customer of authorized disposal options. Within 30 days after each such audit is completed, the CONTRACTOR shall provide a detailed, written report to the CITY containing the findings made by the CONTRACTOR, an analysis of the significance of those findings, and such recommendations to the CITY as may be appropriate.

(h) Bin and/or Roll-Off Service: At the request of any residential customer, the CONTRACTOR shall provide an appropriately-sized bin (two to six cubic yards) or roll-off (ten to forty-eight cubic yards) container for disposal of, for example, construction debris and waste generated by residential construction remodeling projects and property clean-up purposes. Such containers shall be made available on a temporary basis for a fee established, from time to time, by resolution of the CITY. The CONTRACTOR shall not permit customers to use such containers in place of the containers described under the heading "Basic Services", Paragraph 1a(1), above.

B. Commercial/Industrial Service: CONTRACTOR shall provide the following "Basic Services" and "Special Services" to all commercial/industrial establishments within the CITY including, without limitation, schools, industry, business, government office, boarding house, church, motel, apartment (three residential units or more), mobilehome park, hotel, and any residential dwelling used for business purposes:

(1) Basic Services: Consist of "Refuse Collection" and Recycling for Small Commercial Industrial Customers, as more specifically described as follows:

(a) Refuse Collection Service:

(i) Collection Container: 2 types:

a. Bin: CONTRACTOR shall provide to each commercial/industrial customer, at CONTRACTOR's expense, one (1) bin that is sized (by mutual agreement of customer and CONTRACTOR) to meet the needs of each such customer. As used herein, "bin" means and includes those which are collected by refuse trucks by means of front loading apparatus, or roll-off bins which are collected by trucks using rear-loading winches. Bin service shall be required of any commercial/industrial customers who generate at least two cubic yards of refuse per week. The CONTRACTOR agrees to repair or replace worn or damaged bins caused by normal wear and tear at no additional cost to the customer.

b. Commercial Can: In lieu of a CONTRACTOR-provided bin, CONTRACTOR may provide, upon mutual agreement between the affected customer and the CONTRACTOR, commercial can service (a 96-gallon residential container) in the event, for example, the customer's commercial/industrial operation produces so little refuse that a bin is not justified, or due to the location of the customer's Collection Point, a bin cannot be collected by CONTRACTOR's truck.

(ii) Frequency of Collection: The CONTRACTOR shall develop and implement a comprehensive, CITY-wide schedule of refuse collection for commercial/industrial customers, which schedule shall provide for the collection of refuse from each and every such customer no less than once per calendar week; provided, however, that the CONTRACTOR may make a scheduled collection more than once each week if it is determined that the customer requires more than once-per-week service. If the day of collection falls on a holiday observed by the

disposal site and/or recycling facility operator, CONTRACTOR shall provide collection service on the next workday following such holiday.

(iii) Collection Point: The point of collection shall be mutually agreed upon by and between the CONTRACTOR and each commercial/ industrial customer, or such other location as the CITY's Municipal Code may require.

(iv) Cost of Service: The cost for commercial/industrial service shall be established, from time to time, by resolution of the CITY.

(v) Excess Refuse: CONTRACTOR is not obligated to collect excess refuse of a commercial/industrial customer.

(vi) Uncollected Refuse: When any refuse is not collected by the CONTRACTOR, a tag shall be attached to the container or bin explaining the reason for the refusal to collect the refuse.

(b) Commercial/Industrial Recycling: Small commercial/industrial customers receiving commercial can service shall be provided with a recycling program identical to Residential Recycling.

(c) Commercial/Industrial Compostables: The CONTRACTOR is not obligated to collect such compostables.

(2) Special Commercial/Industrial Services:

(a) Additional Containers: Customers may request, and the CONTRACTOR shall provide one or more additional containers for either, or both, commercial/industrial refuse or recyclables. The service fee for each such additional container shall be established, from time to time, by resolution of the CITY.

(b) Commercial/Industrial Bulky Waste: The CONTRACTOR is not obligated to collect bulky waste from commercial/industrial customers.

(c) Commercial/Industrial Hazardous Wastes: The CONTRACTOR is not obligated to collect hazardous wastes from commercial/industrial customers.

(d) Waste Oil Recycling: The CONTRACTOR is not obligated to provide such service to commercial/industrial customers.

(e) Collection of "Special Waste": The CONTRACTOR may, but is not obligated to, provide collection, transportation and disposal services of Special Waste to commercial/industrial customers. The CONTRACTOR may provide such service directly to the requesting customer pursuant to a separate written agreement negotiated between the CONTRACTOR and such customer. As used herein, "Special Waste" means and includes, but is not limited to, flammable waste, containerized (drum, barrel, tank, box, pail, etc.) waste, bulk tanker waste, liquid waste, sewage sludge, pollution control process waste, chemical spill or release waste, contaminated soil, debris and other materials from the cleanup of a site or facility formerly used for the generation, storage, treatment, recycling, reclamation or disposal of special wastes, dead animals, manure, wastewater, explosive substances, radioactive materials, materials exposed to highly infectious or contagious diseases, hazardous materials, and appliances containing "CFC's".

(f) Services to the Disabled: At the request of any commercial/industrial customer who suffers from a disability (as that term is defined in the federal "Americans with Disabilities" Act), the CONTRACTOR shall make reasonable accommodation for the collection of refuse and recyclables from the business of such customer at no extra cost to either the customer or to the CITY.

(g) Hazardous Materials Audit: The CONTRACTOR is not obligated to conduct an annual commercial/industrial hazardous waste audit within the CITY.

(h) Bin and/or Roll-Off Service: At the request of any commercial/industrial customer, the CONTRACTOR shall provide an appropriately-sized bin or roll-off container for disposal of, for example, construction debris and waste generated by commercial/industrial construction remodeling projects and property clean-up purposes. Such containers shall be made available on a temporary basis for a fee established, from time to time, by resolution of the CITY.

(i) Special Community Events: When requested by CITY, CONTRACTOR shall provide, at its sole cost and expense, refuse containers and/or bins (40 cubic yards per event maximum) to serve two Special Community Events per year, and to collect and dispose of the same at the conclusion of each such Event. "Special Community Events" include, but are not limited to, the CITY's "Cherry Festival," and carnivals, fairs and parades sponsored, conducted or otherwise coordinated by community-based non-profit organizations.

(j) CITY-Owned and CITY-Operated Facilities: The CONTRACTOR shall provide, at its sole cost and expense, an adequate number of containers, bins and/or roll-offs at any and all CITY-owned and/or CITY-operated properties, which containers, bins and roll-offs shall be collected and disposed of at no charge to the CITY. The location and frequency of service of such containers, bins and/or roll-offs shall be determined, from time to time, by the CITY. CONTRACTOR is not obligated to collect and dispose of street sweeping debris.

2. Schedule of Rates, Fees and Charges.

A. CITY Council Resolution: All rates, fees and charges for Residential Basic Services and Special Services, and Commercial/Industrial Basic Services and Special Services, shall consist of a "service" component and "disposal" component. The service component shall be established, from time to time, by resolution of the CITY Council following a public hearing thereon. Once established by resolution, rates, fees and charges shall remain in full force and effect and the CITY shall have no obligation to review and adjust them unless the CITY Council, on its own motion determines to do so or the CONTRACTOR so requests as provided in Subparagraph B. below.

B. Alternative Procedures for Establishing Rates, Fees and Charges:

(1) Automatic Adjustment: Subject to the periodic review provisions of Paragraph 2A above, the service component of rates, fees and charges established by resolution shall be automatically adjusted up or down once in any calendar year, effective July 1 thereof, by a percentage amount equal to the percentage rate of increase, or decrease, of the Consumer Price Index-Urban for the Riverside-San Bernardino Metropolitan Area (or its successor index), not to exceed fifteen (15) percent.

(2) CONTRACTOR Request for Review/Adjustment: In addition to the Automatic Adjustment procedure, the CONTRACTOR may request, in writing, that the CITY Council review and adjust rates, fees and charges, provided that such written request is received not less than 90 days before the end of any fiscal year of the CITY. Such written request shall include, without limitation, a statement of the then-current rates, fees and charges, a statement of the proposed schedule of rates, fees and charges, and a detailed statement of reasons for the requested adjustment, accompanied by appropriate documentation and other evidentiary support. At the request of the CITY's staff, or the CITY Council, the CONTRACTOR shall produce such additional justification and supporting documentation as may be necessary to justify any adjustment in the then-current schedule of rates, fees and charges. Approval of a rate adjustment request shall not be unreasonably withheld.

