

**AMENDMENT NO. 1
TO**

**The City of Seattle Contract with
Washington Waste Systems, Inc.
for the Transportation and Disposal of Waste**

This Amendment is entered into by and between THE CITY OF SEATTLE, a municipal corporation of the State of Washington ("City"), and WASHINGTON WASTE SYSTEMS, INC. ("Contractor"). The obligations of the Contractor under this Contract and Amendment are covered by and included in the Guarantee of Waste Management, Inc. dated August 31, 1990.

Section 10 of the Contract is amended as follows:

By deleting "March 31, 2001" and substituting in its place "March 31, 2006, March 31, 2007, March 31, 2008."

Section 25(f) of the Contract is amended as follows:

By deleting "a county, municipal corporation or other entity located in King, Snohomish or Pierce counties" and substituting in its place "a county, municipal corporation, or other political subdivision of a state."

Section 110(c) of the Contract is deleted and a new Section 110(c) is substituted in its place as follows:

(c) Each container shall be held by the Private Transfer Stations for a maximum of 36 hours, except that the hours between 8:00 p.m. Friday and 6:00 a.m. Monday shall not count against the maximum time any container may be held. If one of the Private Transfer Stations holds a container longer than 36 hours, the City shall pay to the Contractor a rent of \$1.50 per hour for the additional time the container is held. The Public Transfer Stations currently utilize 12 chassis for hauling City Waste to the Receiving Facility. The Public Transfer Stations are therefore assigned 12 containers and the Contractor shall not charge rent for any of these containers held longer than 36 hours so long as the number of containers held by the City does not exceed the number of chassis. Due to increases in City Waste volume, the City may acquire additional chassis and therefore the number of assigned containers would be increased to equal the number of chassis. If one of the Public Transfer Stations holds more than the assigned number of containers for longer than 36 hours, the City shall pay to the Contractor a rent of \$1.50 per hour for each extra container held.

Section 330 of the Contract is deleted and a new Section is substituted in its place as follows:

Section 330. Backhaul and Fronthaul

(a) The Contractor is entitled to use the containers that are used for the shipment of the City's Waste for the transportation of other commodities and products, on all or part of the rail trip from the Receiving Facility to the Landfill or from the Landfill to the Receiving Facility, with the exception of food products intended for human consumption, commodities and products which are radioactive, dangerous, hazardous or extremely hazardous, unless approved in writing by the Engineering Director. The Contractor may also use other containers or railcars for the transportation of commodities and products, on all or part of the rail trip from the Receiving Facility to the Landfill or from the Landfill to the Receiving Facility.

(b) The Contractor shall pay monthly to the City an amount equal to fifty percent (50%) of the net revenue paid the Contractor for such transportation of commodities and products multiplied by a fraction equal to the proportion that the monthly City plus Partner Waste bears to the monthly tonnage of waste being transported by the City, Partners, and Contractor combined: Provided that the Contractor shall owe no payment to the City for revenue from the backhaul or fronthaul transportation of any commodities and products processed or produced on either the municipal solid waste landfill or hazardous waste landfill properties owned by Waste Management or from the transportation related to the operations of the Contractor or a Waste Management company. The Contractor shall provide to the City any necessary supporting financial information pertaining to the applicable revenue cost impacts resulting from the backhaul or fronthaul operation, including any expenses which the Contractor uses in calculating net revenue, in order to establish the calculation of net revenue to the Contractor and payments to the City.

Section 430(d) of the Contract is amended by adding the following language at the end of the first sentence:

or continue to transport and dispose of the City's Waste at the Primary Landfill at the prices set forth in Section 500.

Section 430(i) of the Contract is deleted.

Section 500(a) of the Contract is deleted and a new Section 500(a) is substituted in its place as follows:

(a) Base Price. The following base amount per ton for each ton of Waste delivered to the Receiving Facility (subject to the annual adjustments in Section 520 unless otherwise indicated):

- (i) As of April 1, 1996, the base amount per ton is \$44.873 (1996 Dollars);
- (ii) On April 1, 1997, there will be no adjustment made in accordance with Section 520 and the base amount per ton will become \$41.571 (1997 Dollars);
- (iii) Commencing April 1, 1998, and continuing until March 31, 2002, the base amount per ton will be calculated using the annual adjustment in Section 520, as amended;
- (iv) On April 1, 2002, there will be no adjustment made in accordance with Section 520 and the base amount per ton will become \$43.725 (2002 Dollars);
- (v) Commencing April 1, 2003 and continuing through the duration of the Contract, the base amount per ton will be calculated using the annual adjustment in Section 520, as amended.

The Contractor shall bill the City for 25 tons for any container delivered with less than 25 tons.

Section 500(b) of the Contract is amended by adding the following subsections:

- (x) partnership offset transportation credits, Section 510; and
- (xi) credits for weight, Section 500(c).

Section 500(b)(ii) of the Contract is amended as follows:

By substituting "36 hours" for "24 hours."

Section 500 of the Contract is amended by adding a new subsection (c) to read as follows:

(c) Credit for Weight. The City shall receive a credit each month that the average weight per container load delivered to the Receiving Facility from the Public Transfer Stations and the Private Transfer Stations (excluding those owned by the Contractor or its affiliates) exceeds 28 tons. Each ton exceeding the 28 ton average will be credited at \$5.00 per ton or pro-rata portion thereof. For example, if the average weight per load contained in the 1,000 eligible containers delivered to the Receiving Facility in a particular month is 29.5 tons, the City would receive a credit of \$7,500 (1,000 containers x 1.5 tons extra weight = 1,500 tons x \$5.00 per ton = \$7,500 credit). The

credit will be deducted from the applicable month's invoice and calculated in the form of a Lotus, Excel, or similar spreadsheet that will be available to the City each month.

