



WASTE MANAGEMENT OF
ALAMEDA COUNTY, INC.
172 98th Avenue
Oakland, CA 94603

June 13, 2014

Susan Kattchee
Zero Waste Services RFP Project Manager
City of Oakland
250 Frank H. Ogawa Plaza
Suite 5301
Oakland, CA 94612-2034

Re: Zero Waste Services RFP; Response to Best and Final Offer Request

Dear Ms. Kattchee:

Waste Management of Alameda County, Inc. ("WMAC") is in receipt of your June 4, 2014 solicitation for "Best and Final Offers" for Zero Waste Services, and the follow up addenda dated June 6, 11, and 12, 2014. As indicated in our protest letter emailed June 6, 2014 to the Mayor and Council following the Council's May 29th meeting, WMAC believes the City's request for additional and/or modified Best and Final Offers, and the process it has now adopted to such offers, is an unjustified departure from the procurement process represented to proposers and on which WMAC relied. As such, we believe the new solicitation is contrary to requirements for, and violates the terms and conditions of the Zero Waste Procurement process.

WMAC participated in the request for Zero Waste Services proposals in good faith, and followed the dictates of that process as required by the City. As detailed in our recent letter to the Council, WMAC abided by all terms and conditions of the Request for Proposals ("RFP"); it proposed alternatives and took contract exceptions as allowed, and provided for, as part of the RFP. We participated in good faith in multiple negotiations with the City staff based on WMAC's innovative proposal with the purpose of reaching agreement on specific programs, approaches, alternatives and contract terms as referenced in our original RFP response. This same process was available to all participants; however, apparently not all proposers took such an approach. Subsequently, the City derailed the approved process and took such action even though it was readily apparent that WMAC's proposal is superior to all others.

Further, consistent with the approved procurement process, WMAC has *already* provided a Best and Final Offer ("BAFO") on May 19, 2014, with an effective date of May 2, 2014, as requested by the City staff of both RFP participants. That proposal, which is scheduled to expire on June 30, 2014, was based on the considerations, alternatives and exceptions that WMAC presented as part of its response to the procurement process and as negotiated with City staff. WMAC believes its BAFO is the only offer that is, or will be, consistent with the terms and conditions of the agreed-to procurement process, and the only proposal that is fully compliant with the requirements of the Zero Waste system.

Consequently, and without waiving any of its rights and/or legal remedies, WMAC responds to the City's revised request, as detailed below, by modifying certain of the rates in its May 2, 2014 BAFO, and by extending the termination date of its earlier BAFO to July 31, 2014. However, in doing so WMAC is not conceding that the City's most recent request is either appropriate or consistent with the terms and conditions of the RFP process.

In addition, we are extremely disappointed that the City staff in its "allowable amendments" in effect revealed WMAC's work product presented by our company during its confidential negotiations with staff. We were told that this information would not be revealed to our competitor, and certainly not for the sole purpose of benefitting that competitor, without fair and reasonable notice to WMAC. The City clearly abandoned that commitment.

Again, without waiving its rights, or conceding the City's conduct is consistent with the established RFP process, WMAC provides the following responses, along with the attached forms, to the City's most recent requests:¹

1) Service Group 1

a) *Attachment A - "Best and Final Offer Terms – REVISION #2"*

WMAC has completed Attachment A by indicating whether we accept certain MM&O contract terms as summarized. Such responses are qualified by what is stated above, as well as the statements below.

Term of Contract – This language summarizes what has been negotiated with staff and WMAC's previous BAFO. As such, we agree in principle with Nos. 1 and 2.

Service Standards

No. 1 – This language summarizes what has been negotiated with staff and WMAC's previous BAFO. As such, we agree in principle with this language. However, in the event that the Service Group 1 contract is not awarded to WMAC, it will remove all of its carts at the termination of the existing contract.

No. 2 – This language conceptualizes what has been negotiated with staff and WMAC's previous BAFO. As such, we agree in principle with this concept. However, we would request that the

¹ WMAC's responses in this letter and in the City-provided form are conditioned upon the City agreeing to the more detailed terms and conditions already negotiated by the parties as expressed in the draft franchise agreements.

City clarify the circumstances under which contamination levels would trigger WMAC and/or City nuisance abatement action.

Charges and Rates

This language summarizes what has been negotiated with staff and WMAC's previous BAFO. As such, we agree in principle with this language.

Quality of Performance of Contractor

No. 1 - WMAC agrees with most, but not all, of the revised changes to LD's, as they reflect most of the changes recently negotiated with City staff. Additional revisions will be separately raised.

No. 2 - This language summarizes what has been negotiated with staff. As such, we agree in principle with this language. WMAC believes that prior to assessing certain LDs, the City shall give Contractor notice and be obligated to meet and confer regarding the imposition of such damages. The specific LDs subject to such a system will be agreed to in advance.

Indemnification

This language summarizes what has been negotiated with staff and WMAC's previous BAFO. As such, we agree in principle with the concepts expressed in Nos. 1 through 3.

Defense of Contractor's Rights

As indicated to the City in our earlier proposals and in negotiations, WMAC believes that it is critical that revisions to the City's municipal code be adopted to allow WMAC to protect its franchise rights, and that the City cooperates in such efforts. As you know, our BAFO is contingent on the City taking all appropriate measures to ensure WMAC can enforce its franchise rights as of the effective date of the Agreement.

The concept summarized in No. 1 is what has been negotiated with staff and WMAC's previous BAFO. As such, we agree in principle with this language.

Obligation to Provide Service

This language summarizes what has been negotiated with staff and WMAC's previous BAFO. As such, we agree in principle with this language.

Default of Contract

This language summarizes what has been negotiated with staff and WMAC's previous BAFO. As such, we agree in principle with this language.

Contractor Modifications and Changes in Law

This language summarizes what has been negotiated with staff and WMAC's previous BAFO. As such, we agree in principle with this language.

b) Attachment B – liquidated damages

WMAC has negotiated LDs with the City staff that are acceptable to the Company; the most recent list issued by the City does not include all of those negotiated changes, and in some cases the proposed LDs are inapplicable. With this reservation, WMAC is generally in agreement with the list provided.

c) For comparison purposes, use \$50.00/ton for the disposal number.

WMAC has done this with regard to its rates, although the actual fee is less.

d) Provide the generation factor on Form 2 and submit.

WMAC has done this in the attached Form 2.

e) Provide any exceptions to the insurance requirements as stated in the contract dated November 16, 2012, for review and agreement by the City's Risk Manager.

WMAC has already provided exceptions to insurance requirements as part of its compliant response to the RFP and in its May 19, 2014 BAFO.

f) Provide a written description of any change in services or outcomes from your original proposal submitted on January 9, 2013.

WMAC has already provided a list of alternatives to service requirements as part of its compliant response to the RFP and in its BAFO dated May 19, 2014. However, to provide further options to the City, WMAC has attached a list potential rate reductions tied to additional service adjustments. See attached "Addendum to Rate Sheet Forms".

g) If you are offering any alternatives or any modifications to your proposal(s) for the services or requirements beginning on July 1, 2015 as defined in the final RFP MM&O Contract Articles 8, 9, 10, 11 or 12, please state and indicate your best and final offer.

WMAC has already identified service alternatives in its compliant response to the RFP and the May 19, 2014 BAFO.

h) *Article 7 – Charges and rates – SFD customer billing shall be quarterly.*

WMAC's SFD billing will be quarterly.

i) *If any element of the best and final offer affects the information you provided in Forms 1 – 15 that you provided in your original proposal submitted January 9, 2013, please submit the amended forms.*

Attached is a modified Form 2. The diversion percentage information in Form 15 was included in WMAC's May 19, 2014 BAFO.

2) Service Group 2

a) *Attachment B – “Best and Final Offer Terms – REVISION #2”*

WMAC has completed Attachment B by indicating whether we accept certain RR contract terms as summarized. Such responses are qualified by what is stated above, as well as the statements below.

Service Standards

No. 1 - WMAC does not agree. Also, in the event it is not awarded the contract, it will be removing all carts at the termination of the existing franchise agreement.

No. 2 - This language summarizes what has been negotiated with staff and WMAC's previous BAFO. As such, we agree in principle with this language. However, it will be removing all of its carts by the first day of the new franchise agreement in the event it does not receive the contract award.

No. 3 - WMAC is not intending to use existing trucks as spares. However, use of older trucks for an interim period of time may be necessary as the 18-month transition period specified in the RFP is no longer applicable.

No. 4 - This language summarizes what has been negotiated with staff and WMAC's previous BAFO. As such, we agree in principle with this language.

Charges and Rates

No. 1 - This language summarizes what has been negotiated with staff and WMAC's previous BAFO. As such, we agree in principle with this language.

No. 2 – This concept is acceptable based on the unit numbers recently provided by the City. See Attached Form 2A.

Other

No. 1 – WMAC does not believe that making a cash payment to the City for purposes of a contract term amendment is appropriate given the interest in reducing rates. WMAC chose to make multi-service and other discounts for the benefit of the ratepayers.

No. 2 - WMAC does not believe that making a cash payment to the City in exchange for a contract term amendment is appropriate given the interest in reducing rates. WMAC chose to make multi-service and other discounts for the benefit of the ratepayers.

b) *Provide a written description of any change in services or outcomes from your original proposal submitted on January 9, 2013.*

WMAC has already provided a list of alternatives to service requirements as part of its compliant response to the RFP and in its May 19, 2014 BAFO.

c) *Provide any exceptions to the insurance requirements as stated in the contract dated November 16, 2013, for review and agreement by the City's Risk Manager.*

WMAC has already provided exceptions to the insurance requirements in its compliant response to the RFP.

d) *If you are offering any alternatives or any modifications to your proposal(s) for the services or requirements beginning on July 1, 2015 as defined in the final RFP MM&O Contract Articles 8, 9, 10, 11 or 12, please state and indicate your best and final offer.*

WMAC has already provided service alternatives as part of its compliant response to the RFP and in its May 19, 2014 BAFO.

3) Service Group 3

WMAC reiterates its objection to the City's apparent decision to abandon the RFP process entirely with respect to disposal services. Indeed, the RFP's protocol sets forth a protest period with respect to proposed services in each service group. No protest was filed by any proposer, or non-proposer, and no entity proposed on Service Group 3 other than WMAC. Consequently, entertaining non-conforming proposals at this time is clearly contrary to the defined procurement process on which WMAC relied in submitting its original proposal. WMAC stands by this original proposal, including the exception it took to the draft contract's "Most Favored Nations" pricing clause. Moreover, while we understand the City's intent is to impose in-county fees and taxes on out-of-county services, WMAC believes that enforcement of such taxes and fees on out-of-county disposal is subject to legal challenge. For

example, Measure D fees are imposed on waste landfilled in Alameda County, collected by the disposal facility, and then paid to StopWaste.org. Measure D does not grant the City the authority to separately impose and collect such fees on out-of-county waste.

- a) ***There are no changes allowed for the Disposal Contract except for the deletion of Section 6.07.1 – Franchise Fee.***

WMAC raised certain Disposal Contract exceptions in its SG3 proposal, and has negotiated with City staff certain changes to the draft Disposal Contract, as reflected in its May 19, 2014 BAFO. Included among those changes is the elimination of Section 6.01.1.2 (“most favored nations” pricing clause). Based on subsection (d) below, however, we understand that the City is willing to negotiate Disposal Contract changes that were properly raised by a proposer in a compliant response to the RFP.

- b) ***If submitting a new or revised location for disposal services, provide a surety bond per Form 3 along with your best and final offer.***

WMAC disagrees that proposing a new or different disposal facility at this time is compliant with the City’s procurement process.

- c) ***Proposers should note the requirements in the Disposal Services portion of the RFP in Section 3.1.9 Disposal, which describes that the identified government fees must be including in the Disposal Tipping Fee, regardless of the location of the Landfill. This requirement specifically includes the Alameda County “Measure D” fee, the ACWMA “Facility” fee, and the ACWMA Household Hazardous Waste fee.***

WMAC has already identified all fees applicable to the Altamont Landfill.

- d) ***Any Exceptions taken to the original requirements must be stated clearly.***

WMAC has already stated its contract exceptions in its compliant response to the RFP.

With respect to the City’s request for Local 6 wages, \$20 by 2020 and family health benefits; EMBUD, commitment of commercial food scraps to East Bay Municipal District digester; Green Cart for Multi-family – (see Table 5 from the Council Report from May 29, 2014 for options being considered by the Council); and, Bulky Waste Services for multi-family building tenants, please see WMAC’s responses in the attached Addendum to Rate Sheet Forms.