C. Landfill "Tipping" Fee: The County of Riverside and other third parties operate landfill disposal sites. Such sites are used by CONTRACTOR to dispose of solid waste collected by CONTRACTOR pursuant to this Agreement. For each load of solid waste delivered to such sites, CONTRACTOR must pay a "tipping" fee to the operator thereof. CONTRACTOR shall be entitled to "pass through" such fees in the form of the "disposal" component of the rates, fees and charges authorized by the City Council hereunder. Such pass through shall be made on a pro-rata basis to the CITY, based on the weight of the solid waste collected within the CITY and delivered to the landfill site. Any change in the tipping fee shall be made effective at the commencement of the first full billing period following the tipping fee adjustment by the landfill operator/owner. The base line reference weight shall be determined by the CITY.

D. Services Exempt From Rate-Setting Procedures: The following services provided by CONTRACTOR pursuant to this Agreement shall be exempt from the provisions of this Paragraph 2; provided, however, the CONTRACTOR shall submit to the CITY a current schedule of exempt rates, fees and charges and shall thereafter submit, prior to the effective date of any adjustment of such exempt rates, fees and charges, the proposed revised schedule thereof accompanied by written justification for the adjustment:

- (1) Residential "Special Waste";
- (2) Commercial/Industrial "Special Waste".

E. Notice of Adjustments in Residential Rates, Fees and Charges: The CONTRACTOR shall provide the CITY's customers, prior to the effective date of any and all adjustments in the schedule of rates, fees and charges, timely written notice of such adjustments.

3. Customer Billing Procedures; Delinquent Accounts. Billing for services rendered hereunder by the CONTRACTOR shall be conducted as follows:

A. Residential Services:

(1) Residential Refuse Collection Service: CITY shall be responsible for billing and collecting all rates, fees and charges due and owing for services rendered hereunder. CITY may determine, from time to time and in its sole discretion, the method and manner for billing and collecting the same. To the extent CITY is not, for any reason, billing and collecting for services rendered, CONTRACTOR shall do so, at no additional cost.

(2) Residential Recycling Service: CITY shall be responsible for billing and collecting all rates, fees and charges due and owing for services rendered hereunder. CITY may determine, from time to time and in its sole discretion, the method and manner for billing and collecting the same. To the extent CITY is not, for any reason, billing and collecting for services rendered, CONTRACTOR shall do so, at no additional cost.

(3) Residential Compostables Service: CITY shall be responsible for billing and collecting all rates, fees and charges due and owing for services rendered hereunder. CITY may determine, from time to time and in its sole discretion, the method and manner for billing and collecting the same. To the extent CITY is not, for any reason, billing and collecting for services rendered, CONTRACTOR shall do so, at no additional cost.

(4) Special Residential Services: CITY shall be responsible for billing and collecting all rates, fees and charges due and owing for services rendered hereunder. CITY may determine, from time to time and in its sole discretion, the method and manner for billing and collecting the same. To the extent CITY is not, for any reason, billing and collecting for services rendered, CONTRACTOR shall do so, at no additional cost.

(5) Delinquent Accounts: The CITY shall levy appropriate late charges, and use its best efforts to collect any and all delinquent rates, fees and charges. To the extent CITY is not, for any reason, billing and collecting for services rendered, CONTRACTOR shall do so, at no additional cost.

B. Commercial/Industrial Services:

(1) Refuse Collection Service: CONTRACTOR shall be responsible for billing and collecting, on a monthly basis, rates, fees and charges due and owing for services rendered hereunder.

(2) Commercial/Industrial Recycling Service: CONTRACTOR shall be responsible for billing and collecting, on a monthly basis, rates, fees and charges due and owing for services rendered hereunder.

(3) Commercial/Industrial Compostables Service:

[Not Applicable].

(4) Special Commercial/Industrial Services: CONTRACTOR shall be responsible for billing and collecting, on a monthly basis, rates, fees and charges due and owing for services rendered hereunder.

(5) Delinquent Accounts: The CONTRACTOR shall levy appropriate late charges, and use its best efforts to collect any and all delinquent rates, fees and charges.

C. Commercial/Industrial Recycling Service Rebate: The CONTRACTOR shall establish, maintain and administer a recycling service rate reduction program for the benefit of each commercial/industrial recycling customer for the term of this Agreement, based on net revenue earned by CONTRACTOR on the sale of each customer's recyclables to third parties; provided, however, that the amount of the rebate/reduction in any customer billing period shall not exceed the amount billed.

D. Residential Recycling Revenue Sharing: The CONTRACTOR shall share equally with the CITY net revenues received from the sale of residential recyclables. "Net revenues" means all revenues received for the sale of residential recyclable materials less the cost incurred by the CONTRACTOR in collecting, transporting and sorting such material. CITY may, at its option, periodically review the costs incurred by the CONTRACTOR to determine the reasonableness of such costs, and the CONTRACTOR shall provide satisfactory documentation in support thereof.

4. Compensation. For all services rendered hereunder, CONTRACTOR shall be entitled to receive, as full compensation, the following shares of earned revenue:

- A. 79% of amounts billed (not "collected") by CITY, plus
- B. 82% of amounts billed and collected by CONTRACTOR.

All remaining amounts billed shall become the property of the CITY. Compensation due the CONTRACTOR shall be paid on or about the 20th day following the end of the month in which customers are billed.

5. CONTRACTOR's Service Area. Subject to the prior rights of refuse contractors licensed by the County of Riverside but operating within municipal boundaries of the CITY in accordance with Public Resources Code, Section 49520 et seq., the CONTRACTOR shall render all services required of CONTRACTOR hereunder to all residential, commercial and industrial premises within the municipal boundaries of the CITY, as such boundaries presently exist and may hereafter be amended by annexation or other lawful reorganization. In the event the municipal boundaries are expanded by annexation or other act of reorganization, the CONTRACTOR shall notify the CITY of the fact that such additional area is served by a County-licensed contractor(s), and the CITY shall thereupon provide such contractor(s) with the appropriate written notice as may be required by state law.

6. Term of Agreement. The term of this Agreement shall commence on March 1, 1997, and expire on February 28, 2007; provided, however, that commencing on January 1, 1998, and each January 1 thereafter, the term of this Agreement shall be automatically extended, without further notice by either PARTY, one additional year such that the remainder term of this Agreement shall continually be ten (10) years.

Notwithstanding the foregoing automatic extension provision, this Agreement may be terminated by either PARTY, by written notice given to the other PARTY at any time after March 1, 2000. Upon issuance of such notice, this Agreement shall automatically terminate, without further notice or liability to either PARTY ten (10) years after the next succeeding January 1, following the date the notice is issued.

7. Public Relations Services.

A. Office Location: CONTRACTOR shall maintain, throughout the term of this Agreement, a business office accessible to the general public. Presently, the CONTRACTOR's office is located at 26500 Scaramella Circle, Hemet, California 92545. In the event CONTRACTOR relocates its business office, CONTRACTOR shall promptly provide notification of such relocation, in writing, to the CITY and to each of the CONTRACTOR's customers within the CITY.

B. Office Hours: CONTRACTOR's business office hours shall be, at a minimum, from 8:00 a.m. to 5:00 p.m., Monday through Friday, holidays excepted. A representative of the CONTRACTOR shall staff CONTRACTOR's business office during office hours for communication with the public either in person or by telephone. During business office hours, CONTRACTOR's telephone number shall either be a local or a toll-free call for CITY customers. Presently, CONTRACTOR's local or toll-free telephone number is 1-800-874-7774. CONTRACTOR shall also maintain a local or toll-free after-hours telephone staffed by a CONTRACTOR representative or answering service (a voice-mail system is acceptable). Presently, such telephone number is 1-800-874-7774. CONTRACTOR reserves the right to change telephone numbers, but shall provide prompt written notice of such changes to the CITY and to its customers within the CITY.

C. CITY-CONTRACTOR Liaison: Concurrently with the execution of this Agreement by CONTRACTOR, CONTRACTOR shall designate a responsible, senior member of its management staff to act as liaison between the CITY and the CONTRACTOR. The

name, address and telephone number of the designated liaison shall be provided by CONTRACTOR by means of a written notice to the CITY. In the event the designated liaison is changed, the CONTRACTOR shall promptly notify the CITY, in writing, of the name, address and telephone number of the replacement liaison.

