



## CITY OF OAKLAND



ENVIRONMENTAL SERVICES • 1333 BROADWAY, SUITE 330A • OAKLAND, CALIFORNIA 94612

Public Works Agency

(510) 238-6688  
FAX (510) 238-7286  
TDD (510) 238-7644

May 26, 1998

Mr. Patrick Piette  
Division Vice President  
Waste Management of Alameda County  
172 - 98th Avenue  
Oakland, CA 94603

**RE: Second Amendment to Franchise Agreement & Annual Rate Adjustment**

Dear Mr. Piette:

Enclosed please find (1) a fully executed copy of a Second Amendment to the Franchise Agreement for Solid Waste and Yard Waste Collection and Disposal Services between the City of Oakland and Waste Management of Alameda County, and (2) an approved rate schedule for the period July 1, 1998 to June 30, 1999 for services provide by Waste Management of Alameda County.

Should you have any questions, please call me at 510/ 238-6981.

Sincerely,

A handwritten signature in cursive script, reading "Susan Kattchee". The signature is written in dark ink and is positioned above the printed name.

Susan Kattchee  
Recycling & Solid Waste Programs

cc: Brooke Levin  
Harry Schrauth  
Debbie Jeffery, WMAC

SECOND AMENDMENT TO FRANCHISE AGREEMENT

This Second Amendment by and between the City of Oakland ("City") and Waste Management of Alameda County, Inc. ("Contractor") is effective as of March 1, 1998.

RECITALS

WHEREAS, the City and Contractor entered into the Franchise Agreement for Solid Waste and Yard Waste Collection and Disposal Services (Franchise Agreement) dated December 1, 1995; and

WHEREAS, the City and Contractor entered into a Supplemental Agreement dated December 2, 1995, and the First Amendment to the Supplemental Agreement dated July 1, 1996; and the First Amendment dated October 1, 1997; and

WHEREAS, the U.S. Department of Labor no longer publishes a Consumer Price Index for the San Francisco-Oakland-San Jose Region ("C.P.I.", as defined in Section 1.13 of the Franchise Agreement) in odd-numbered months, including January; and

WHEREAS, certain rate adjustment provisions in the Franchise Agreement are based on changes in the C.P.I. as measured in January; and

WHEREAS, the City and the Contractor wish to establish a new basis for establishing rate adjustments, and

WHEREAS, the City and Contractor desire to amend the Franchise Agreement;

NOW, THEREFORE THE CITY AND CONTRACTOR DO HEREBY AGREE TO AMEND THE FRANCHISE AGREEMENT AS FOLLOWS:

1. Section 15.3 Annual Rate Adjustment is amended to read: "The Rates set forth in Exhibit B-1 shall be adjusted annually, as set forth below, commencing July 1, 1996, to reflect changes in the Contractor's costs of providing service. The changes will become effective as of July 1, 1996 and on July 1 of each succeeding year.

Year Two The Rates set forth on Exhibit B-1 will be changed effective July 1, 1996 to those shown on Exhibit B-2.

Year Three through Year Six The Rates in effect as of June 30, 1997 and as of June 30<sup>th</sup> of each succeeding year through June 2000 will be adjusted, effective as of the immediately following July 1 of each year, by multiplying each such rate by one hundred percent plus the sum of (a) one and one-half percent (1-1/2%) and (b) eighty percent (80%) of the percentage change in the Consumer Price Index between such Index as of December January in the year immediately preceding the year in which rates are being changed and December January twelve (12) months earlier. Any decreases in the Index shall be reflected as a negative adjustment. In the case of Year Three, for example, the rates in effect in June 1997 will be

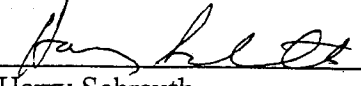
increased to reflect 80% of the percentage change in the Index between December January 1996 1995 and December January 1997-1996, plus one and one-half percent (1-1/2%).

Year Seven through Year Fifteen The Rates in effect as of June 30, 2001 and in each succeeding year of the Term will be adjusted, effective as of the immediately following July 1 of each year, by multiplying each such rate by one hundred percent plus eighty percent (80%) of the percentage change in the Consumer Price Index as of December January in the year immediately preceding the year in which the rates are being changed and December January twelve (12) months earlier."

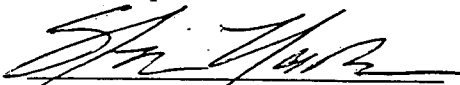
2. Section 15.4 Maximum CPI-Based Annual Increase or Decrease shall be amended to read:  
"Notwithstanding the foregoing, the maximum increase or decrease in Rates in any year after July 1996 under Section 15.3 will be five percent (5%), regardless of the amount by which the Consumer Price Index has increased or decreased during the twelve (12) month period ending the preceding December January. If the five percent (5%) ceiling is applied to limit increases or decreases in Rates in any year, the difference between five percent (5%) and the percentage by which Rates would have been increased or decreased in the absence of the ceiling will not be considered in any future year."
3. Except as expressly set forth herein, all provisions of the Franchise Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the City and Contractor have duly authorized execution of this Second Amendment to Franchise Agreement, and have executed this Second Amendment to Franchise Agreement effective the date first written above.

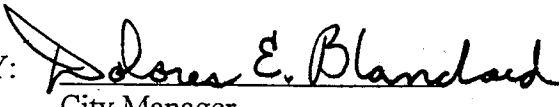
RECOMMENDED FOR APPROVAL

BY:   
Harry Schrauth  
Assistant Director, Public Works Agency  
5-13-98  
Date

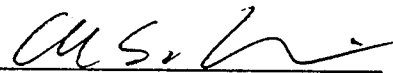
WASTE MANAGEMENT  
OF ALAMEDA COUNTY, INC.  
A California Corporation

BY:   
Region Vice President  
4-29-98  
Date

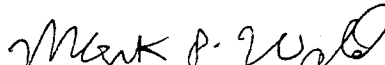
CITY OF OAKLAND  
A Municipal Corporation

BY:   
City Manager  
5-19-98  
Date

APPROVED TO FORM:

BY:   
Howard S. Yamaguchi  
Associate Group Counsel  
  
\_\_\_\_\_  
Date

APPROVED AS TO FORM & LEGALITY:

BY:   
Mark P. Wald  
Deputy City Attorney  
5/18/98  
Date