June 13, 2014

We hope the information provided in this submittal is helpful. Should you have any questions, or which to discuss these any matters further, please let us know.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Barry Skolnick', with a long horizontal flourish extending to the right.

Barry Skolnick

President, Waste Management of Alameda County, Inc.
Area-Vice President, Northern California-Nevada

CITY OF OAKLAND



DALZIEL BUILDING · 250 Frank H. Ogawa Plaza · Suite 5301 · OAKLAND, CALIFORNIA 94612-2034

Oakland Public Works
Bureau of Facilities and Environment

FAX (510) 238-7286
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ADDENDUM NO. 1

June 6, 2014

Subject: Best and Final Offer Instructions and Term Sheets
To: All Eligible Proposers

The clarifications, additions and/or deletions contained in this **ADDENDUM** shall be made a part of the best and final offer for the Zero Waste Services RFP.

Clarification: Replace the Best and Final Offer Term Sheet SG1 and the Best and Final Offer Term Sheet SG2, dated June 4, 2014, with the attached Best and Final Offer Term Sheet SG1 REVISED, Best and Final Offer Term Sheet SG2 REVISED. These revised documents incorporate changes to the RRI provisions, which are shown in their correct form here:

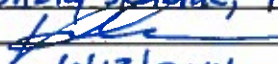
1. Changes to Refuse Rate Index
 - a. The annual RRI ceiling will be 6% and anything less than 8% will carry forward to next year, except in the final year when the RRI ceiling will be 8%
 - b. Floor will be -5%
 - c. Franchise and Government Fees will be included in weighted average and not subject to any cap or carry-forward.
 - d. Any rate increase in Local 70 Labor Cost Category that is greater than what would be allowed under current Local 70 CBA will be included equally over three years. Differential increase will be exempt from annual cap and carry-forward.

Proposers are required to note this Addendum No. 1, and sign this Addendum No. 1 and submit it with their best and final offers.

Sincerely,


for Susan Kattchee

Zero Waste Services RFP Project Manager

ADDENDUM NO. 1	DATED: 6-6-14
COMPANY / AGENCY NAME:	<u>WASTE Management of Alameda Co., Inc.</u>
COMPANY ADDRESS:	<u>172-78th Ave, Oakland, CA.</u>
REPRESENTATIVE'S NAME:	<u>Brian Skolnick, President</u>
SIGNATURE:	<u></u>
DATE:	<u>6/13/2014</u>



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ADDENDUM NO. 2

June 11, 2014

Subject: Best and Final Offer Maximum Service Rate Sheets and Term Sheets
To: All Eligible Proposers

The clarifications, additions and/or deletions contained in this **ADDENDUM** shall be made a part of the best and final offer (BAFO) for the Zero Waste Services RFP.

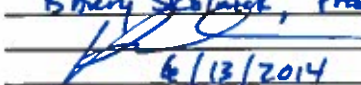
1. Clarification: For the purposes of resubmitting Maximum Collection Service Rate Forms reflecting a proposer's BAFO as requested in the City's instructions dated June 4, 2014, Service Group 1 (MM&O) proposers should assume Disposal Services will be provided at the Altamont Landfill and Resource Recovery Facility, the sole proposed Disposal Facility at this time. In the event that a proposer submits a new or revised location for Disposal Services, the City may request the MM&O proposers to resubmit Maximum Collection Service Rate Proposal Forms for such newly proposed disposal facility.
2. Clarification: For the purposes of resubmitting Maximum Collection Service Rate Proposal Forms reflecting a proposer's BAFO as requested in the City's instructions dated June 4, 2014, proposers shall note the following:
 - Service Group 1 (MM&O): All rates provided on Forms 2A through 2J must be based on the BAFO terms selected by the proposer, and not shown as separate percentage discounts. Proposers shall provide percentage figures for the Multi-Service Discounts on Form 2K, and the Lien Process/Property Assessment Adjustment and Call Center Adjustment required on Form 2, which must be submitted with the BAFO.
 - Service Group 2 (RR): Service Group 2 (RR): All rates provided on Forms 2A and 2B must be based on the BAFO terms and conditions selected by each proposer, and not shown as separate percentage discounts. Proposers shall provide percentage figures for the Multi-Service Discounts on Form 2C.
3. Clarification: Replace the RR Collection Services Form 2 Maximum Recycling Service Rates Proposal with the RR Collection Services Form 2 Maximum Recycling Service Rates Proposal REVISED, which adds an option to provide pricing on the basis of dollars per household per month.



4. Clarification: Replace the Best and Final Offer Term Sheet SG1 REVISED, dated June 6, 2014, with the attached Best and Final Offer Term Sheet SG1 REVISION #2. This revised document incorporates the following addition to the RRI provision:
- The Bureau of Labor Statistics Index Series ID: ceu6056210008 – Service Producing Industries used to calculate changes in the RRI Labor Category is replaced by the actual changes in the Labor and Health and Welfare Benefits of a specific employee category in each of the Collective Bargaining Agreements utilized to provide services under the MM&O Contract.
5. Clarification: Replace the Best and Final Offer Term Sheet SG2 REVISED, dated June 6, 2014, with the attached Best and Final Offer Term Sheet SG2 REVISION #2. This revised document incorporates the following:
- Addition to the RRI provision:
 - The Bureau of Labor Statistics Index Series ID: ceu6056210008 – Service Producing Industries used to calculate changes in the RRI Labor Category is replaced by the actual changes in the Labor and Health and Welfare Benefits of a specific employee category in each of the Collective Bargaining Agreements utilized to provide services under the MM&O Contract.
 - Change to Charges and Rates provision
 - Per-unit per month payment for Multi-family Dwellings instead of per-ton payment.

Sincerely,


Susan Kattohee
Zero Waste Services RFP Project Manager

ADDENDUM NO. 2	DATED: 6-11-14
COMPANY / AGENCY NAME:	<u>WASTE Management of Alameda Co, Inc.</u>
COMPANY ADDRESS:	<u>172-98th Avenue, Oakland, CA.</u>
REPRESENTATIVE'S NAME:	<u>Bruno Skolnick, President</u>
SIGNATURE:	<u></u>
DATE:	<u>6/13/2014</u>



CITY OF OAKLAND



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ADDENDUM NO. 3

June 12, 2014

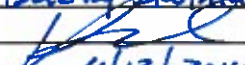
Subject: Best and Final Offer Submittal Instructions
To: All Eligible Proposers

The clarifications, additions and/or deletions contained in this **ADDENDUM** shall be made a part of the best and final offer for the Zero Waste Services RFP.

Clarification: Submittal of Best and Final Offers for the City of Oakland Zero Waste Services RFP, which are due by noon on Friday June 13, 2014, shall be by email simultaneously to both the zerowasterfp@oaklandnet.com email box and to the City Clerk at CityClerk@oaklandnet.com.

Sincerely,


for Susan Kattchee
Zero Waste Services RFP Project Manager

ADDENDUM NO. 3	DATED: 6-12-14
COMPANY / AGENCY NAME:	<u>WASTE Management of Alameda Co, Inc.</u>
COMPANY ADDRESS:	<u>172-98th Avenue, Oakland, Ca.</u>
REPRESENTATIVE'S NAME:	<u>Bary Skolnick, President</u>
SIGNATURE:	<u></u>
DATE:	<u>6/13/2014</u>





WASTE MANAGEMENT OF
ALAMEDA COUNTY, INC.
172 98th Avenue
Oakland, CA 94603

June 23, 2014

Susan Kattchee
Zero Waste Services RFP
250 Frank H. Ogawa Plaza, Suite 5301
Oakland, CA 94612

Re: BAFO's for the City of Oakland Zero Waste Services RFP

Dear Ms. Kattchee:

We are in receipt of the City of Oakland's June 17, 2014 request for additional responses regarding the above-referenced BAFO's. The City's most recent request asked two questions of Waste Management of Alameda County, Inc. ("WMAC"):

1. Would WMAC provide any additional discount for an initial 15-year term for MM&O and/or RR? If so, how much?
2. Is WMAC interested in submitting an additional set of MM&O BAFO rates for disposal at Republic Services' Vasco Road Landfill? If so, could WMAC do so this week?

Regarding Question No. 1, under Generally Accepted Accounting Principles ("GAAP"), WMAC's trucks and containers are most appropriately depreciated over a period not to exceed 10-years. GAAP depreciation guidelines are not dispositive of Fair Market Value (FMV) but merely the guidelines we to use to write down and expense our Capital purchases. Davis Street and 98th Avenue "land" does not depreciate under GAAP but buildings and equipment do. Most of the buildings and infrastructure required to meet Oakland's Zero Waste RFP objectives are "built" at 98th Avenue, Davis Street and the Altamont are being depreciated under 20-year and 30-year schedules. Equipment such as MRF equipment, CNG fueling stations, sort lines, etc., are depreciated on a variety of schedules from 5 years to 15 years. Subsequent improvements and additions to our facilities (e.g. IWPF, Altamont's CASP & RAC composting, additional slow-fill CNG) will be depreciated under a new 10-year schedule. As a result, a "minimum" of 15-years or 20-years in the MMO and RR contracts do not provide WMAC an economic benefit resulting in a discount.

Another, and perhaps more important, consideration is the probable changes that can occur over the next decade in the legal, economic and solid waste services context. It is prudent for both parties to

take advantage of the contract's seventh-year review procedure and to have the option to extend the contract on terms and conditions more appropriate to the then-current landscape. This protects the City from substantial unanticipated rate increases, and protects the Contractor from absorbing unanticipated losses. WMAC believes that this presents the best partnering approach to ensure a fair and equitable arrangement.

Regarding Question No. 2, we are not able to and will not provide pricing for disposal services at Republic Services' Vasco Road Landfill or any other landfill given the fact that Vasco Road is not a qualified proposer for Service Group 3 (Disposal). We are very concerned that a possible inference from your request and clarification response is that the City may be considering whether a new Disposal submission tendered on June 13th could be considered under the RFP process, City resolutions or applicable law.

As stated in the City Administrator's report to the City Council dated April 18, 2013, the Council, by resolution, approved and adopted a Zero Waste procurement process that was conducted pursuant to a Request for Proposals that was issued into two stages, the first of which was for disposal services which was released on August 3, 2012. One responsive proposal was received for Service Group 3, which was from WMAC. Neither Republic, nor California Waste Solutions ("CWS"), nor any other company, for that matter, proposed on Service Group 3. The proposal evaluation criteria and weighting was conducted pursuant to City Resolution 83783, and WMAC was identified as the top-ranked proposer in Services Group 3. As mentioned, no other companies submitted any proposal in response to the RFP for disposal services, and no other company, including CWS, filed any protest regarding the ranking of WMAC for Service Group 3 during the five-day protest period, which expired long ago. Consequently, the City staff was authorized to enter into contract negotiations only with WMAC for Disposal services pursuant to Council resolution. As a result, we do not believe staff has the authority to negotiate Disposal services with any other provider, or to entertain proposals from any other provider. Therefore, it would be inappropriate and unauthorized for WMAC to provide pricing for disposal services at Vasco Road.

Moreover, WMAC relied on the representations made by the City in its RFP process, and has at all times abided by that process in good faith. To even consider proposals from service providers who chose not to propose in response to the RFP by the deadline, did not at any time provide fully compliant proposals, including fees and sureties, and did not spend hundreds of thousands of dollars in preparing RFP responses, as did WMAC, is not only contrary to the procurement process, it cannot be considered an act in good faith.

What is equally alarming is that the City recently published the WMAC Disposal rate to third parties and would now potentially entertain another Disposal proposal from a third party after all deadlines and protest periods have expired. This clearly gives a third party the unfair advantage of knowing WMAC's rates in formulating their response and using WMAC's proprietary information for its proposal, long after the deadline for Disposal proposals has passed. The City's conduct in considering non-compliant Disposal service proposals is obviously contrary to the established procurement process on which WMAC relied, and exposes the City to legal liability. Be advised that WMAC will, and must, protect and preserve all of its legal rights and remedies and protests the City potential consideration of time barred and non-compliant Disposal proposals.