D. Customer Complaints: CONTRACTOR shall be initially and primarily responsible for resolving all customer complaints. Therefore, and in the event the CITY receives such complaints, they shall be referred to CONTRACTOR for prompt resolution. CONTRACTOR shall maintain a log or other similar record to record any and all customer complaints originating from or within the CITY. CONTRACTOR's log or similar record shall, at a minimum, reflect the identity of the complaining customer, the date of the complaint, the nature of the complaint, and a brief description of how the complaint was/was not resolved. Such log or record shall be maintained in CONTRACTOR's business office and shall be readily available to the CITY for inspection and/or copying.

E. Customer Complaint Resolution Procedure:

Step 1: Any and all customer complaints shall, initially, be referred to the CONTRACTOR for resolution. CONTRACTOR shall, in good faith, use its best efforts to resolve such complaints.

Step 2: In the event a complaint is not resolved to the mutual satisfaction of the customer and CONTRACTOR, either may refer it to the City Manager or to the City Manager's designee for resolution.

Step 3: In the event the City Manager/designee is unable to satisfactorily resolve the complaint, the City Manager/designee, the customer and/or the CONTRACTOR may appeal the matter, in writing, to the City Council of the CITY. The decision of the City Council shall be final and conclusive and shall be binding upon the parties thereto.

F. Notices to Customers: With prior CITY approval of the form and content thereof, CONTRACTOR, at its expense, shall provide prior, CITY-approved written notice to any and all affected customers of the CITY of:

(1) Any and all CITY-authorized changes in level, type and/or cost of service;

(2) The date or dates CONTRACTOR intends to collect Residential Bulky Waste and other special services;

(3) CONTRACTOR's office hours, location and/or telephone numbers and changes thereof;

(4) Customer complaint procedures; and

(5) Any and all matters of public interest that CONTRACTOR or CITY deems appropriate or necessary.

G. Customer Privacy: CONTRACTOR shall strictly observe and protect the privacy rights of its customers. CONTRACTOR shall not reveal, unless required by law, lawful court order or by written authorization of the customer(s), the identity of individual customers, or the composition of contents of a customer's solid waste or recyclables. CONTRACTOR shall not market or distribute mailing lists of names and addresses of customers. The rights accorded customers pursuant to this provision shall be in addition to any other privacy right granted by federal or state law. This provision does not create a right in any third party to the enforcement of this provision by the CITY.

H. Public Education Program: CONTRACTOR shall, throughout the term of this Agreement and at its sole cost and expense, conduct a public education and awareness campaign within the CITY, which campaign shall contain, at a minimum, the following elements:

(1) Periodic mailers and press releases to CITY customers promoting the benefits of recycling;

(2) Elementary school visitation programs; and

(3) Such other campaigns and/or programs CONTRACTOR deems necessary and appropriate to enhance the public's awareness of the necessity and importance of recycling and the reduction of waste disposal to landfills.

8. Insurance, Indemnification and Performance Bond.

A. Insurance Requirements:

(1) Public Liability Insurance:

(a) The CONTRACTOR shall obtain and maintain in full force and effect throughout the entire term of this Agreement a broad form comprehensive general liability policy with a minimum limit of \$2,000,000

aggregate and \$1,000,000 per occurrence, which shall insure the CITY and the CONTRACTOR from any and all claims for damages for bodily injury, including accidental death, and from any and all claims for property damage.

(b) All of the following endorsements shall be made a part of the insurance policies required hereunder:

(i) The CITY, its elected and appointed officials, employees and agents shall be named as additional insureds;

(ii) The insurance required hereunder shall be considered primary insurance;

(iii) 30-days' prior written notice by certified mail, return receipt requested shall be given to the CITY in the event of such suspension, cancellation, reduction or change in coverage, or non-renewal.

(c) The amount of insurance coverage shall be reviewed, from time to time, by the CITY for sufficiency. In the event the CITY reasonably determines that the amount of insurance coverage must be increased, the CONTRACTOR shall obtain such insurance in accordance with the provisions of this Paragraph.

(d) Any deductibles or self-insured retentions must be declared to and approved by the CITY. At the option of the CITY, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the CITY, its officers, officials, employees and agents, or the CONTRACTOR shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

(e) All such insurance shall be obtained from insurance companies licensed to do business in the State of California and receive a minimum rating of A-15 as established by Best's Reports. True, correct, complete and certified copies of the policy or policies and the endorsements required herein

shall be filed with the CITY Clerk within 5 business days of the effective date of this Agreement, when renewed and whenever requested by the CITY.

(f) The CONTRACTOR shall deliver to the CITY certified copies of all insurance policies and endorsements.

(2) Workers' Compensation Insurance: The CONTRACTOR shall obtain and maintain in full force and effect throughout the entire term of this Agreement Workers' Compensation Insurance in accordance with the provisions and requirements of the California Labor Code. Any and all endorsements that implement the required coverage shall be filed and maintained with the CITY Clerk throughout the term of this Agreement. Such insurance shall require that the CITY be given 30 days prior written notice by certified mail, return receipt requested, in the event the coverage has been suspended, cancelled, not renewed, or coverage is proposed to be amended, reduced, or otherwise revised. In addition to providing such insurance coverage, the CONTRACTOR hereby expressly agrees to hold the CITY free and harmless from any and all liabilities which may arise by reason of injury suffered by any employees of the CONTRACTOR injured by performing any work or labor necessary to carry out the provisions of this Agreement.

(3) Waiver of Right of Subrogation: Each and every insurance policy required hereunder shall include a provision waiving all rights of subrogation against the CITY, its elected or appointed officials, employees and/or agents.

(4) Failure to Procure Insurance: CONTRACTOR's failure to procure or maintain the required insurance shall constitute a material breach of this Agreement. The CITY may, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, and all monies so paid by the CITY shall be, at CITY's option, subtracted from CONTRACTOR's compensation or promptly reimbursed to the CITY by the CONTRACTOR upon demand.

B. Indemnification:

(1) Indemnification of CITY: CONTRACTOR hereby specifically acknowledges and agrees that, at CONTRACTOR's sole cost and expense, it shall protect, defend with counsel approved by CITY, indemnify and hold completely free and harmless CITY, its elected and appointed officials, officers, employees and agents from and against any and all losses, demands, liabilities, fines, penalties, claims, damages, costs, expenses, judgments, and reasonable attorneys' fees, which arise out of, or are occasioned by or result in any way or manner from CONTRACTOR's exercise of its rights, duties and/or obligations hereunder, to the maximum extent permitted by law; provided, however, that CONTRACTOR shall not be obligated to indemnify CITY for consequences arising from CITY's sole negligence, willful misconduct or breach of this Agreement by CITY.

This indemnification of the CITY includes actions challenging any and all covenants, terms and conditions of this Agreement, the award of this Agreement to CONTRACTOR and/or the process by which that award was made.

(2) Hazardous Substances Indemnification by CONTRACTOR:

(a) Subject to the provisions of paragraph (b) below, CONTRACTOR hereby specifically acknowledges and agrees that it shall fully protect, defend with counsel approved by CITY, unconditionally indemnify and hold completely free and harmless CITY, its elected and appointed officials, officers, employees and agents from and against any and all losses, liabilities, fines, penalties, claims, damages, costs, expenses, judgments and attorneys fees, and any and all special and consequential damages, natural resources damage, punitive damages, injuries and death, response remediation and removal costs, demands, debts, liens, causes of action, suits, legal or administrative proceedings, interest, of any kind whatsoever paid, incurred or suffered by, or asserted against the CITY or its officers, employees and/or agents or the CONTRACTOR arising from, occasioned by or otherwise attributable to any repair, cleanup or detoxification, or preparation and implementation of any removal, remedial, response, closure or other plan (regardless of whether undertaken due to

governmental action) concerning any hazardous substance or hazardous waste and/or materials at any place where the CONTRACTOR stores or disposes of waste collected pursuant to this Agreement. This indemnity is intended to and shall be construed to operate as an agreement pursuant to Section 107(e) of the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. Section 9607(e) and the California Health and Safety Code Section 25364, and their successor statutes, to ensure, protect, hold harmless and completely indemnify the CITY from any and all liability of whatever kind or nature. The foregoing indemnification shall not apply to the extent that any costs and damages arise out of the active negligence or willful misconduct of the CITY, its agents, employees, officers and contractors.