Section 510 of the Contract is deleted and a new Section 510 is substituted in its place as follows:

Section 510. Partnership Incentive.

(a) The City may contract with a Partner for the purpose of transporting and disposing of Partner waste with the Contractor, subject to comparable terms and conditions as apply to the City in this Contract. The Contractor shall charge the City for Partner waste at the same prices that it charges for City Waste.

(b) In order for the Contractor to be obligated to accept the Partner waste on the terms and conditions described in subsection (a) and in order for the City to be entitled to the payment offset described in subsection (c), the following conditions must be met:

- (i) The City must arrange for and execute an agreement with the Partner obligating the Partner to transport and dispose of waste with the Contractor;
- (ii) The term of the agreement with the Partner must be for five (5) years or more of service by the Contractor;
- (iii) If the Partner agreement proposes to use a receiving facility other than the Primary Receiving Facility, the parties will negotiate the use, price, and other conditions of using another receiving facility.

(c) For each ton of Partner waste delivered to the Receiving Facility, the City shall each month receive an offset to be credited against the monthly payment it is otherwise obligated to pay the Contractor under Section 500. The amount of the City's offset shall be calculated as the sum of (i) and (ii) as follows:

- (i) For every ton of Partner waste up to 100,000 tons per year (the year for purposes of the calculation in this Section begins on the date that the first Partner commences the regular delivery of its waste to the Contractor and the calculation of Partner tonnage includes the aggregate of tonnage delivered by all Partners), the City shall receive an offset transportation credit of \$3.00 per ton; and
- (ii) For every ton of Partner waste in excess of 100,000 tons per year, the City shall receive an offset transportation credit of \$1.50 per

ton.

(d) The City is entitled to charge the Partner whatever price it determines appropriate for any collection, transfer, compaction, transportation or other services it provides in respect to Partner waste.

(e) The City's offset credit in subsection (c)(i) and (ii) above shall be adjusted annually in accordance with the CPI adjustment in Section 520.

Section 515 of the Contract is amended as follows:

By requiring that the City's forecast of waste in subsection (a) also include any "Partner waste," and

By deleting subsections (b), (c), and (d).

Section 520 of the Contract is deleted and a new Section 520 is substituted in its place as follows:

Section 520. Annual CPI Adjustments in Base Prices.

(a) The base prices for the years of service commencing April 1, 1996 and April 1, 1997 shall not be adjusted in accordance with this Section.

(b) Commencing April 1, 1998, the SWU will annually adjust the base price using the CPI adjustment described in subsection (c) below; provided that no CPI adjustment shall be made in the base price for the year of service commencing April 1, 2002.

(c) The CPI adjustment (increase or decrease) shall be made annually to the base price, except for these years expressly excluded from such adjustment in Section 500 (a), effective April 1 of each year, by multiplying the base price in the immediately preceding year by 80% of the change in the "Consumer Price Index" (CPI) for the prices paid through March 31, 2003, and by 70% of the change in the CPI for prices paid thereafter (i.e., the base price paid beginning on April 1, 2003 will be the 2002 base price of \$43.725 adjusted to reflect 70% of the change in the CPI for the year 2002). For purposes of this Contract, the CPI utilized shall be the one computed by the United States Department of Labor, Bureau of Labor Statistics, for the Seattle-Tacoma Metropolitan Area for Urban Wage Earners and Clerical Workers, or a successor index produced by the United States. If the U.S. ceases to publish such an index for the Seattle-Tacoma area, then its index for the Puget Sound Region or the State of Washington shall be used, and if such indices are not available, a similar index proposed by another governmental agency

shall be used.

Section 860(b) of the Contract is amended by adding the following language at the end of Section 860(b):

In addition to the liquidated damages paid by the Contractor for every minute which exceeds the 20-minute average as specified above, the Contractor shall pay the City \$1.25 per minute for every individual truck trip at the Receiving Facility that exceeds a 30 minute turnaround period. The time periods shall be measured using the times recorded on the electronic card reader at the scale house; if the electronic card reader is unavailable, the bill of lading (J1) shall be utilized instead.

Section 860(c) of the Contract is amended as follows:

By deleting "\$0.05 per minute" and substituting in its place "\$1.25 per minute."

By adding the following sentence at the end of the subsection: "In addition to the credit for every minute which is less than a 15-minute turnaround average as specified above, the City shall pay to the Contractor \$1.25 for each minute that an individual truck trip at the Receiving Facility is less than a 10 minute turnaround period."

Section 860(e) of the Contract is deleted.

Section 970 of the Contract is amended by changing the Contractor and Guarantor addresses to read as follows:

To Contractor:	Vice President Washington Waste Systems, Inc. 13225 NE 126th Place Kirkland, WA 98034
	Office of the Secretary Washington Waste Systems, Inc. c/o Waste Management, Inc. 3900 South Wadsworth Boulevard, Suite 800 Lakewood, CO 80235

To Guarantor:	General Counsel WMX Technologies, Inc. 3003 Butterfield Road Oak Brook, IL 60521
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Effective Date. This Amendment shall become effective on the first day of the month following its execution by both parties.

"CONTRACTOR"

"CITY"

WASHINGTON WASTE SYSTEMS, INC.

THE CITY OF SEATTLE, a municipal corporation of the State of Washington

By: _____
ARTHUR J. DUDZINSKI,
Vice President

By: _____
NORMAN B. RICE, Mayor

Dated: _____

Dated: _____

Authorized by Ordinance No. _____.