Moreover, even if the City were allowed to consider Vasco Road for disposal services, WMAC would not provide pricing for the Vasco Road landfill, nor would it be agreeable to delivering waste to Vasco Road. Indeed, we believe the Vasco Road facility is clearly inferior to WMAC's Altamont Landfill for a number of reasons. First, the Altamont's daily capacity limit is more than 11,000 tons; Vasco's is 2,518 tons of which Oakland's waste would represent nearly 30 percent. Just as important, the Altamont has remaining capacity for 40+ years; Vasco Road's anticipated closure date (according to its Solid Waste Facility Permit and Conditional Use Permit), is 2022, which is insufficient to accommodate the new 30-year Oakland disposal contract. Moreover, if Oakland's waste were to go to Vasco Road, the landfill's closure date would likely be accelerated. Second, WMAC's higher paid Local 6 union employees would likely lose their jobs in the event Oakland's waste were diverted to Vasco Road's lower paid Local 6 union employee jobs, which is something that WMAC obviously cannot support. Third, the Altamont landfill has multiple automated scales, green safety runway lighting for use in fog and inclement weather as well as truck washing and wheel washing. Upon the opening of Fill Area II, we will install additional scales and truck washing. Fourth, we believe access to Vasco Road adversely impacts our trucks, provides additional traffic issues, causes our fleet to travel through residential areas and creates safety issues for our employees. Please see attached photos 1 through 4:

- Photo 1: Vasco Road and 580 clearly depicts the residential neighbors, which line North Vasco Road leading to the landfill. The families whose children attend Leo Croce Elementary School, Altamont Creek Elementary School and Andrew Christensen Middle School and play in the Bill Clark and North Front Parks may have issues with additional tractor-trailers hauling 25-ton loads of garbage to the Vasco Road landfill. Just as important, Vasco Road is lined with commercial establishments, fast food restaurants and other commercial businesses.
- Photo 2: Altamont Pass and 580 clearly depicts the lack of any residential neighborhoods, traffic and is more of a rural setting away from homes, schools and parks.
- Photo 3: Vasco Road landfill's paved haul road ends long before the landfill workface, which would result in adverse wear and tear and other impacts on our trucks. Additionally, Vasco

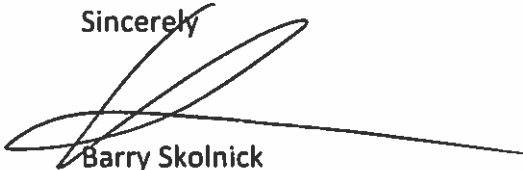
Road landfill currently lacks many of the safety features already in place at the Altamont landfill.

- Photo 4: Our Altamont landfill has paved haul roads to the work face as well as a drop and hook yard. Within the drop and hook yard, our tractors drop full trailers of waste and leave with empty trailers while other specially designed equipment takes the trailers over the unpaved area to the tippers at the working face of the landfill. Our tractors do not enter the landfill workforce or travel off paved surfaces reducing potential safety issues and wear and tear on the equipment. Additionally, our tippers operate off CNG fuel versus diesel fuel, which has less environmental impacts than Vasco's tippers. Lastly, Oakland's waste deposited into the Altamont landfill may be converted to carbon-neutral transportation fuel for use in Oakland's collection vehicles.

Overall, we believe the Altamont is the best operational and environmental disposal facility for the City. As the City of Berkeley recognized in awarding its disposal contract to the Altamont pursuant to an RFP in which Vasco Road participated – **"The Altamont Landfill offered the best environmental disposal option as well as the most innovative reuse of existing waste . . . We felt the Altamont Landfill had the most advanced environmental controls and was in alignment with the City's Zero waste plan. The company continues to provide quality service."** (Letter from Ken Etherington, Division Manager, City of Berkeley, Solid Waste Management Division, to the City of Oakland, Office of Public Works Agency, dated November 8, 2012).

We hope this response answers your questions. Should you wish to discuss these matters further, please give me a call.

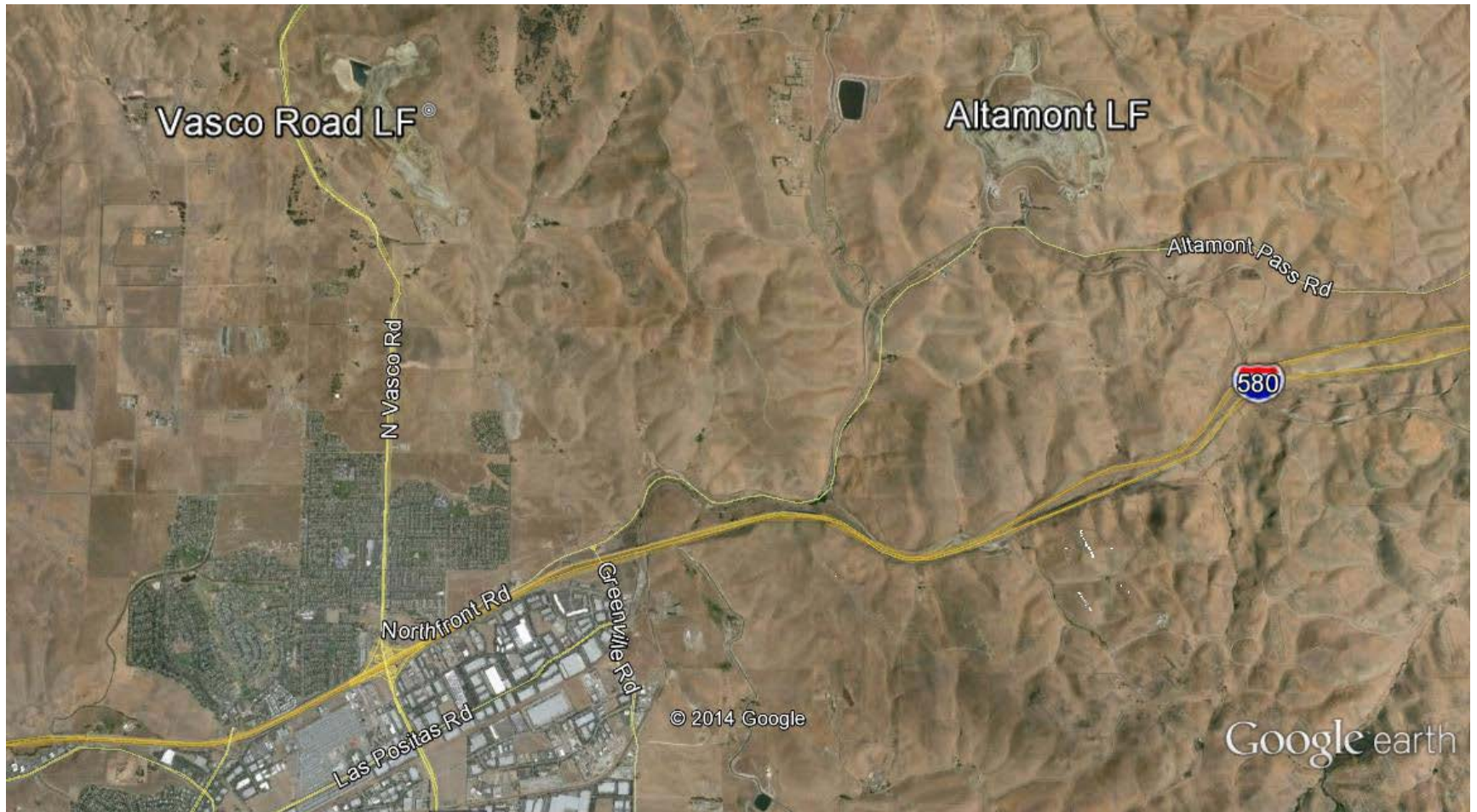
Sincerely



Barry Skolnick

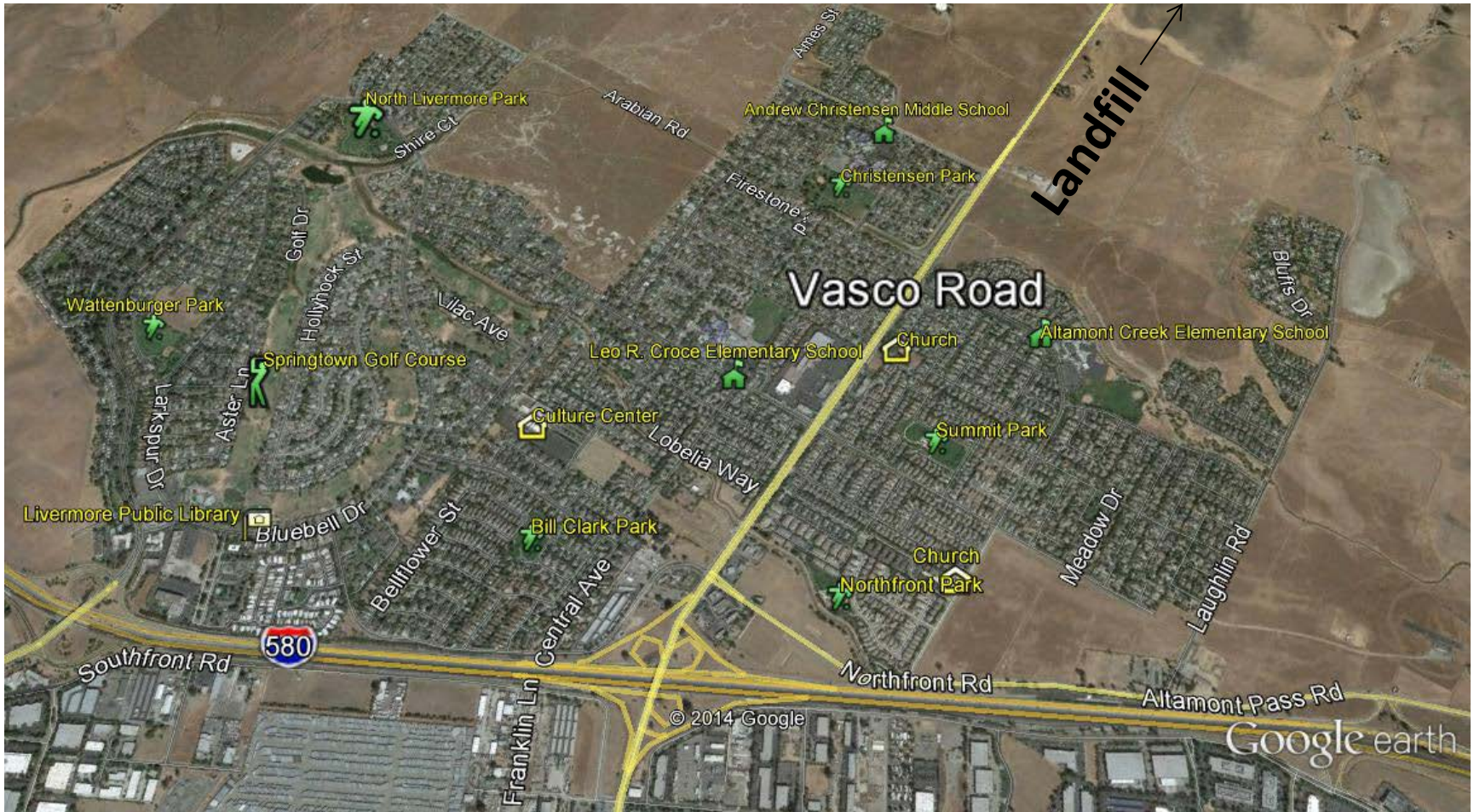
President, Waste Management of Alameda County, Inc.
Area Vice President, Northern California-Nevada