(b) CONTRACTOR's obligation to indemnify hereunder is limited to the maximum amount of \$500,000.00 if the CONTRACTOR disposes of hazardous wastes, substances and/or materials in landfills that are owned by third parties. However, such limitation does not apply and CONTRACTOR is obligated to fully indemnify the CITY, where such disposal is at a landfill which is owned and/or operated by the CONTRACTOR, or CONTRACTOR's subsidiaries or affiliates, or any entity in which the CONTRACTOR or any subsidiary or affiliate of CONTRACTOR owns a controlling interest.

(c) CONTRACTOR shall have the affirmative duty to select for disposal of the CITY's solid waste only those landfill facilities which comply with state and federal law.

(3) Source Reduction/Recycling Indemnification: The CONTRACTOR hereby expressly agrees to fully protect, defend (with counsel approved by the CITY) and unconditionally indemnify the CITY against any and all fines and/or penalties (and interest thereon, if any) imposed pursuant to the California Integrated Waste Management Act (Public Resources Code Section 40000 et seq.) ("the Act") in the event the source reduction and recycling goals and/or any other requirements of the Act as it presently exists or may hereafter be amended are not met by the CITY; provided, however, CONTRACTOR's obligation hereunder shall be proportionately based on

that portion of the solid waste stream that is within the control of the CONTRACTOR. The CITY agrees to cooperate in implementing reasonable and cost effective programs proposed by the CONTRACTOR to meet source reduction and recycling goals.

C. Performance Retention and Bond:

(1) Retention: CITY hereby reserves the right to, with prior notice to CONTRACTOR, withdraw from any monies in possession of the CITY owed to CONTRACTOR, such monies to be applied towards the correction of any default of CONTRACTOR.

(2) Performance Bond: CONTRACTOR shall provide and maintain, for the term of this Agreement, a faithful performance bond in the sum of \$100,000.00, in a form acceptable to the CITY and to the City Attorney, as security for the faithful performance by CONTRACTOR of all of its duties and obligations hereunder.

9. CONTRACTOR Reporting Requirements to the CITY. Throughout the term of this Agreement, the CONTRACTOR shall provide the following written reports to the CITY:

A. Annual Reports:

(1) Activities Report: Not later than the 60th day after the end of each of CITY's fiscal year, the CONTRACTOR shall submit a written report in a form approved by the CITY that includes, but is not limited to, the following information: a summary of the year's activities including, without limitation, services begun or discontinued during the reporting year, the number of customers for each class of service, a statement of revenue derived from this Agreement and the basis for the calculation thereof certified by an officer of the CONTRACTOR, and a list of the CONTRACTOR's officers and members of its Board of Directors and stockholders or other equity investors holding 15% or more of the voting interest in the CONTRACTOR and any subsidiaries (unless CONTRACTOR is a public corporation whose annual reports are publicly available).

(2) Source Reduction/Recycling Report: Not later than the 60th day after the end of each of CITY's fiscal year, the CONTRACTOR shall submit a written report, in a

form approved by the CITY, that documents the CITY's progress in meeting and maintaining its ability to meet its goals under the California Integrated Waste Management Act of 1989 (Public Resources Code Section 40000 et seq.). The report shall also include any recommended changes, report of tonnage to landfill by month, accounting of recyclables by type, amount of compostables diverted, and education component compliance.

(3) System and Services Report: Not later than the 60th day after the end of each of CITY's fiscal year, the CONTRACTOR shall submit a written report in a form approved by the CITY, that includes, but is not limited to the following information: all refuse collection, composting and recycling services reported in refuse collection and recycling industry trade journals that are being commonly provided on an operational basis, excluding tests and demonstrations, to communities in the United States with comparable populations, that are not provided to the CITY; and changes recommended to improve the CITY's ability to meet the goals of the California Integrated Waste Management Act of 1989; and any specific plans for provision of such new services by the CONTRACTOR, or a justification indicating why the CONTRACTOR believes that such services are not feasible.

(4) Annual Audit Report: Pursuant to Paragraph 14(B), below.

B. Periodic Reports:

(1) Adverse Information Report: CONTRACTOR shall provide CITY with two copies of all reports, or other information which may materially affect CONTRACTOR's ability to provide service pursuant to this Agreement or which may create liability on the part of the CITY to a third party, whether or not submitted by CONTRACTOR to the Environmental Protection Agency, the California Integrated Waste Management Board or any other federal, state or county agency. CONTRACTOR shall also submit to CITY copies of all pleadings, applications, notifications, communications and documents of any kind or nature submitted by CONTRACTOR to, as well as copies of all decisions, correspondence and actions by any federal, state and/or local courts, regulatory agencies and/or other governmental bodies relating specifically to CONTRACTOR's performance of services. Any confidential

information exempt from public disclosure shall be kept in confidence by the CITY and its authorized officials, employees and agents and shall not be made available for public inspection unless required by statute or lawful order of a court of competent jurisdiction.

(2) Miscellaneous Reports: CONTRACTOR shall provide CITY with such other reports from time-to-time, as may be reasonably requested by the City Manager.

C. CONTRACTOR's Duty to Inform CITY of Changes in Law: The CONTRACTOR hereby specifically agrees to provide prompt written notice to the CITY of any changes in federal, state and county laws, rules and regulations that affect or relate to the subject matter of this Agreement. In addition to such written notification, the CONTRACTOR shall also provide to CITY a copy of the law, rule and/or regulation so changed. To the extent that any such change requires or necessitates an amendment to this Agreement, the PARTIES mutually agree to negotiate such amendment in good faith.

10. Minimum Performance Standards.

A. Equipment Maintenance: All equipment (including, without limitation, motor vehicles, trucks, CONTRACTOR-supplied residential containers, commercial cans, bins and roll-offs) utilized by CONTRACTOR to perform the services required hereunder shall be maintained at CONTRACTOR's sole cost and expense in accordance with the following minimum standards:

- (1) Kept clean and in good repair;
- (2) Shall be uniformly painted and CONTRACTOR's name, telephone number and vehicle number shall be visibly displayed in letters and numbers no less than 5 inches high;
- (3) Motor vehicles and trucks shall be no older than 10 years and shall be washed at least once per week;
- (4) Motor vehicles and trucks shall be registered with the California Department of Motor Vehicles.

B. Pavement Damage: The CONTRACTOR shall be solely responsible for, and shall promptly cause the repair or replacement of, any extraordinary damage to streets, roads, alleys, curbs, gutters, sidewalks, driveways and parking lots, whether or not paved, caused by vehicles exceeding the legal maximum weights of the State of California or the negligent operation of vehicles by CONTRACTOR's employees.

C. Property Damage: Any physical damage caused by the negligent or willful acts or omissions of employees, contractors or subcontractors of the CONTRACTOR to private or public property shall be promptly repaired or replaced at CONTRACTOR's sole cost and expense.

D. Gratuities: CONTRACTOR shall not, nor shall it permit any employee or agent of CONTRACTOR to request, demand or accept, either directly or indirectly, any compensation or gratuity for the collection and disposal of refuse and recyclables.

E. Traffic and Noise Problems; Emergency Vehicles: In performing the services required hereunder, the CONTRACTOR shall not obstruct or otherwise inconvenience public traffic or disruption of the peace and quiet of the area within which the CONTRACTOR is performing services. In accordance therewith, the collection of refuse in residential neighborhoods shall not be performed between the hours of 7 p.m. and 6:30 a.m. the following day, local time then in effect, nor shall CONTRACTOR perform service in commercial and industrial areas of the CITY between the hours of 7 p.m. and 5 a.m. the following day, local time then in effect. Provided, however, that the collection and disposal of refuse shall be made at any time in response to complaints or emergency situations where the public health, safety and general welfare is threatened. CONTRACTOR shall maintain at all times an emergency service vehicle to attend to complaints or emergency calls.

F. Storage of Equipment: In the event the CONTRACTOR desires to store and/or service equipment and vehicles used to perform the services required of CONTRACTOR hereunder within the CITY, then CONTRACTOR's equipment and vehicles shall be emptied of refuse prior to storage at the end of each working day, and such vehicles shall be stored in a manner that complies with Beaumont Municipal Code and the requirements of the Beaumont Fire Department. Any such storage area shall not be established without first complying with the planning and zoning requirements of the CITY and the issuance of any land use permit to CONTRACTOR.