Altamont & Vasco



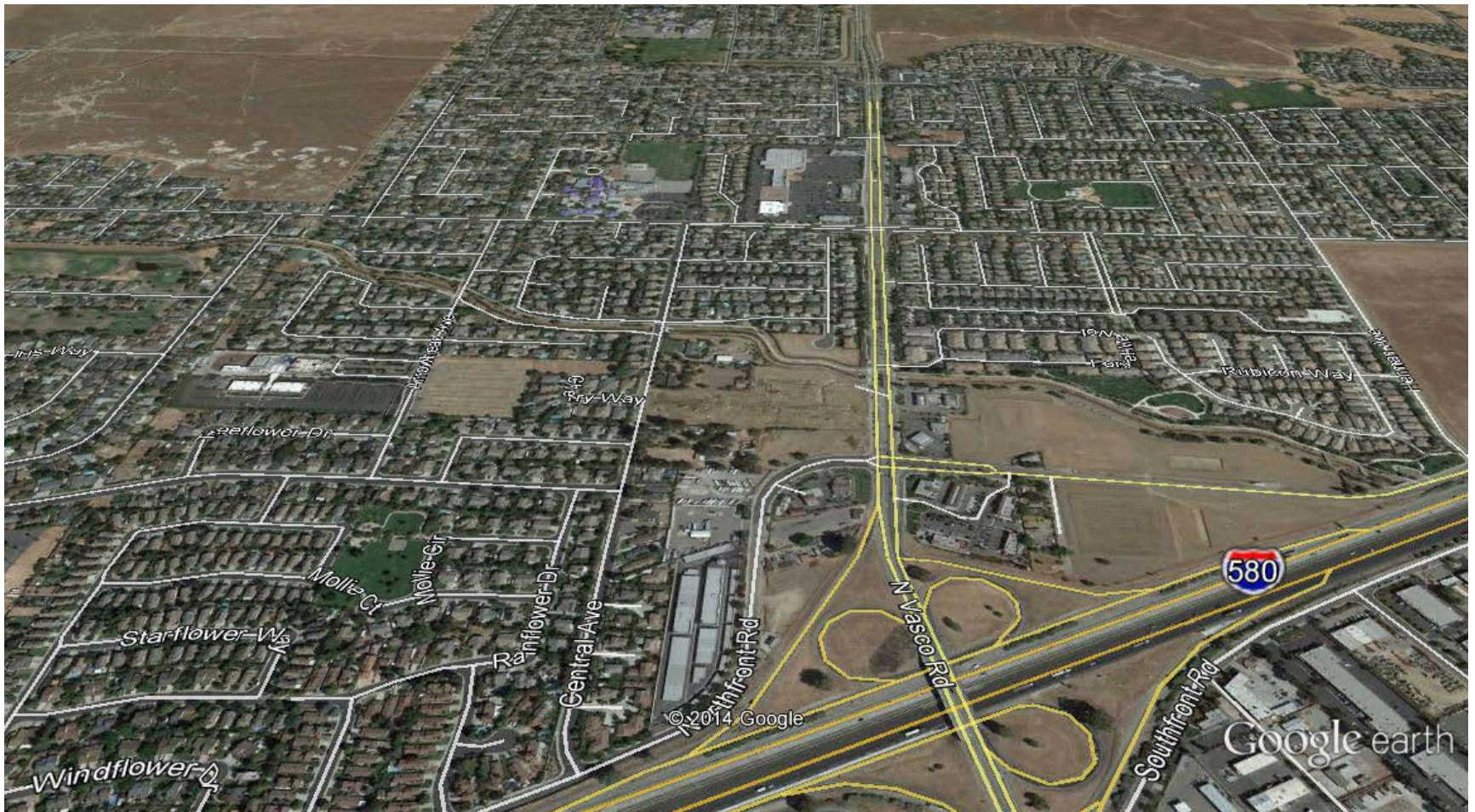
Vasco Road & 580

Picture 1-Residential area with schools & parks



North Vasco Residential Community

Picture 1a (Close-Up)



Vasco Road landfill

Picture 2



Altamont Pass & 580

Picture 3



Altamont Landfill

Picture 4



CITY OF OAKLAND



DALZIEL BUILDING · 250 Frank H. Ogawa Plaza · Suite 5301 · OAKLAND, CALIFORNIA 94612-2034

Oakland Public Works
Bureau of Facilities and Environment

FAX (510) 238-7286
TDD (510) 238-3254

ADDENDUM NO. 4

June 30, 2014

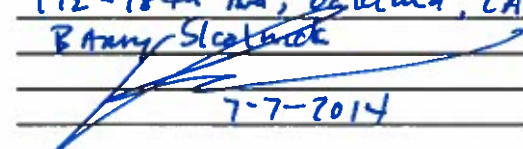
Subject: Best and Final Offer Submittal Instructions
To: All Eligible Proposers

The clarifications, additions and/or deletions contained in this **ADDENDUM** shall be made a part of the best and final offer for the Zero Waste Services RFP.

1. Clarification: Replace the Best and Final Offer Term Sheet SG1 REVISION #2, dated June 11, 2014, with the attached Best and Final Offer Term Sheet SG1 REVISION #3; and replace the Best and Final Offer Term Sheet SG2 REVISION #2, dated June 11, 2014, with the attached Best and Final Offer Term Sheet SG2 REVISION #3. The revised documents incorporate the following clarifications regarding Charges and Rates:
 - From July 1, 2016 onward, annual adjustment to the Franchise fee will be by Consumer Price Index – All Urban Consumers, Series ID 1367 cuura422sa0, Not Seasonally adjusted, San Francisco-Oakland-San Jose, CA
 - Franchise fee and government fees will each be a separate cost category (i.e., not included in the All Other cost category), included in the RRI weighted average, and not subject to any cap or carry-forward

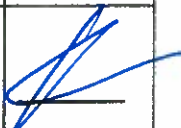

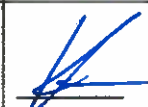
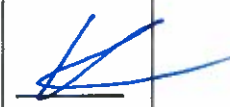
Sincerely,


for Susan Kattchee
Zero Waste Services RFP Project Manager

ADDENDUM NO. 4	DATED: 6-30-14
COMPANY / AGENCY NAME:	<u>Waste Management of Alameda County, Inc.</u>
COMPANY ADDRESS:	<u>172 - 98th Ave, Oakland, CA.</u>
REPRESENTATIVE'S NAME:	<u>Benny Slatnick</u>
SIGNATURE:	
DATE:	<u>7-7-2014</u>



Service Group 1
Best and Final Offer Terms – REVISION #3





Alternative Contract Terms	Accept	Initial
<u>Term of Contract</u>		
1. First extension for 5 years shall be amended to provide notice to contractor allowing contractor to accept or reject extension. If rejected, one year would be automatically added to term.	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	
2. Second extension for 5 years shall be amended to provide notice to contractor allowing contractor to accept or reject extension. If rejected, one year would be automatically added to term.	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	
<u>Service Standards</u>		
1. In year one of contract, 20% of each cart type shall be replaced with new. Following years of contract replacement shall be up to 3%.	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	
2. To further address potential high levels of contamination in the recycling and organics carts, City and company will meet to discuss and, if necessary, City can direct company to remove organics or recycling containers to abate a nuisance.	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	

Service Group 1 **Best and Final Offer Terms – REVISION #3**

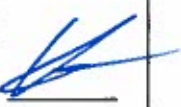
<u>Charges and Rates</u>		
1. Changes to Refuse Rate Index a. The annual RRI ceiling will be 6% and anything less than 8% will carry forward to next year, except in the final year when the RRI ceiling will be 8% b. Floor will be -5% c. <u>From July 1, 2016 onward, annual adjustment to the Franchise fee will be by Consumer Price Index – All Urban Consumers, Series ID 1367 cuura422sa0, Not Seasonally adjusted, San Francisco-Oakland-San Jose, CA.</u> c-d. Franchise fee and gGovernment fFees will <u>each be a separate cost category (i.e., not included in the All Other cost category), included in the RRI weighted average, and not subject to any cap or carry-forward.</u> d-e. The Bureau of Labor Statistics Index Series ID: ceu6056210008 – Service Producing Industries used to calculate changes in the RRI Labor Category will be replaced with the actual changes in the Labor and Health and Welfare Benefits of a specific employee category in each of the Collective Bargaining Agreements utilized to provide services under the MM&O Contract. e-f. Any rate increase in Local 70 Labor Cost Category that is greater than what would be allowed under current Local 70 CBA will be included equally over three years. Differential increase will be exempt from annual cap and carry-forward.		YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
2. Diversion requirement adjustment impact will be limited to one year.		YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
3. In any year when Contractor gross revenues decrease from the prior year, substantiated by billing audit funded by Contractor the City will not increase the Franchise Fee component of RRI.		YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
4. First franchise fee payment will be due August 15, 2015. Following payments will be due on 20th of the month.		YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
<u>Quality of Performance of Contractor</u>		
1. Liquidated damages (per Attachment A to SG1 Best and Final Offer Terms)		YES <input checked="" type="checkbox"/> * NO <input type="checkbox"/>
2. Prior to assessing <u>certain</u> liquidated damages, e.g., for failing to meet public outreach standards, City will give Contractor notice and offer to discuss correcting performance per attached.		YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>

*Attachment A does not reflect all of the changes which have been negotiated with City staff, but it does include a large majority of them. As such, we indicated "yes." However, a few remaining items still need to be finalized (i.e., items 39, 48, and 49 – 52).


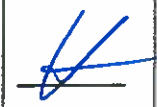


Service Group 1 **Best and Final Offer Terms – REVISION #3**

<p><u>Indemnification</u></p> <p>Contract language requires company to indemnify City across a broad group of items. Indemnification does not extend to maximum service rates. During a pendency of service rate challenge, the City will bear its losses and the company theirs. The company is required to provide service. Contract provides that if service rates are impacted due to court action, contractor and City will meet and confer over requirement to pay Franchise Fees until determination.</p> <p>1. If Contractor demonstrates actual losses due to service rate lawsuit, City will take immediate action to attempt to recover proven losses for the services rendered. This could include: modifications to program requirement; adjustment to maximum service rates.</p> <p>2. Should Contractor not be able to recover their losses in 2 years following a trial court determination affecting its ability to obtain rates set forth in agreement, it could provide 12-month notice to cancel the contract.</p> <p>3. Should the City find it necessary to procure services, it shall procure services from Contractor at commercially reasonable rates.</p>	<p>YES <input checked="" type="checkbox"/></p> <p>NO <input type="checkbox"/></p> <p>YES <input checked="" type="checkbox"/></p> <p>NO <input type="checkbox"/></p> <p>YES <input checked="" type="checkbox"/></p> <p>NO <input type="checkbox"/></p>	  
<p><u>Defense of Contractor's Rights</u></p> <p>1. City shall set forth, through municipal regulation, Contractor's rights under franchise, to include impounding violator's equipment, and allowing fees to address such actions.</p>	<p>YES <input checked="" type="checkbox"/></p> <p>NO <input type="checkbox"/></p>	

Service Group 1 **Best and Final Offer Terms – REVISION #3**








<p><u>Obligation to Provide Service</u></p> <p>1. Force Majeure – Force Majeure only applies if:</p> <p>Contractor provides a labor plan prior to July 1, 2015 for restoring services in the event of a labor disruption, and meets and confers with City within three (3) days of a labor disruption with regard to implementation of the approved labor plan.</p> <p>Within three (3) days of any labor disruption, Contractor provides essential services meaning collection of Mixed Materials and Organics as needed from public facilities, such as hospitals, airports, ports and certain government facilities, where a failure to so collect would impede critical public services.</p> <p>Within three (3) days of a labor disruption initiated by Contractor, Contractor also provides Basic Collection Services including residential and commercial garbage and commercial organics in accordance with normal collection intervals</p> <p>Within ten (10) days of a labor-initiated disruption, Contractor provides Essential Collection Services and Basic Collection Services (residential and commercial garbage and commercial organics) in accordance with the normal collection intervals.</p> <p>Regardless of labor disruption cause, within twelve (12) days CONTRACTOR also provides in addition to essential and basic collection services, provide Residential Organics Services, Bulky Waste Service, and active cleanup of any accumulated waste which has been set out for collection and not properly picked up during the Labor Disruption.</p> <p>Liquidated Damages shall not commence until 5 days after Contractor-initiated lockout or 15 days after a union initiated strike, if Contractor provides the services as outlined above.</p>	<p>YES <input checked="" type="checkbox"/></p> <p>NO <input type="checkbox"/></p>	
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Service Group 1
Best and Final Offer Terms – REVISION #3

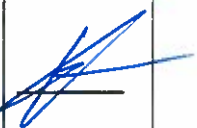

<p><u>Default of Contract</u></p> <p>1. Failure to meet Exhibit 8 annual diversion requirement by more than 5%, City may put Contractor on corrective action plan to achieve compliance. Failure to meet corrective action plan may result in liquidated damages not to exceed \$150 per day.</p> <p>2. <i>Repetitive Compliance Issues</i> will replace the term <i>Habitual Violator</i>. Under the circumstances of repetitive material compliance issues, City and contractor will meet and confer; contractor will implement a remedial action plan with a compliance date. Only after failure during this process lead to default.</p>	<p>YES <input checked="" type="checkbox"/></p> <p>NO <input type="checkbox"/></p> <p>YES <input checked="" type="checkbox"/></p> <p>NO <input type="checkbox"/></p>	 
<p><u>Contract Modifications and Changes in Law</u></p> <p>1. Should there be a change in the Mixed Materials and/or Organic Materials quantity, composition, or quality that affects the Contractor's ability to meet the Diversion Requirements, City will negotiate with Contractor, an appropriate modification to the annual Diversion requirement. Should Contractor dispose of material in a landfill, no additional cost will be borne by City rate payers. Should disposal of the material be in conflict with applicable laws, City and contractor shall meet and confer. Should contractor provide demonstrated additional costs, City shall take action to address.</p> <p>2. Should there be a change in the recycling commodities markets that affects the Contractor's ability to meet the Diversion requirements, City will negotiate with Contractor a reasonable modification to the annual Diversion requirement. Should Contractor dispose of material in a landfill, no additional cost will be borne by City rate payers. Should disposal of the material be in conflict with applicable laws, City and contractor shall meet and confer. Should contractor provide demonstrated additional costs, City shall take action to address.</p>	<p>YES <input checked="" type="checkbox"/></p> <p>NO <input type="checkbox"/></p> <p>YES <input checked="" type="checkbox"/></p> <p>NO <input type="checkbox"/></p>	 

Service Group 2

Best and Final Offer Terms – REVISION #3

Alternative Contract Terms	Accept	Initial
<u>Service Standards</u>		
1. Cart replacement of up to 10% per year for 10 years.	YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>	
2. In year one of contract, 20% of carts shall be replaced with new. Following years of contract cart replacement shall be as needed, up to 3% replacement annually.	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	
3. Use of existing trucks as spares in the fleet.	YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>	
4. Lower pricing with a Call Center out of county and higher pricing with a Call Center in county.	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	
<u>Charges and Rates</u>		
1. Changes to Refuse Rate Index		
a. The annual RRI ceiling will be 6% and anything less than 8% will carry forward to next year, except in the final year when the RRI ceiling will be 8%		
b. Floor will be -5%		
b-c. <u>From July 1, 2016 onward, annual adjustment to the Franchise fee will be by Consumer Price Index – All Urban Consumers, Series ID 1367 cuura422sa0, Not Seasonally adjusted, San Francisco-Oakland-San Jose, CA.</u>	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	
e-d. <u>Franchise fee and gGovernment fFees will each be a separate cost category (i.e., not included in the All Other cost category), included in the RRI weighted average, and not subject to any cap or carry-forward.</u>		
d-e. <u>The Bureau of Labor Statistics Index Series ID: ceu6056210008 – Service Producing Industries used to calculate changes in the RRI Labor Category will be replaced with the actual changes in the Labor and Health and Welfare Benefits of a specific employee category in each of the Collective Bargaining Agreements utilized to provide services under the MM&O Contract.</u>		
e-f. <u>Any rate increase in Local 70 Labor Cost Category that is greater than what would be allowed under current Local 70 CBA will be included equally over three years. Differential increase will be exempt from annual cap and carry-forward.</u>	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	
2. Per-unit per month payment instead of per-ton payment.	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	

Service Group 2
Best and Final Offer Terms – REVISION #3

<u>Other</u>		
1. \$1 million incentive payment to City for a 20-year contract.	YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>	
2. \$1.5 million incentive payment to city for a 30 year contract.	YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>	



**WASTE MANAGEMENT of
ALAMEDA COUNTY, INC.**
172 98th Avenue
Oakland, CA 94603
(510) 383-2404

July 8, 2014

Susan Kattchee
Zero Waste Services RFP Project Manager
City of Oakland
250 Frank H. Ogawa Plaza
Suite 5301
Oakland, CA 94612-2034

Re: Zero Waste Services

Dear Ms. Kattchee:

Waste Management of Alameda County, Inc. ("WMAC") provides this response to the City of Oakland's most recent requests for additional information and calculations pertaining to the Zero Waste Services procurement process, including the Addenda No. 4 and BAFO Revision No. 3. As mentioned in previous correspondence, WMAC believes these additional requests constitute an unjustified deviation from the procurement process authorized by the City Council pursuant to adopted resolutions. It also represents a departure from the process which was communicated to, and relied on, by WMAC. As such, and as indicated previously, WMAC believes that the new solicitations for information most recently issued by the City violates the terms and conditions of the Zero Waste Services procurement process, and by providing responses to such inquiries, WMAC is not waiving any rights and/or remedies it has with respect to the enforcement of the original, and only authorized, procurement process. Further, all prior objections and conditions stated in our prior submittals are incorporated by reference.

Moreover, with respect to our response to the City's request for a Year 1 Rate Adjustment and subsequent increases of 1.5% in Years 3, 4, 5 and 6 for the MMO and RR, WMAC is providing draft information indicating the proposed impact to the rates. However, this is not binding and we are willing to discuss WMAC's required conditions for its acceptability of this rate adjustment during our meeting on Thursday, July 10, 2014.

Sincerely,

Barry Skolnick
Area Vice President, Northern California-Nevada

THINK GREEN:

July 8, 2014

Susan Kattchee
Zero Waste Services RFP Project Manager
City of Oakland
250 Frank H. Ogawa Plaza
Suite 5301
Oakland, CA 94612-2034

Re: Zero Waste Services, analysis pursuant to the California Environmental Quality Act.

Dear Ms. Kattchee:

Waste Management of Alameda County, Inc. ("WMAC") currently provides collection, processing, recycling, and disposal services to the City of Oakland (the "City") pursuant to a July 1, 2005 Franchise Agreement for Integrated Solid Waste Management Services, as amended (the "2005 Integrated Agreement"). As described below, the services proposed by WMAC in response to the City's Zero Waste Services Requests for Proposals reduce environmental impacts incurred under the existing franchise and, as a result, the award of the new franchises to WMAC is exempt from the California Environmental Quality Act.

WMAC has submitted proposals in response to three City Requests for Proposals ("RFPs"): Mixed Materials and Organics Collection Services – Service Group 1 ("MM&O"), Residential Recycling Collection Services – Service Group 2 ("RR"), and Disposal Services – Service Group 3 ("Disposal").

WMAC's proposals present an entirely in-county solution to the City's waste management needs, as all of WMAC's facilities are in Alameda County, including the company's headquarters at 98th Avenue in Oakland, where its offices are located and collection vehicles are stored and serviced, the Davis Street Resource Recovery Complex and Transfer Station in San Leandro, and the Altamont Landfill in Livermore.

I. Project Impacts

WMAC's proposals in response to the MM&O, RR, and Disposal RFPs create no new environmental impacts over and above existing levels and in many areas substantially reduce the impacts, including the following:

1. Collection and Transfer Trucks

WMAC's proposals would result in the replacement of diesel-powered collection and transfer trucks with trucks powered by compressed natural gas ("CNG") largely generated from landfill gas. This will result in a significant reduction of air pollutants and greenhouse gas ("GHG") emissions, along with other positive impacts.

Under the City's current agreements, WMAC uses 59 diesel collection vehicles and California Waste Solutions ("CWS") uses an estimated 16 to 18 diesel vehicles for its current portion of residential recyclables collection, all of which emit carbon dioxide and other air emissions, notably nitrogen oxides and particulate matter. Meanwhile, biogenic liquefied natural gas ("LNG") is currently powering 134 of WMAC's collection vehicles in Alameda County and 42 of WMAC's transfer trucks from the Davis Street Transfer Station in San Leandro. If awarded the MM&O, RR, and Disposal agreements, WMAC's entire fleet of vehicles serving the Oakland area will be powered by CNG, primarily derived from WMAC's Altamont landfill gas with backup CNG sources available during any plant down time. WMAC's new collection vehicles will be powered by Cummins CNG motors for residential, commercial, and industrial customer collections. The conversion to CNG will reduce air emissions now created by diesel-powered trucks. For each heavy-duty "Class 8" collection truck that WMAC converts to natural gas, the company reduces the use of diesel fuel by an average of 8,000 gallons per year. (A comparison of the type and number of vehicles, and miles traveled, between the current and proposed contract is attached as Exhibit A)

As stated above, the natural gas that will be the primary source used to fuel WMAC's collection and transfer trucks will be produced at the Altamont Landfill using biomethane, which is the lowest carbon-intensity vehicle fuel commercially available because it is made from landfill gas—a near-term carbon source.¹ High Mountain Fuels ("HMF")² operates a natural gas production facility at the Altamont Landfill. The HMF plant is designed to purify and liquefy landfill gas (i.e., methane) that Waste Management collects from the natural decomposition of organic waste placed in the landfill since 1980. This transportation-grade LNG and CNG fuel is produced using electricity (about 2 MW) also produced from landfill gas onsite. Therefore, no sources of fossil fuels are used to produce natural gas at the Altamont Landfill. In fact, LNG and CNG produced at the Altamont Landfill actually prevents GHG emissions by channeling landfill gases into fuel, ensuring that they cannot be released into the atmosphere. Over 13,000 gallons of natural gas fuel are produced at the HMF facility each day. Since 2009, when the facility began operation, the plant has produced over 11 million gallons of natural gas fuel to date, which has reduced consumption of diesel fuel by approximately 2 million gallons per year. This biogenic LNG and CNG has become the primary fuel for WMAC's fleet of trash and recycling collection trucks.

This method of producing transportation-grade natural gas fuel is carbon-neutral because the methane generated by landfill decomposition, which was previously flared, is now converted to fuel used in place of carbon-intensive diesel fuel and other forms of CNG that are derived from fossil fuels instead of biomethane. Compared to using diesel-fueled vehicles, using trucks powered by biogenic LNG or CNG results in significant reductions of GHG emissions. Since the HMF facility began operating in 2009, the

¹ Emissions of carbon dioxide (CO₂) generated from the burning of landfill gas (either in a flare or engine) are considered biogenic, meaning they come from a biofuel recently generated from atmospheric carbon sources (such as trees, plants, or bacteria) and do not contribute to a net increase in today's atmospheric CO₂.

² High Mountain Fuels, LLC ("HMF") is a joint venture company whose sole members are WM LNG, Inc. (an indirect subsidiary of Waste Management) and Linde Merchant Production, Inc. HMF has leased property at Altamont Landfill and produces LNG from landfill gas. Currently, HMF is providing fuel for WMAC's natural gas-fueled fleet.

current use of biogenic LNG and CNG has already reduced GHG emissions in Alameda County by approximately 31,800 tons of CO₂ per year—the equivalent of removing over 5,000 passenger cars from the road.

WMAC's proposals for the MM&O, RR, and Disposal franchise agreements would result even greater reductions in GHG emissions. WMAC plans to replace its remaining diesel-fueled collection and transfer trucks with CNG trucks. For collection trucks, this shift will eliminate an additional 2,302 tons of anthropogenic GHG emissions in 2015 compared to 2013. Similarly, for transfer trucks, over 443 tons of anthropogenic GHG emissions per year will be eliminated when WMAC converts the trucks traveling from the Davis Transfer Station to the Grover composting facility from diesel to biogenic natural gas. (The rest of WMAC's transfer trucks are already powered by LNG or CNG.)

WMAC's proposals for the MM&O, RR, and Disposal franchise agreements would also result in significant reductions in emissions of other dangerous air pollutants, including nitrogen oxides ("NOx") and particulate matter ("PM" or "PM10"). Emissions of particulates from collection trucks will be reduced by 50 percent, from 0.093 tons in 2013 to 0.047 tons in 2015. Emissions of particulates from transfer trucks will be reduced significantly as well, from 0.03 tons in 2013 to 0.02 tons in 2015 and 0.01 tons in 2018—a reduction of over 66 percent. The elimination of particulate matter emissions from diesel is an important goal for both the Bay Area Air Quality Management District and the California Air Resources Board. Reductions of NOx emissions will be even more significant. The use of biogenic natural gas will reduce the amount of NOx produced by collection trucks from 16.31 tons per year in 2013 to 0.94 tons per year in 2015. Total NOx emissions from transfer trucks will be reduced from 3.40 tons per year in 2013 to 0.44 tons in 2015 and 0.30 tons in 2018. The result is a more than 90 percent reduction in NOx emissions from waste collection and transfer vehicles in Oakland. Thus, WMAC's proposal would help the City take an important step in reducing air pollution.

Natural gas trucks are also quieter, easier to maintain, and weigh less than new diesel truck equivalents. The result is less noise in the community and reduced wear and tear on City streets. Additionally, WMAC's proposals will result in fewer truck trips and decreased mileage traveled by transfer trucks. By diverting organic materials to the Redwood Landfill in 2015 and then to the Altamont Landfill in 2016) when the Altamont's composting facility is anticipated to be on line instead of the currently used Grover Facility in Stanislaus County, total miles traveled by trucks hauling organic material for composting will be reduced from 229,838 to 220,203 in 2015 and 162,015 in 2016. Increased diversion of organic material and recyclables (discussed below) will also result in fewer trucks hauling waste for disposal at the Altamont Landfill which will result in a reduction of total miles traveled by trucks hauling disposable waste from 451,432 in 2013 to 425,927 in 2015, 416,365 in 2016, and 248,086 when the Integrated Waste Processing Facility ("IWPF") becomes operational at the Davis Street Transfer facility in 2018.³

³ There will be a nominal increase in truck miles traveled for transportation of recyclable materials to the Port of Oakland, which is due to the increase in recyclables resulting from greater diversion, as well as additional collection activities to cover routes now handled by California Waste Solutions. (See Exhibit I) However, overall air emissions will be lower resulting from the replacement of diesel trucks, as well as the reduction in overall miles traveled for disposal.