G. Truck Bodies and Equipment: All truck bodies used by CONTRACTOR shall be constructed of metal and shall be watertight and leak proof. In addition, CONTRACTOR shall provide two-way radio communications between route supervisors and refuse collection vehicles. Each piece of equipment used by the CONTRACTOR shall carry at all times a broom and shovel to be used for the immediate removal of any spilled material. All vehicles and equipment shall be equipped with covers that prevent the spilling or falling of refuse from the vehicle, whether stationary or mobile. All of CONTRACTOR's vehicles and equipment shall be subject to CITY inspection.

H. CONTRACTOR's Employees and Agents:

(1) Dress: All employees and agents of CONTRACTOR shall be clothed in clean uniforms at the beginning of each work day.

(2) Manner of Work: Employees and agents of the CONTRACTOR who perform their work in a materially-unworkmanlike manner, or who violate provisions of the California Vehicle Code related to speed or safety while working, shall be removed from employment by the CONTRACTOR in furtherance of the requirements of this Agreement and to the extent permitted by state law, union contract or other labor agreement to which CONTRACTOR is a party or by which CONTRACTOR is bound.

(3) Wages: The CONTRACTOR shall pay wages to its employees in accordance with the requirements of California law.

(4) Identification: CONTRACTOR shall provide its employees, agents, contractors and subcontractors with identification for the benefit of residents of the CITY and shall also provide a list of current employees, agents, contractors and subcontractors to the CITY upon request. The CITY may require the CONTRACTOR to notify customers yearly of the form of said identification.

I. Disposal of Refuse: CONTRACTOR shall dispose of all refuse only at places or sites where such disposal is lawful, and the CITY shall not be liable for such disposal or to provide sites or places for disposal.

11. Review of CONTRACTOR's Performance. The CITY may, from time to time, and in its sole discretion, evaluate CONTRACTOR's performance hereunder. Such evaluation may be conducted by the CITY Council or jointly by the City Manager and the Public Works Director. Such evaluation may include, but is not limited to:

- A. Consideration of customer complaints;
- B. Consideration of costs and level of service provided hereunder as compared to minimum relevant requirements established by state law;
- C. Consideration of expanding existing services or providing new services, whether or not required by state law;
- D. Implementation of new technologies; and
- E. Changes in state law, rules and regulations governing the services rendered by CONTRACTOR hereunder.

To the extent that the CITY determines, in its sole discretion, to require CONTRACTOR to expand or provide additional services, whether or not required by state law, rules and regulations, the CITY and the CONTRACTOR shall conduct good faith negotiations for the purpose of amending this Agreement as may be necessary to accommodate such expansions or additions.

In the event the CITY determines that the CONTRACTOR's performance is deficient, the CITY will so advise the CONTRACTOR and the CONTRACTOR shall promptly take such steps as are necessary to correct such deficiencies.

12. Breach of Contract/Default/Remedies.

A. Notice of Violation:

(1) If the City Manager determines that the CONTRACTOR's performance pursuant to this Agreement has not been in conformity with reasonable industry standards which apply in similar cities in Southern California, the provisions of this Agreement, the requirements of the California Integrated Waste Management Board and the Integrated Waste Management Act (Public Resources Code, Section 40000 et seq.), including, but not limited to, requirements for source reduction and recycling (as to the waste stream subject to this Agreement) or any other applicable federal, state or local law or regulation,

including but not limited to the law governing transfer, storage or disposal of hazardous waste, the City Manager shall advise the CONTRACTOR in writing of such deficiencies.

(2) The City Manager shall in such notice set a reasonable time within which correction of all such deficiencies shall be made. Unless otherwise specified, a reasonable time for correction shall be thirty (30) days from date of mailing of such written notice, or other period as the PARTIES may agree.

(3) Upon the expiration of the time period set forth in the notice, the City Manager shall review the CONTRACTOR's corrective action and shall have up to three (3) business days to make a determination as to whether the corrective action by CONTRACTOR was adequate or additional action is necessary. The City Manager shall notify the CONTRACTOR in writing of his decision. The City Manager shall require any action by the CONTRACTOR as may be appropriate to correct a deficiency including, but not limited to, an assessment against the Performance Bond or a recommendation to the City Council to terminate this Agreement.

(4) The decision of the City Manager shall be final and binding on CONTRACTOR unless the CONTRACTOR files a "Notice of Appeal" with the City Clerk within two (2) business days of receipt of the City Manager's decision. The City Clerk shall promptly refer the appeal to the City Council to set a date and time for proceedings in accordance with this Section 12.

B. Appeal: Upon receipt of the Notice of Appeal, the City Council shall set the matter for hearing. The City Council shall give CONTRACTOR a minimum of fourteen (14) days prior written notice of the time and place of the hearing. At the hearing, the City Council shall consider the report of the City Manager indicating the deficiencies, and shall give the CONTRACTOR, or its representatives a reasonable opportunity to be heard.

C. Council Action: If the City Council determines that the CONTRACTOR is in breach of any material term of this Agreement or any material provision of any applicable federal, state or local statute or regulation, the City Council, in its sole discretion, may forthwith terminate this Agreement or impose liquidated damages, as defined below. The decision of

the City Council shall be final and conclusive, subject to referral of the matter for an administrative hearing pursuant to this Section. CONTRACTOR's performance under this contract is not excused at any time during the period of the City Councils's consideration of the matter or following any final determination.

D. The CITY's Additional Rights and Remedies: In addition to and not as a limitation on the remedies set forth in this Section, the CITY shall have the following rights and remedies:

(1) Upon twenty-four hours prior notice to CONTRACTOR, to rent or lease equipment from CONTRACTOR for the purpose of collecting, transporting and disposing of solid waste which CONTRACTOR is obligated to collect, transport and dispose of pursuant to this Agreement, for a period not to exceed six (6) months. In the case of equipment not owned by CONTRACTOR, CONTRACTOR shall assign to the CITY, to the extent CONTRACTOR is permitted to do so under the instruments pursuant to which CONTRACTOR possesses such equipment, the right to possess the equipment. Such equipment as shall be required by the CITY shall be made available to the CITY by CONTRACTOR. Such equipment shall be made available to the CITY at CONTRACTOR's facilities in the City of Beaumont at the time indicated in the notice. If no such facility, then at CONTRACTOR's closest facility to the City of Beaumont. If the CITY exercises such rights, the CITY shall pay to CONTRACTOR the reasonable rental value of the equipment so taken for the period of the CITY's possession thereof; provided that the CITY agrees that, in such event, it assumes complete responsibility for the proper and normal use of such equipment and facilities. The CITY agrees that it shall immediately relinquish possession of all of the above-mentioned property to CONTRACTOR upon receipt of written notice from CONTRACTOR to the effect that it is able to resume its normal responsibilities under this Agreement; and

(2) The right to license others to perform the services otherwise to be performed by CONTRACTOR hereunder, or to perform such services itself; and

(3) The right to obtain damages and/or injunctive relief. Both PARTIES recognize and agree that in the event of a breach of this Agreement by CONTRACTOR, the CITY shall be deemed to suffer irreparable injury and

incalculable damages sufficient to support injunctive relief, to enforce the provisions of this Agreement and to enjoin the Breach thereof.

E. Other Events: The CITY further reserves the right to terminate CONTRACTOR's contract or impose liquidated damages in the event of any of the following:

(1) If the CONTRACTOR practices, or attempts to practice, any fraud or deceit upon the CITY.

(2) If the CONTRACTOR becomes insolvent, unable or unwilling to pay its debts, or upon listing of an order for relief in favor of CONTRACTOR in a bankruptcy proceeding.

(3) If the CONTRACTOR fails to provide or maintain in full force and effect, the workers compensation, liability and indemnification coverages or Performance Bond as required by the Agreement.

(4) If the CONTRACTOR willfully violates any orders or rulings of any regulatory body having jurisdiction over the CONTRACTOR relative to this Agreement, provided that the CONTRACTOR may contest any such orders or rulings by appropriate proceedings conducted in good faith, in which case no breach of the Agreement shall be deemed to have occurred.

(5) If the CONTRACTOR ceases to provide collection service as required under this Agreement over all or any portion of its Service Area for a period of three (3) days or more for any reason within the control of the CONTRACTOR.