Other environmental benefits resulting from WMAC's fleet of clean vehicles include:

- Maximized productivity through automated residential collections
- Larger legal payload (10.5 tons), resulting in fewer trips to recovery facility, which saves fuel and minimizes air contaminants and road wear and tear
- Reduced litter during collections and reduced fly-away debris during travel
- Collection vehicles will not idle during refueling because "slow-fill" CNG equipment has been installed at the 98th Avenue facility and will be installed at the Davis Street facility by no later than 2016.
- Lower noise and fuel savings due to idle compaction mode (800 rpm vs. 1400 rpm currently)
- Full eject payload vehicle, which is safer during the off-loading of the commodity procedure
- Disc brake applications will eliminate brake noise and maximize brake life by incorporating a transmission retarder, which slows the vehicle between stops without using friction material
- Leaves no skid marks due to the driver remaining in the cab in control of the brake applications and the transmission retarder assisting stops
- Has flexibility to service carts manually in difficult areas or when the need arises
- Onboard scales by Air-Weigh alert a driver when a truck is near its maximum load capacity, eliminating overweight vehicles and minimizing wear and tear on City streets.
- Proprietary onboard computer system allows centralized dispatch facilities to obtain near real-time information related to all truck locations, stops serviced, capacity, service status, and other key service indicators. This enables dispatch to communicate with Operations Base for immediate and efficient customer issue resolution including on-call requests, on-demand service requirements, re-routing, and customer service needs. The onboard computer system constantly evolves and allows WMAC to monitor and track vehicle and driver activities in order to optimize efficiency and overall performance and reduce unnecessary truck trips.

2. Composting Method

WMAC's proposal for the MM&O franchise agreements would also reduce the emission of other harmful air pollutants through superior composting methods. Under the proposal, WMAC would no longer utilize the Grover Facility for composting organic materials collected in Oakland. Rather, green waste, green waste mixed with food scraps, and source-separated organic materials would be sent to the Redwood composting facility initially, then to the Altamont composting facility beginning in 2016. Organics derived from multi-family processing will be sent to the Redwood facility for composting, beginning July 1, 2015, and then to the Altamont facility for composting in 2016. Upon completion of the Integrated Waste Processing Facility ("IWPF") in 2018, all organic material derived from MSW processing will be sent to the Altamont composting facility. The Covered Aerated Static Pile ("CASP") method of composting implemented at the Redwood and Altamont Landfills will result in significant reductions in emissions of Precursor Volatile Organic Compounds ("POCs") compared to the traditional "windrow" composting method currently being performed at the Grover Facility.

POCs are the primary precursor compounds in air pollution that result in the formation of ground-level ozone and particulate matter in the atmosphere, which are the main ingredients of the air pollutant referred to as smog. Compared to a windrow facility, reductions of POC emissions in a CASP process are primarily achieved by using mechanical air blowing systems to aerate the organic material and provide oxygen for the biological decomposition process to occur. In a windrow process (including the process used at the Grover Facility), aeration is achieved through periodic mixing of materials using a stirring or turning device, which creates uncontrolled POC emissions when the pile is stirred or turned. In a CASP system, however, process air that has passed through the compost pile is sent through a bio-filtration process to destroy the POCs prior to discharge. The CASP process is a specific form of compost aeration in which the compost piles are constructed with a layer of bio-filtration media on top of the piles. Process air is blown through the piles and, as it travels through the bio-filtration layer, bacteria consumes any POC compounds present in the process air. The resulting air discharged from the pile is significantly less contaminated with POCs compared to emissions from a traditional windrow pile. In fact, the bio-filtration emission control measures in use in CASP facilities have resulted in POC emission reductions of up to 90 percent compared to traditional windrow processes. For these projects, an 85 percent reduction has been conservatively used to determine potential emissions from a CASP facility.

Under WMAC's proposals, POC emissions would be reduced by 63 to 66 percent per year. More specifically, POC emissions from the Redwood composting facility during the first year of the agreement are estimated to be 43 tons per year compared to 129 tons from the current Grover composting facility. This significant reduction will occur even though the amount of organics processed will increase from 45,147 tons in 2013 to 53,828 tons in 2015 because of improved collection, segregation, and diversion, which will result in more organics sent for composting instead of being disposed at the landfill. By the time the IWPF becomes operational in 2018, an estimated 58,913 tons of organic material will be processed but will result in POC emissions of only 47 tons per years due to the superior CASP method.⁴ This reduction in POC emissions will in turn reduce the creation of ground-level ozone and smog.

3. Collection Containers

In its MM&O and RR proposals, WMAC offered to replace existing collection containers with new containers. However, WMAC is discussing alternatives with the city under which customers could continue to use existing containers in good condition, which would reduce the need to consume additional raw materials for the production of collection carts. In any event, WMAC will continue to recycle containers taken out of service.

⁴ Air emission factors from the *South Coast Air Quality Management District Technology Assessment for Rule 1133: Emissions Reduction from Composting and Related Activities*, (Table 2-11) were used to calculate the actual emissions and the potential emissions for windrow-type composting and the proposed emissions for CASP composting at Altamont and Redwood Landfills.

4. Davis Street

The following facilities at WMAC's Davis Street Resource Recovery Complex and Transfer Station will continue to reduce environmental impacts over existing levels.

a. Organics Transfer Building

The function of this facility is to transfer organics for composting and possibly anaerobic digestion. WMAC constructed this LEED™ Gold designed facility in September 2011. The building is designed to bring food scraps and organics transfer operations under one roof and help to eliminate vectors and contain odors through its state-of-the-art negative air and bio-filtration system. The building allows for speedy, efficient transfer of organics utilizing Davis Street's fleet of natural gas-fueled trucks, including biomethane captured by the Altamont Landfill's LNG facility. Source-separated organics from curbside commercial, residential customers and organics derived from processed MSW through the IWPf will be transferred to WMAC's Redwood composting facility and then to the Altamont composting facility in 2016.

b. Single Stream Material Recovery Facility

The function of this facility is to process single-stream recyclables from single-family, multi-family, and commercial customers. In 2006, WMAC built the state-of-the-art Single Stream Material Recovery Facility ("MRF") at Davis Street. In 2010, the facility was upgraded with the addition of optical sorters to segregate plastics further. The daily capacity is 400 tons. Optical sorting increases quality control to maximize diversion and recycling.

WMAC anticipates expanding the Single Stream MRF again in 2014 to 2015. The upgrade will result in an additional 250 tons per day of capacity and employ a series of manual sort lines, vacuums, magnets, eddy currents, and optical sorters as well as a state-of-the-art glass system, ensuring the highest diversion possible. The future expansion, which was subject to the required environmental review under CEQA, is currently fully permitted by the City of San Leandro.

The convenient location of the Single Stream MRF at Davis Street allows for the transfer of source-separated recyclables from the other MRFs at the Davis Street campus. As part of the Davis Street Master Plan, elevated conveyor belts will be installed to facilitate the flow of materials across the site, helping to reduce GHG emissions associated with vehicular transfer as well as improving safety from reduced vehicle traffic.

c. Dry Material/C&D Material Recovery Facility

The function of this facility, which recently completed an expansion, is to process dry mixed material loads, construction and demolition ("C&D") debris, and bulky recyclables. The daily fully permitted capacity is 800 tons.

With regard to dry mixed materials, the facility processes loads that are high in recyclable content and low in organics. Such loads will primarily come from re-routed commercial and retail vehicles, non-source separated single stream material from malls and warehouses, construction materials, demolition materials, and other streams.

WMAC anticipates that this facility is the only dry material/C&D material facility in Alameda County that will be a fully permitted and certified High Diversion Mixed Waste Processing Facility.

The 800 tons-per-day layout and technology will maximize recycling and diversion from dry material and C&D material through effective sizing, recognition, and capture. Along with traditional recyclables, materials such as wood, rock, metals, and concrete are also culled.

The facility is also designed for Oakland material streams that may not be able to participate in source separation. This strategy is designed to divert materials that would traditionally be landfilled.

Most organic material recovered is converted into WM Earthcare™, the company's closed-loop solution for beneficially reusing organics in the communities from which they are generated. WM Earthcare™ mulch begins with clean, untreated, and unpainted lumber that is received from construction and dry materials, and is then repurposed. Concrete, asphalt, and other inerts recovered are used for internal and external construction projects, such as road building and commercial base.

In addition, "slow-fill" CNG equipment will be installed at the Davis Street campus so that collection and transfer vehicles will not idle while refueling.

5. Altamont Landfill

WMAC's Altamont Landfill, located in Alameda County, has received Oakland's waste for 32 years. With its existing entitlements, sufficient airspace, 24/7 operations, two landfill-gas-to-energy projects, HMF landfill gas-to-LNG facility, wind farm, CNG fueling station, conservation easements, wild life habitats, tire recycling, C&D recycling, and proposed covered aerated static pile composting (CASP) and Reclaimable Anaerobic Digester (RAC)/Wet digestion, WMAC's Altamont Resource Recovery Facility is the most environmentally beneficial residual disposal option for the City of Oakland. Also, disposal tonnage from the City of Oakland will be reduced under the new agreement due to increased landfill diversion. The facility is fully permitted to accept the City's waste stream and no additional permitting or environmental review is required. Moreover, the "tippers" at the Altamont, which tip the transfer trailers to dispose waste into the landfill, are being converted from diesel fuel to CNG by the end of 2014, which will further reduce adverse air emissions.

6. 98th Avenue

WMAC's headquarters at 98th Avenue in Oakland is LEED™ Gold certified. WMAC anticipates that it will install solar panels at the facility once the design, engineering, and analysis phases of this project are completed in late 2015 or early 2016. Additionally, WMAC has installed "slow fill" CNG equipment

at the facility, which allows collection vehicles to refuel without idling.

7. Increased Diversion

If WMAC is awarded the MM&O and RR franchise agreements, it will utilize the facilities described above, as well as new programs and technologies, to significantly increase the current diversion of MM&O and RR material. WMAC projects that diversion of the total tons collected under the MM&O franchise agreement will increase from 35 percent in 2015 to 62 percent in 2022, provided certain conditions exist or have not materially changed.

More specifically, under WMAC's proposals, approximately 10,454 more tons of organics will be composted in 2016 compared to 2013. For recyclables, improved processing will result in over 9,000 more tons diverted for recycling between the first and second years of the contract. And 9,200 fewer tons of waste will be disposed in the landfill between 2013 and 2015. When the IWPB begins operating in 2018, 73,554 fewer tons of waste will be disposed in the landfill compared to 2013. By 2025, WMAC estimates that 76,159 fewer tons will be disposed in the landfill each year, which is approximately 46 percent reduction in landfill disposal compared to the current agreements. Consequently, WMAC's proposals will help the City achieve the 50 percent disposal reduction required by the Integrated Waste Management Act and come closer to achieving its Zero Waste goal.

II. CEQA Analysis

WMAC's proposed operations under the new franchise agreement will not expand existing operations, nor will the proposed operations add to environmental impacts realized under current operations. In fact, WMAC's proposals will reduce environmental impacts for the reasons stated above. All facilities to be used for new operations are already fully permitted, do not require any expansions or alterations beyond those already approved and permitted, and are fully capable of receiving, processing, disposing of or otherwise accommodating the City of Oakland's waste stream under the new franchise agreements. Consequently, WMAC's proposed operations to meet the requirements of the new franchise agreements are exempt from review under the California Environmental Quality Act ("CEQA") implementing regulations. See 14 Cal. Code Regs. § 15061(b).

1. Ongoing Operation of Existing Facilities

The City's approval of WMAC's proposed operations under the new franchise agreements would be exempt from CEQA review requirements because it would involve the ongoing operation of existing facilities. The CEQA Guidelines provide an exemption for "the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of" the City's determination. 14 Cal. Code Regs. § 15301. As explained above, all of the facilities that WMAC will use to accept, segregate, divert, transfer, and dispose of the City's waste and recyclables are already in operation and have already been subject to full CEQA review and environmental permitting. The City's approval would not result in either the construction of any new facilities or non-minor alteration of existing facilities. The Altamont composting facility, set for

completion in 2016, and the IWPf that WMAC plans to begin operating in 2018, are already planned, , and environmental review is completed., Moreover, both facilities which will proceed regardless of the City's approval of WMAC's proposals. Therefore, the award of the franchise agreements to WMAC is subject to the exemption for existing facilities under Section 15301 of the CEQA Guidelines. The application of this categorical exemption is not barred by any of the exceptions set forth in Section 15300.2.