(6) If the CONTRACTOR willfully fails to make any payments required under the Agreement and/or refuses to provide the CITY with required information, reports and/or test results in a timely manner as provided in the Agreement.

(7) Any other act or omission by the CONTRACTOR which materially violates the terms, conditions or requirements of the Agreement, the California Integrated Waste Management Act of 1989, as it may be amended from time to time or any order, directive, rule or regulation issues thereunder and which is not corrected or remedied within the time set in the written notice of the violation

or, if the CONTRACTOR cannot reasonably correct or remedy the breach within the time set forth in such notice, if the CONTRACTOR should fail to commence to correct or remedy such violation within the time set forth in such notice and diligently effect such correction or remedy thereafter.

F. Liquidated Damages:

(1) The CITY finds, and the CONTRACTOR agrees, that as of the time of the execution of this Agreement, it is impractical, if not impossible to reasonably ascertain the extent of damages which will be incurred by the CITY as a result of a material breach by CONTRACTOR of its obligations under this Agreement. The factors relating to the impracticability of ascertaining damages include, but are not limited to, the fact that: (i) substantial damage results to members of the public who are denied services or denied quality or reliable service; (ii) such breaches cause inconvenience, anxiety, frustration and deprivation of the benefits of the Agreement to individual members of the general public for whose benefit this Agreement exists, in subjective ways and in varying degrees of intensity which are incapable of measurement in precise monetary terms; (iii) that services might be available at substantially lower costs than alternative services, and the monetary loss resulting from denial of services or denial of quality or reliable services is impossible to calculate in precise monetary terms; and (iv) the termination of this Agreement for such breaches, and other remedies are, at best, a means of future correction and not remedies which make the public whole for past breaches.

(2) Accordingly, the City Council may, at its discretion, assess liquidated damages not to exceed the sum of Seven Hundred Fifth Dollars (\$750.00) per day, for each calendar day that service is not provided by CONTRACTOR in accordance with this Agreement. The amount of the liquidated damages shall be increased by the past year's Consumer Price Index-Urban for the Riverside area on March 1 and effective July 1 of each year. In addition, the City Council may order the assessment against the CONTRACTOR's Performance Bond, the termination of the Agreement, or any of the above.

(3) CONTRACTOR has the right to appeal the imposition of liquidated damages through the process described in this Section.

G. CONTRACTOR Grievance:

(1) Should the CONTRACTOR contend that the CITY is in breach of this Agreement, it shall initially seek informal resolution of the contention from the CITY's Director of Public Works.

(2) In the event the CONTRACTOR's grievance is not resolved by the Director of Public Works, the CONTRACTOR shall submit the grievance to the City Manager, in writing, stating the nature of the grievance, the reasons why informal resolution failed, and the relief sought. The City Manager shall render his decision on the matter within ten (10) business days. The decision of the City Manager shall be final and binding on the CONTRACTOR unless the CONTRACTOR files a "Notice of Appeal" with the City Clerk within two (2) business days of receipt of the City Manager's decision. The City Clerk shall promptly refer the appeal to the City Council to set a date and time for proceedings in accordance with this Paragraph 12.

13. Public Emergencies. In the event the CONTRACTOR fails or refuses or is otherwise unable to perform the services required of CONTRACTOR hereunder, the CITY shall have the right to declare that such failure, refusal and/or ability constitutes a threat to the public's health, safety and general welfare, and that a public emergency exists. In such event, the CITY shall have the right, during the period of such emergency, to temporarily take possession of any or all equipment and facilities of the CONTRACTOR necessary to enable the collection, transportation and disposal of solid waste, compostables and recyclables. The CONTRACTOR hereby specifically acknowledges and agrees that in such event it shall fully cooperate with the CITY. In that regard, the CONTRACTOR further specifically acknowledges and agrees that the CITY, in its sole discretion, may take temporary possession of and use all of the CONTRACTOR's equipment and facilities without paying the CONTRACTOR any rental or other rate, fee or charge. The CITY hereby agrees that it shall immediately relinquish possession of such equipment and facilities to the CONTRACTOR upon receipt of written notice from the CONTRACTOR that it is ready, able and willing to resume performance of the services required hereunder. To the extent that the CITY incurred any cost or expense, the CONTRACTOR shall promptly reimburse the CITY.

14. Miscellaneous Provisions.

A. Assignment/Subcontracts: Neither this Agreement nor any of the rights or privileges granted hereunder to CONTRACTOR shall be subcontracted, assigned, sold, hypothecated, or otherwise transferred, either in whole or in part, either by voluntary act of the CONTRACTOR or by operation of law, without the prior written consent of the CITY, which consent shall not be unreasonably withheld but which consent may include reasonable and/or necessary conditions to protect public health, safety and general welfare. In the absence of such prior written consent, any attempt by CONTRACTOR to subcontract, assign or otherwise transfer this Agreement or any part hereof shall be deemed by the PARTIES as void ab initio.

B. Books and Records; Audits: CONTRACTOR shall maintain all customer complaint logs, books and records relating to this Agreement including, without limitation, customer lists, billing records, maps, and state law compliance records, for the full term of this Agreement and an additional period of not less than three years or such longer period as may be required by law. CONTRACTOR hereby grants CITY the right to inspect all such documents upon reasonable prior notice and during normal business hours, and CITY shall have the right to make copies thereof at CONTRACTOR's expense.

CONTRACTOR shall, at its sole cost and expense, cause the preparation of an annual audit report acceptable to the CITY of CONTRACTOR's billings, collections, recyclables revenue and any and all other financial matters concerning this Agreement. Each such audit report shall be submitted to the CITY within five (5) days after completion.

C. Force Majeure: Except for the payment of money due and owing, neither PARTY shall be liable nor deemed to be in default for any delay or failure in performance under this Agreement deemed resulting from Acts of God, civil or military authority, riots or civil disturbances, acts of war, natural disasters (floods, earthquakes and fires), labor strikes and/or any other catastrophic event(s) which are obviously beyond the reasonable control of the PARTIES. Notwithstanding the foregoing, the PARTIES hereby acknowledge and agree:

(1) That in the event CONTRACTOR is unable to render collection, transportation and/or disposal services as required hereunder, the CITY may elect to exercise its rights under Paragraphs 12 and 13 of this Agreement; and

(2) This provision, "Force Majeure", shall not be construed to include the financial inability of the CONTRACTOR to perform, or the failure of the CONTRACTOR to obtain any necessary permits or licenses, or any other similar failure.

D. Independent Contractor: CONTRACTOR is an independent contractor and not an officer, agent, servant or employee of CITY. CONTRACTOR is solely responsible for the acts and omissions of its officers, employees and agents. Nothing in this Agreement shall be construed as creating a partnership or joint venture between CITY and CONTRACTOR. Neither CONTRACTOR nor its officers, employees and/or agents shall obtain any rights to retirement or other benefits which may accrue to employees of the CITY.

E. Interpretation; Governing Law: This Agreement has been jointly drafted by the PARTIES. In the event a court is required to interpret this Agreement, neither PARTY shall have the right to argue that the other is responsible for any ambiguity in the language of this Agreement, and any uncertainty or ambiguity shall not be interpreted against any one PARTY. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

F. Termination of Prior Agreements; Entire Agreement; Waiver: The PARTIES hereby acknowledge and agree that, as of the effective date of this Agreement, the 1988 Agreement shall be deemed terminated in its entirety, and they further agree to mutually and generally release each other from any and all liability thereunder. The PARTIES hereby waive any and all claims they may have against each other, whether known or unknown and, in that regard, specifically waive the provisions of California Civil Code, Section 1542. Thus, it is the PARTIES' express intent and agreement that this Agreement shall and does supersede the 1988 Agreement in its entirety, and any and all other agreements, either oral or in writing, between the PARTIES with respect to the subject matter hereof. This Agreement contains all of the covenants and agreements between the PARTIES with respect to the subject matter hereof. The PARTIES to this Agreement further acknowledge and agree that no representations, inducements, promises, or agreements, made orally or otherwise, have been made by either PARTY, or anyone acting on behalf of either PARTY, which are not embodied herein, and that no other agreement, statement, or promise not contained in this Agreement shall be valid or binding. The PARTIES waive their right to challenge the terms of this Agreement, and CONTRACTOR further waives any right or claim to

J. Arbitration: Any dispute between the CITY and CONTRACTOR shall be submitted to binding arbitration. Arbitration shall be conducted by either the American Arbitration Association or Judicial Arbitration and Mediation Services, Inc., in accordance with their respective rules that are in effect at the time of the commencement of the arbitration proceeding, and as set forth in this paragraph. Arbitration shall be conducted before a panel of three arbitrators, unless the PARTIES agree in writing to submit the matter before a single arbitrator. The arbitrators must decide each and every dispute in accordance with the laws of the State of California, and all other applicable laws. The arbitrators' decision and award shall be subject to judicial review for errors of fact or law in accordance with Section 1296 of the Code of Civil Procedure, by a Superior Court of competent venue and jurisdiction. Discovery may be conducted in the arbitration proceeding pursuant to Section 1283.05 of the Code of Civil Procedure. Unless all PARTIES stipulate to the contrary, prior the appointment of the arbitrators, all disputes shall first be submitted to non-binding mediation, conducted by either the American Arbitration Association or Judicial Arbitration and Mediation Services, Inc., in accordance with their respective rules and procedures for such mediation. The PARTIES agree that related arbitration proceedings shall be consolidated with any arbitration filed under this paragraph. In any arbitration or litigation arising out of this Agreement, or the performance of any obligation under this Agreement, the arbitrators or the court in such arbitration or litigation shall award costs and expenses of arbitration or litigation, including mediation and arbitration fees and expenses, expert witness fees and attorneys' fees, to the prevailing party.

K. Amendments: No provision of this Agreement may be amended or modified except by a writing signed by both PARTIES.

L. Severability: The provisions of this Agreement shall be deemed severable and if any portion shall be held invalid, illegal or unenforceable for any reason, the remainder of this Agreement shall be effective and binding upon the PARTIES.

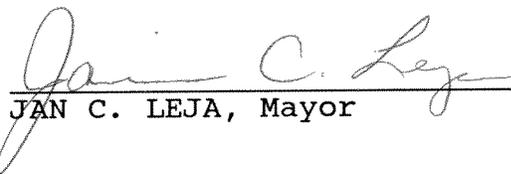
M. Further Acts: Each PARTY agrees to perform any further acts and to execute and delivery any documents which may be reasonably necessary to carry out the provisions of this Agreement.

N. Provisions are Covenants and Conditions: All provisions, whether covenants or conditions, on the part of either PARTY shall be deemed to be both covenants and conditions.

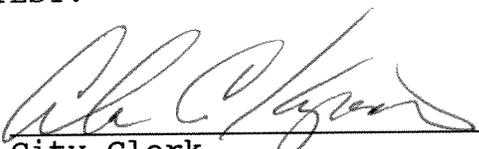
O. Authority to Execute Agreement: Each PARTY represents and warrants that it is authorized to enter into this Agreement and is authorized to unconditionally bind the PARTIES hereto.

IN WITNESS WHEREOF, the PARTIES have caused this Agreement to be executed on the date and year indicated below.

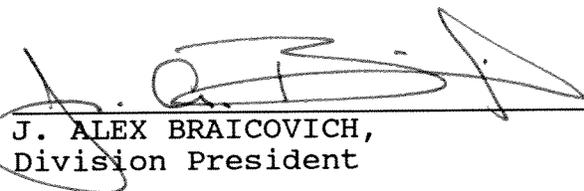
CITY OF BEAUMONT

By _____
JAN C. LEJA, Mayor

ATTEST:

By _____
City Clerk

WASTE MANAGEMENT OF INLAND VALLEY,
a Division of WASTE MANAGEMENT
COLLECTION AND RECYCLING, INC.

By _____
J. ALEX BRAICOVICH,
Division President

**AMENDMENT NO. 1 TO THE AGREEMENT BETWEEN THE CITY OF
BEAUMONT AND WASTE MANAGEMENT OF THE INLAND EMPIRE, A
DIVISION OF USA WASTE OF CALIFORNIA, INC.**

This Amendment is entered into this 19th day of June, 2001, by and between the City of Beaumont, a municipal corporation of the State of California, hereinafter "City", and Waste Management of the Inland Empire, a division of USA Waste of California, Inc., a Delaware Corporation, hereinafter "Contractor".

RECITALS

WHEREAS, Waste Management Collection and Recycling, Inc. and the City entered into an Agreement (the "Agreement") dated January 27, 1997, wherein the City granted Contractor an exclusive franchise to collect waste within the City, and also established rates by Resolution No. 1997-01 for all collection and disposal services provided under said Agreement;

WHEREAS, Contractor is successor-in-interest to Waste Management Collection and Recycling, Inc; and

WHEREAS, the City and Contractor have now determined that it is in the public interest to implement a fully-automated residential green waste collection program for single-family residences in the City.

NOW, THEREFORE, the parties hereto agree as follows:

The following Sections of the Agreement are hereby amended with substitutive language:

Section 1. Scope of Services.

A. Residential Services

(1) Basic Residential Services (Single Family and Duplexes only)

(c) Residential Compostable Services

(i) Collection Container:

CONTRACTOR shall provide each single-family and duplex customer one (1) Contractor-owned 96-gallon capacity container, green in color, topped with a hinged lid and mounted on a pair of large, rubber-tired wheels which will enable each customer to segregate compostable material, sometimes referred to as "green waste" from household refuse. Contractor estimates

that the container will safely contain one week's compostable discards of an average household participating in the containerized trash and recycling programs described in the Agreement. Contractor hereby agrees to repair or replace worn or damaged containers caused by normal wear and tear at no additional cost to the customer.

(v) Excess Compostables:

a) Three Annual Excess Compostables Collection Permitted:

Customers may set out for collection additional containers, clear yard bags or bundles of compostables up to three times per calendar year in conjunction with trash and recyclable excess collections at no additional cost. As noted with trash and recyclable collections, one such collection shall occur on the first regularly-scheduled collection following the Christmas Holiday. The other two collections may be scheduled by each customer of the CITY, at the customer's sole discretion.

b) Customer Notice: Upon the third collection of excess compostables from any customer of the CITY, the CONTRACTOR shall notify such customer, in writing, that if the customer continues to exceed the capacity of the Contractor-provided container, the customer shall be provided with an additional CONTRACTOR-supplied container(s) at rates approved from time to time by the City.

The Parties also agree to amend Resolution 1997-01 to incorporate language regarding rates for customer requests pertaining to additional Contractor provided Compostable containers. It is the intent of both parties to encourage compostable recycling efforts and to this end, limit rates thereby encouraging compostable efforts.

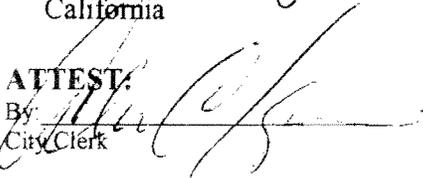
All other provisions of the Agreement shall remain in full force and effect and shall apply as applicable to this Amendment.

CITY OF BEAUMONT

**WASTE MANAGEMENT OF THE
INLAND EMPIRE, A DIVISION OF
USA WASTE OF CALIFORNIA, INC.**

By: 
Mayor, City of Beaumont,
California

By: 
District Manager

ATTEST:
By: 
City Clerk

AMENDMENT NO. 2 TO THE AGREEMENT BETWEEN THE CITY OF BEAUMONT AND WASTE MANAGEMENT OF THE INLAND EMPIRE, A DIVISION OF USA WASTE OF CALIFORNIA, INC.

This Amendment is entered into this 7th day of October, 2003, by and between the City of Beaumont, a municipal corporation of the State of California, hereinafter "City", and Waste Management of the Inland Empire, a division of USA Waste of California, Inc., a Delaware corporation, hereinafter "Contractor".

RECITALS

WHEREAS, Waste Management Collection and Recycling, Inc. and the City entered into an Agreement (the "Agreement") dated January 27, 1997, wherein the city granted Contractor an exclusive franchise to collect waste within the City, and also established rates by Resolution No. 1997-01 for all collection and disposal services provided under said Agreement.

WHEREAS, Contractor is successor-in-interest to Waste Management Collection and Recycling, Inc.; and

WHEREAS, the City and Contractor have now determined that it is in the public interest to implement certain procedures and fees for bulky waste, e-waste and CFC recycling for single-family residences in the City.

NOW THEREFORE, the parties hereto agree as follows:

The following Sections of the Agreement are hereby amended with substitutive language:

Section 1. Scope of Services.