2. Action to Protect the Environment

Approval of WMAC's proposals would also be exempt from CEQA review requirements as an agency action for protection of the environment. The CEQA Guidelines provide an exemption for actions by agencies "to assure the maintenance, restoration, enhancement, or protection of the environment" where the action "involves procedures for protection of the environment." 14 Cal. Code Regs. § 15308. If adopted, WMAC's proposals would result in environmental protection through reduced emissions of GHGs and other air pollutants including nitrogen oxides, POCs, and particulate matter. WMACs proposals would also result in reduced truck trips and vehicle miles traveled, which would have beneficial impacts on traffic, result in less noise in the community, and reduce wear and tear on City streets. WMAC's proposals will also increase diversion of waste materials from disposal in the landfill through increased recycling and composting of organic waste. Many of these environmental benefits were called for in the City's RFPs. Consequently, the award of the franchise agreements to WMAC is subject to the exemption for agency actions to protect the environment under Section 15308 of the CEQA Guidelines. None of the exceptions in set forth in Section 15300.2 would be implicated, so the application of this categorical exemption is not barred.

3. Action to Protect Natural Resources

Similarly, the City's approval would be exempt from CEQA review as an agency action for protection of natural resources. The CEQA Guidelines include an exemption for actions by agencies "to assure the maintenance, restoration, or enhancement of a natural resource." *See* 14 Cal. Code Regs. § 15307. As explained, WMAC's proposals would reduce emissions of harmful air pollutants and GHGs, which would have beneficial impacts on natural resources in the Oakland area as well as regionally and globally. Increased recycling will reduce the need for raw materials, which will also benefit natural resources. And increased composting, which will be made into fertilizer, will reduce the use of fertilizers of crops, which will then reduce water pollution. The City's RFP process included many of these requirements for natural resources protection. Therefore, the City's approval of WMAC's proposals is also subject to the categorical exemption for agency actions to protect natural resources under Section 15307 of the CEQA Guidelines. As with the previous exemptions, the exceptions in Section 15300.2 would not be implicated.

4. Changes to Rates and Other Charges

Because the City's approval includes changes to the rates for waste collection and disposal, it is not subject to CEQA review. The CEQA Guidelines include a statutory exemption for "the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, and other charges by public

agencies” which are for the purpose of “meeting operating expenses” or “obtaining funds for capital projects, necessary to maintain service within existing service areas.” *See* 14 Cal. Code Regs. § 15273. The City’s approval of new franchise agreements will increase the rates charged to City residents and businesses for the collection and disposal of refuse in order to keep pace with increased costs and to achieve increased diversion goals to meet the City’s Zero Waste objectives and to maintain collection within existing services areas. As a result, CEQA does not apply to the City’s approval of new franchise agreements due to the required rate changes.

5. Common Sense Exemption

Additionally, the City’s approval would be exempt from CEQA review requirements pursuant to the “common sense” exemption. The CEQA Guidelines state that a “project is exempt from CEQA if” the project “is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment.” 14 Cal. Code Regs. § 15061(b)(3). Where an activity will not have a “significant effect on the environment, the activity is not subject to CEQA.” *Id.* The City’s approval will have no significant adverse effect on the environment because it will not result in the construction or operation of any new facilities or equipment that will have a significant adverse impact on the environment. Indeed, WMAC’s proposals will have significant environmental benefits, as explained above, including:

- Reduced emissions of GHGs through the use of biogenic LNG and CNG to fuel collection and transfer vehicles, rather than carbon-intensive diesel fuel
- Significantly reduced emissions of harmful air pollutants, including nitrogen oxides and particulate matter resulting from the elimination of diesel vehicles, as well as reduced POC emissions from superior composting technology
- Reduced truck trips and truck mileage, resulting in less emissions, noise and less wear and tear on City streets
- Increase diversion of waste to recycling and composting, reducing the amount of waste disposed in the landfill

As a result, WMAC’s proposals will substantially reduce pollution and waste disposal, allowing the City to meet its environmental goals. For these reasons, the project will not have a significant adverse effect on the environment, and in fact will have a positive environmental impact. Therefore, the City’s approval is exempt from CEQA, in accordance with Section 15061(b)(3) of the CEQA Guidelines.

6. Approval Consistent with Community Plan


Finally, the City’s approval of the new franchise agreements is not subject to CEQA review because the action is consistent with the Alameda County Integrated Waste Management Plan and, the City’ solid waste and Zero Waste plans (collectively “Plan”). CEQA provides an exemption for projects that are consistent with a general plan, community plan, or zoning plan for which an environmental impact report (“EIR”) was previously certified. *See* Cal. Pub Res. Code § 21083.3; 14 Cal. Code Regs. § 15183. In that situation, an additional environmental review shall not be required, unless there are

project-specific significant effects which are peculiar to the project or its site. *See* 14 Cal. Code Regs. § 15183(a),(c). The City's approval of WMAC's proposals in response to the RFPs is consistent with the Plan. There are no project-specific environmental impacts associated with WMAC's proposed operations, as discussed above. As a result, no further CEQA review is required.

7. Conclusion

Because the City's approval of WMAC's proposals in response to the three RFPs is exempt from CEQA, no further CEQA review is required. A notice of exemption would be appropriate but is not required. *See* 14 Cal. Code Regs. § 15062.

Regards,



Barry Skolnick
President, Waste Management of Alameda County, Inc.
Area Vice President, Northern California-Nevada

MM&O COLLECTION SERVICES FORM 2
MAXIMUM COLLECTION SERVICE RATES PROPOSAL

Instructions for Completing Forms 2A-2K (Provided in Excel Workbook)

Prior to preparing the MM&O Collection Services Maximum Collection Service Rate Proposal Forms, proposers should review Article 7 of the MM&O Collection Services Contract, included as Section 5 of this RFP, to familiarize themselves with the Maximum Collection Service Rate adjustment methodology. In addition, it is the sole responsibility of the proposer to conduct their own due diligence and calculate and be responsible for the costs and other information quoted in the MM&O Collection Services Maximum Collection Service Rates Proposal Forms.

Disposal Facilities

Four (4) Disposal Facilities intend to provide proposals for Disposal Services in response to the City's Request for Proposals for Zero Waste Services. In the event proposers' Maximum Collection Service Rates would differ, depending on which Disposal Facility is selected by the City to provide Disposal Services, for each Disposal Facility, proposers must submit a separate set of forms with the facility name listed on every form for each Disposal Facility listed below. If the Maximum Collection Service Rates will not change, regardless of the Disposal Facility selected by the City, proposers must note this in the space provided for the Disposal Facility name.

1. Recology Hay Road
6426 Hay Road
Vacaville, CA 95687
2. Potrero Hills Landfill, Inc.
3675 Potrero Hills Lane
Suisun City, CA 94585
3. Altamont Landfill and Resource Recovery Facility
10840 Altamont Pass Road
Livermore, CA 94550
4. Keller Canyon Landfill
901 Bailey Road
Pittsburg, CA 94565

Proposed Maximum Collection Service Rates

(Forms 2A through 2G). The proposers Maximum Collection Service Rates shall consist of two (2) elements: a Disposal Rate Element and Collection Rate Element. Proposers should base their Maximum Collection Service Rates calculations on the service requirements set forth in the MM&O Collection Services Contract provided in Section 5 of this RFP document.

Disposal Rate Element. Proposers should provide a proposed Monthly Unit Generation Factor (Tonnage amount) representing the total **Tonnage** the proposer anticipates disposing at the Disposal Facility for the first Contract Year.

Proposers **should not** provide a Disposal Rate Element. The spreadsheet is set up to calculate this based on the Monthly Unit Generation Factor and will be adjusted by the City based on the actual Disposal Charge per Ton. An estimated \$50.00 per Ton charge has been input for calculation purposes. Prior to evaluation of the Maximum Collection Service Rates, the actual proposed Disposal Rates will be entered.

MM&O COLLECTION SERVICES FORM 2
MAXIMUM COLLECTION SERVICE RATES PROPOSAL

Collection Rate Element. Proposers should provide a maximum Collection Rate Element that includes all costs of providing Collection Services including, but not limited to, Collection, Processing, transportation, disposal, government and franchise fee costs.

Default MFD Cart and Bin Collection (Forms 2B and 2C). The Default MFD Cart and Bin Collection Services shall include unlimited subscription to Organic Materials Collection.

Option 1 MFD Cart and Bin Collection (Forms 2D and 2E). Option 1 MFD Cart and Bin Collection Services shall have a separate charge for subscription to Organic Materials Collection.

Commercial Cart and Bin Collection (Forms 2F and 2G). The Commercial Cart and Bin Collection Service shall have a separate charge for subscription to Organic Materials Collection.

Commercial Non-Exclusive Recyclable Materials Collection (Form 2H). Proposers shall provide proposed Maximum Collection Service Rates for Commercial Non-Exclusive Recyclable Materials Collection.

SFD, MFD, and Commercial Temporary Roll-Off Box Collection (Forms 2I). The proposers Maximum Collection Service Rates shall consist of a pull rate only. This includes costs of providing Temporary Roll-Off Box Collection Services including, but not limited to, Collection and franchise fee costs. Proposers should base their Maximum Collection Service Rate calculations on the service requirements set forth in the MM&O Collection Services Contract provided in Section 5 of this RFP document. Disposal will be based on actual Disposal costs. The total rate to be paid by the Customer will be the pull rate and Disposal.

Emergency Service Rates (Form 2J). The proposers Maximum Collection Service Rates shall consist of a pull rate only. This includes costs of providing Temporary Roll-Off Box Collection Services including, but not limited to, Collection and franchise fee costs. Proposers should base their Maximum Collection Service Rate calculations on the service requirements set forth in the MM&O Collection Services Contract provided in Section 5 of this RFP document. Disposal will be based on actual Disposal costs. The total Customer rate will be the pull rate and Disposal.

Multiple Service Discount (Form 2K). Proposers proposing to offer MM&O Collection Services and RR Collection Services and/or Disposal Services shall indicate the discount, if any, that will be applied to all proposed Maximum Collection Service Rates proposed on MM&O Collection Forms 2A through 2J in the event both services are awarded to the proposer. Please note the franchise fees will not be adjusted due to the award of multiple services to a single proposer and the discounted rate will include the entire franchise fee as provided in 3.1.19.2.

Adjustments

The following adjustments will be collectively applied before any multiple service discounts proposed in MM&O Collection Form 2K, based on the City's decision to accept the proposed adjustment.

Lien Process / Property Assessment Adjustment. If the CITY does not provide a lien process / property assessment indicate the adjustment, if any, that will be applied to all proposed rates proposed on MM&O Collection Forms 2A through 2J.

Adjustment to all proposed rates on MM&O Collection Forms 2A through 2J: **3.13%**

Call Center Adjustment. Indicate the adjustment, if any, if the CITY does not require the

MM&O COLLECTION SERVICES FORM 2
MAXIMUM COLLECTION SERVICE RATES PROPOSAL

call center to be located in Alameda County, California. Additionally, indicate the total estimated annual savings if the call center is located outside Alameda County, California.

Adjustment to all proposed rates on MM&O Collection Forms 2A through 2J: -1.42%

Estimated Savings Annually – Wages & Benefits: \$ 800,000.00

Estimated Savings Annually – Administration: \$1,000,000.00

Estimated Savings Annually – Operations: \$0.00

Estimated Savings Annually – Capital: \$0.00

Mitigating Inflation

In order to provide some mitigation for inflation between the time that the Maximum Collection Service Rates were proposed and the time when Collection Services will commence, the Maximum Collection Service Rates contained on Forms 2A through 2J, including the Franchise Fee, shall be adjusted in March 2015 by the annual change in the Consumer Price Index – All Urban Consumers, Series ID cuura422sa0, Not Seasonally Adjusted, San Francisco-Oakland-San Jose, CA for the prior calendar year, January 1, 2014 through December 31, 2014.

MM&O COLLECTION SERVICES FORM 2
MAXIMUM COLLECTION SERVICE RATES PROPOSAL

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Adjustment to all proposed rates on MM&O Collection Forms 2A through 2J: **3.13%**

Call Center Adjustment. Indicate the adjustment, if any, if the CITY does not require the

MM&O COLLECTION SERVICES FORM 2
MAXIMUM COLLECTION SERVICE RATES PROPOSAL

call center to be located in Alameda County, California. Additionally, indicate the total estimated annual savings if the call center is located outside Alameda County, California.