A. Residential Services.

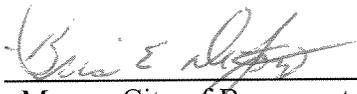
(2) Special Residential Services (Single Family and Duplexes only)

(b) Residential Bulky Waste Clean-Up:

Contractor shall collect and dispose of twice per calendar year on an "on call" basis, bulky waste which has been placed at the Collection Point or such other point as the CITY and the CONTRACTOR may agree upon in residential collection areas. All costs and expenses incurred in such collection shall be borne by the CONTRACTOR. For purposes of this Agreement, "bulky waste" shall mean and include household appliances such as furniture, carpeting, mattresses and similar large household appliances but shall exclude (i) electronic hazardous waste as defined California Health and Safety Code ("e-waste") and, (ii) appliances with "CFC" content which shall be subject to additional charges.

All other provisions of this Agreement as previously amended shall remain in full force and effect and shall apply as applicable to this Amendment

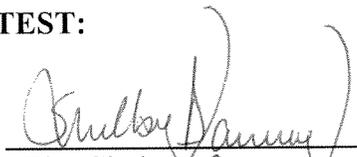
CITY OF BEAUMONT

By: 
Mayor, City of Beaumont,
California

**WASTE MANAGEMENT OF
THE INLAND EMPIRE, A
DIVISION OF USA WASTE OF
CALIFORNIA, INC.**

By: 
General Manager

ATTEST:

By: 
City Clerk *(Deputy)*

AMENDMENT NO. 3 TO THE AGREEMENT BETWEEN THE CITY
OF BEAUMONT AND USA WASTE OF CALIFORNIA, INC. D/B/A WASTE
MANAGEMENT OF THE INLAND EMPIRE

This Amendment No. 3 is entered into this 21st day of December, 2010 by and between the City of Beaumont, a municipal corporation of the State of California, hereinafter "City", and USA Waste of California, Inc., a Delaware corporation d/b/a Waste Management of the Inland Empire, hereinafter "Contractor".

RECITALS

WHEREAS, Waste Management Collection & Recycling, Inc. and the City entered into an Agreement (the "Agreement") dated January 27, 1997, wherein the City granted an exclusive franchise to collect waste within the City, and also established rates by Resolution No. 1997-01 for all collection and disposal services provided under this Agreement.

WHEREAS, Contractor is the successor-in-interest to Waste Management Collection & Recycling, Inc.

WHEREAS, the Agreement has been amended on June 19, 2001 and October 7, 2003.

WHEREAS, the parties desire to further amend the Agreement to revise the scope of services provided by Contractor.

WHEREAS, in accordance with California Public Resources Code Section 40059(a)(2), the City has determined that the public health, safety, and welfare require that an exclusive franchise be awarded to a qualified solid waste enterprise for the collection, transportation, recycling, processing, and disposal of solid waste, and for other related services, to meet the goals and objectives of AB 939.

NOW, THEREFORE, parties agree as follows:

The following Sections of the Agreement are hereby amended with substitutive language:

1. Section 1.A.(2)(b) of the Agreement is deleted in its entirety and replaced with the following:

(b) Residential Bulky Waste Clean-Up:

Contractor shall collect and dispose of twice per calendar year on an "on call" basis, bulky waste which has been placed at the Collection Point or such other point as the CITY and the CONTRACTOR may agree upon in residential collection areas. All costs and expenses incurred in such collection shall be borne by the CONTRACTOR. For purposes of this Agreement, "bulky waste" shall mean and include household appliances such as furniture, carpeting, mattresses and similar large household appliances, and electronic waste as defined in the

California Health and Safety Code (“e-waste”), but shall exclude appliances with “CFC” content which shall be subject to additional charges.

2. New Sections 1.A.(2)(i), (j) and (k) and (l) are added to the Agreement, as follows:

(i) Fluorescent Bulb Drop-Off:

Contractor will implement a program for collection of used fluorescent tubes and compact fluorescent bulbs, using a container at locations within the City designated by the City. Once filled, the container will be transported to a processing facility and a new container placed. The annual cost to Contractor to provide this service shall not exceed One Thousand Three Hundred Twenty Dollars (\$1,320.00).

(j) Used Battery Drop-Off:

Contractor will implement a program for collection of used batteries, using a container at locations within the City designated by the City. Once filled, the container will be transported to a processing facility and a new container placed. Contractor will provide for collection and processing of up to six hundred (600) pounds of used batteries each calendar year.

(k) Electronic Waste Drop-Off:

In addition to providing curbside collection of e-waste, Contractor will provide a container at locations within the City designated by the City for drop off of e-waste. Once filled, the container will be transported to a processing facility and a new container placed. This service will be provided at no additional charge.

(l) Sharps Collection:

Contractor will implement a program for collection and safe processing of “sharps waste”, through a community or mail-based program. “Sharps waste” includes, but is not limited to, hypodermic needles, pen needles, intravenous needles, lancets, and other devices used to penetrate the skin for the delivery of medications. Contractor will develop and distribute public education materials to promote this program. The first mail back container delivered each calendar year is free and additional containers will be available for a co-pay amount established from time to time by the Contractor. The initial co-pay amount will be \$5.00 per container.

3. New Section 1.B.(2)(k) is added to the Agreement as follows:

(k) Annual Clean-Up Event:

Contractor will provide containers with an aggregate volume of four hundred (400) cubic yards for an annual City-wide Annual Clean-Up Event, on a date and at the locations within the City designated by the City. In addition to collection of refuse, the annual clean-up event will also provide for the collection of used tires, using one (1) forty (40) cubic yard roll-off box, and collection of expired pharmaceuticals.

4. Section 6 of the Agreement is to be deleted in its entirety and replaced with the following:

6. This Agreement shall be for an initial period commencing on January 1, 2011 and ending on December 31, 2017, subject to the following annual extension: The term of this Agreement will be automatically extended each December 31, beginning on December 31, 2015, on an annual basis, for one additional year, making the remaining term of the Agreement three (3) years from the date of the automatic extension. Commencing with the automatic extension to occur on December 31, 2018, and thereafter, either party may give written notice to the other party of its election not to automatically extend the term. Written notice of either party's election not to automatically extend the term must be given on or before September 30, 2018, or September 30 of any subsequent calendar year. On or before June 1, 2018, Contractor will provide the City with a written reminder of City's right to elect to not automatically extend the term. Upon written notice of a party's election to not extend the term, the remaining term will be two (2) years, commencing on January 1 of the calendar year following the calendar year in which notice is delivered.

5. Section 10.G of the Agreement is amended to include the following new paragraph:

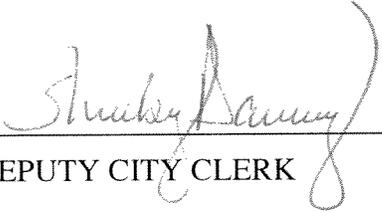
All collection vehicles shall comply applicable provisions of South Coast Air Quality Management District Rule 1193; however, the City and Contractor acknowledge and agree that Rule 1193 as amended on July 9, 2010 is not applicable, since fewer than fifteen (15) collection vehicles are utilized to provide collection services in the City. In addition, collection vehicles shall conform to applicable California Air Resources Board requirements.

6. Section 8.B.(2)(b) of the Agreement (limiting the amount of the hazardous substances liability) is to be deleted in its entirety.

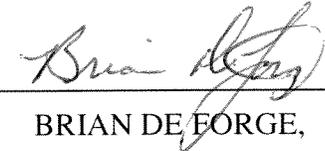
7. Except as expressly set forth herein, all other provisions of the Agreement, as amended, shall remain in full force and effect and shall apply as applicable to this Amendment No. 3.

CITY OF BEAUMONT

ATTEST:



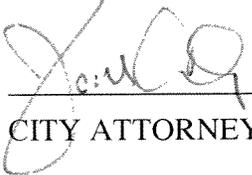
DEPUTY CITY CLERK

By: 

BRIAN DE FORGE,
MAYOR

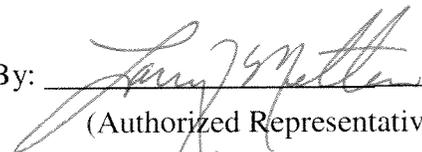
Date: 1-24-11

APPROVED AS TO FORM:



CITY ATTORNEY

USA WASTE OF CALIFORNIA,
INC., a Delaware corporation

By: 

(Authorized Representative)

Date: 1/4/11