Adjustment to all proposed rates on MM&O Collection Forms 2A through 2J: -1.42%

Estimated Savings Annually – Wages & Benefits: \$ 800,000.00

Estimated Savings Annually – Administration: \$1,000,000.00

Estimated Savings Annually – Operations: \$0.00

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In order to provide some mitigation for inflation between the time that the Maximum Collection Service Rates were proposed and the time when Collection Services will commence, the Maximum Collection Service Rates contained on Forms 2A through 2J, including the Franchise Fee, shall be adjusted in March 2015 by the annual change in the Consumer Price Index – All Urban Consumers, Series ID cuura422sa0, Not Seasonally Adjusted, San Francisco-Oakland-San Jose, CA for the prior calendar year, January 1, 2014 through December 31, 2014.

Crowder, William

From: Gagliardi, Mark on behalf of Zero Waste RFP
Sent: Tuesday, July 22, 2014 3:33 PM
To: Zero Waste RFP
Subject: FW: RRI for City of Oakland Zero Waste Services RFP BAFO

From: Tucker, David [mailto:DTucker2@wm.com]
Sent: Monday, July 21, 2014 11:49 AM
To: Zero Waste RFP
Cc: Kattchee, Susan; Ric Hutchinson; Ong, Greg; Dowdakin, Becky
Subject: RE: RRI for City of Oakland Zero Waste Services RFP BAFO

Good morning Susan,

Attached is a revised Rate Sheet reflecting the local 6 wage increase of \$20.94 by 2019.

I also included below two statements regarding Civicorp and MFD organics phase in.

Please review and if you require additional information, please do not hesitate to contact us.

David

Statement regarding Civicorp.

I have prepared the following statement to express our willingness to explore possible collaboration with Civicorp.

To realize the City of Oakland's goal of zero waste; public education and outreach is essential. Building on the experience of Civicorp, Waste Management invites Civicorp to partner with us to continue its jobs training program and expand it to incorporate outreach. Waste Management of Alameda County has outlined an extensive outreach program to target , single family residents, multifamily dwellings, businesses and community organizations on the environmental and cost benefits of recycling and organics collection.

A Civicorp partnership with WMAC could include recruiting, training, and mobilization of our proposed Zero Waste Ambassador program. This corps of zero waste community ambassadors through our community-based partners, will deliver outreach services to Single-Family homes, apartment buildings, workplaces, neighborhoods and events. The corps will be comprised of both volunteer and hourly staff, based on responsibilities, time commitment, and performance in meeting outreach targets. Interns and volunteers will gain on-the-job training and transferable soft and hard skills. We have included a budget for ambassador positions that will be paid for via grants and stipends to our community partners.

For more information on Waste Management of Alameda County's overall community outreach and education program and the Zero Waste Ambassadors program, please refer to Section 5.5 Community Outreach Strategy, of our Zero Waste RFP proposal.

MFD phase in program

On May 29 there was an inquiry by Council Member Kalb about implementing default Alternative No. 1 for MFD green carts, and phasing in the other alternatives. As staff understands it, the basis for service at the

start of the franchise term would be “opt in”, i.e., Contractor would provide green carts upon Customer request, with the cost embedded in MFD rates, followed by efforts in subsequent years to achieve participation results that would be similar to Option 4, where all MFDs have green carts. In the interest of responding to this concept put forward by the Councilmember, the City requests that you submit a summary outline of a phased in approach to wide-spread adoption of MFD green carts at MFD, starting with on Option No. 1, that might include, for example, plans for targeted promotion of green cart service, coordination with building owners/managers, participation goals with annual benchmarking and moving to the concept of green carts at all MFD at some future date.

Overview of MFD Organics Implementation Plan

Outreach to multifamily dwellings(MFDs) will be conducted in cycles with varying strategies based on the total number of units in each building. Public education material, carts or bins, and kitchen pails will be made available to all buildings. Waste Management of Alameda County's goal is to convert 100% of Oakland MFDs by the end of 2017.

WMAC in collaboration with the City and Cascadia will implement a wide variety of pilot programs targeted toward a range of sectors and waste streams following final award of the contract

The outreach strategy that we have developed is the first of its kind on this scale – we combine conventional outreach strategies with community based social marketing.

Key Strategies of Community-Based Outreach Campaign

1. Understand Council District profiles, needs, and opportunities
2. Target sectors and streams for maximum return
3. Engage Vital Community Partners
4. Mobilize Zero Waste Ambassador Corps and Provide Job Training
5. Incentivize participants
6. Utilize technology and social media platforms

The MFD sector represents a tremendous opportunity to dramatically impact diversion. The City of Oakland has 3,503 multifamily buildings with a total of 57,414 units. Nearly 80% of the buildings have 20 or fewer units. Based on our experience in Oakland and surrounding cities, we have found that residents in buildings with 20 or fewer units are more likely to adopt source separation for both recyclables and organics. A couple of factors contribute to this. One, most buildings this size do not have trash chutes; a feature that hinders source separation. Two, there is usually less amity among residents which helps to foster peer-to-peer support for recycling. These 2,811 buildings represents a significant and immediate diversion opportunity.

Public Education Tools

In an effort to support multifamily sorting we will create a host of public education tools to make program implementation easy and successful.

- Cart decals showing what material belongs in each container
- 3 stream posters showing what goes where, building on the posters currently created for businesses, but simplifying them to be more graphic based and creating a trash poster as well
- One page, double sided flier to be used as part of program announcement and to be distributed to new residents after program has begun with one side showing what belongs in each of the 3 waste streams, the other would have tips for successful participation in the organics recycling program
- Program announcement letter template for property manager use in both electronic and paper form
- Kitchen pails for MFDs on request

Initial Outreach to All MFDs

All property managers or bill payers will receive a direct mail piece informing them about the new organics recycling service and County mandate. Initially customers will be encouraged to call in to establish service. Site visits to provide technical support and public education material will also be offered in the letter. Historically there is low response to direct mail pieces, but those who do respond tend to be the most engaged in implementing successful programs and will be a great place to start.

Mobilize Zero Waste Ambassador Corps and Provide Job Training

To effectively leverage these community norms and affect change on the ground, WMAC will put together a robust grassroots campaign. It will include activities that provide many benefits to Oakland, including job creation and training, incentives and education to bring the zero waste message to the diverse Oakland community.

The Zero Waste Ambassador Corps will be the heart of the grassroots Zero Waste campaign. Membership will be comprised of young people, business leaders and community activist.

They will be volunteers as well as paid positions, depending on the job. Being a member of the Zero Waste Ambassador Corps will be a sought-after position and a symbol of one's commitment to greening Oakland and achieving zero waste. Potential recruiting grounds include but not limited to Civicorp, Youth Uprising, YMCA of the East Bay.

Processing at Davis Street Transfer Station

WMAC offers a unique solution that bridges the desire for source separation by residents and the reality of container space and garbage chute limitations as well as resident apathy. All mixed materials collected at MFD dwellings that do not institute the three cart system will be processed at the Davis Street permitted Mixed Material Recovery Facility (MMRF). The MMRF ensures that organics and recyclables are diverted for higher reuse and only residuals are transferred to the landfill. It is a Zero Waste "safety net," because there isn't a one-size fits all solution to reaching Oakland's diversion goals.

By offering a phased in approach, Waste Management of Alameda will be able to establish critical benchmarks, align appropriate resources with the flexibility to course correct as needed as we build a program that provides for a sustainable Multi Family Dwelling Organics program.

For more information on Waste Management of Alameda County's overall community outreach and education program, please refer to Section 5.5 Community Outreach Strategy, of our Zero Waste RFP proposal.

These percentages assume a PI of 1.5% added to the RRI for years 2 3, 4, 5 & Loc 6 wages to \$20.94 by 2019

Addendum to Rate Sheet Forms

Additional Adjustments to Rate Forms			
SG-1: MM&O	Item	Comments	Change to Rates
1	Lien Process / Property Assessment Adjustment	The percentage cost increase is to be applied to the total rate. This assumes no City Lien Process / Property Assessment Adjustment Program.	3.13%
2	Call Center Adjustment	Total discount of 1.41% per Form 2 to be applied to rates.	-1.42%
3	Multiple Service Discount (if awarded MM&O + RR + Disposal contracts)	Total discount of 5.85% per Form 2K to be applied to the total rates.	-5.85%
4	BAFO Discount per May 19, 2014 BAFO delivered to City	Applies to MM&O rates if MM&O + RR + Disposal are all awarded to WM and all other contract terms / concessions and service discounts are agreed to. Discount applies to the rates. Discount to be applied after all applicable discounts, including the multiple service discount , are taken.	-4.05%

SG-2: RR	Item	Comments	
1	Multiple Service Discount (if awarded MM&O + RR + Disposal contracts)	Total discount of 6.79% per Form 2C to be applied to the rates.	-6.79%
2	BAFO Discount per May 19, 2014 BAFO delivered to City	Applies to RR rates if MM&O + RR + Disposal are all awarded to WM and all other contract terms / concessions and service discounts are agreed to. Discount to be applied to the rates after all discounts, including multiple service discount, are taken.	-15.30%

1 The "Other Pricing Per City Council Resolution" and the "City Council's Request to Reduce Rates" shown below are applied after any application of any Additional Adjustments to Rate Forms in this Section (the percentage increase in the sections below are subject to change) .

2 Above Adjustments and Discounts are not included in the rate forms for the MM&O and the RR.

3 The discount percentages above assumes it will be applied to a \$50.00 disposal rate, where applicable. If the actual disposal rate is lower, these same discount percentages will apply.

Other Pricing Per City Council Resolution # 84898 Meeting Date 3-18-2014				
	Item	Description	Percentage Increase ²	Per Unit Charge
1	Local 6 Wages Increase - MM&O ³	Increase wages to \$20.94 per hour by 2019.	0.58%	
	Local 6 Wages Increase - RR ³	Increase wages to \$20.94 per hour by 2019.	1.01%	
2	EBMUD Processing ⁴	Commitment of commercial food scraps to East Bay Municipal District digester.	1.39%	\$3.91/\$23.48
3	Option 1: Green Cart for Multi-family ⁵	Opt-Out. Green waste cart + food waste pail. 1 -64 gal cart for every 13 units.	2.15%	\$2.87
	Option 2: Green Cart for Multi-family ⁵	Mandatory. Green waste cart + food waste pail. 1 -64 gal cart for every 13 units.	2.26%	\$3.01
4	Option 1: Bulky Waste Services for Multi-family ⁶	Each MFD unit arranges for bulky waste pick up. Can request on different days.	4.97%	\$6.64
	Option 2: Bulky Waste Services for Multi-family ⁶	Each MFD unit arranges for bulky waste pick up if complex is <30 units. Otherwise, utilize roll off box.	6.66%	\$8.89
	Option 3: Bulky Waste Services for Multi-family ⁶	Bulky waste coupon program at Davis Street Transfer Station	1.57%	\$2.09

² "Percentage Increase" applied assumes all service discounts applicable are taken in the "Additional Adjustments to Rate Forms". Percentage amounts may vary based upon final agreed upon rates and/or compensation and would go down if less discounts are chosen.

³ Increase for MM&O and for RR are shown separately. However, if WM is awarded only the MM&O or RR contract, the following additional increases will be added to the above percentages for both MM&O and RR and will be applied to the rates for the contract awarded. If only MM&O is awarded, rates for MM&O will increase by an additional .16% for Local 6 wage increases associated with RR. If only RR is awarded, rates for RR will increase by an additional 3.66% for Local 6 wage increases associated with MM&O. Percentage increase assumes all service discounts applicable are taken. **The increase is based upon an assumed increase in wage rates to \$20.94 by 2019.**

⁴ Increase applied to all MM&O rates after all other service discounts taken. Per unit rate charge shown for 32 gal and 1 CY bin service for commercial organics rates.

⁵ Increase applied to all MM&O rates after all other discounts taken. Per Unit charge to be applied to each Multi-family unit.

⁶ Increase applied to all MM&O rates after all other discounts taken. Per Unit charge to be applied to each Multi-family unit.

⁷ Additional Adjustments to Rate Forms above do not apply.

Per City Council Request to Reduce Rates			
	Item	Description	Percent Reduction ¹
1	Reduce City can service by 25%	Currently, WM services approximately 1,400 City cans which are serviced 1-6 times per week. Review usage of City cans with a goal of reducing service by 25%.	-0.53%
2	Reduce roll off box service provided to Council members and Mayor by 50%	The RFP requires the Contractor to provide 12 roll off boxes per year to each Council member and to the Mayor for a total of 108 roll off boxes per year. Review purpose and usage of the roll of boxes with a goal of reducing number of boxes allowed by 50%.	-0.05%
3	Reduce roll off box service to City facilities by 25%	The City receives approximately 1,550 roll off box services per year at no charge for various services. Review purpose and usage of the roll off boxes with a goal of reducing service by 50%	-0.18%
4	Reduce bulky/illegal waste routes by 25%	Reduce the number of bulky/illegal waste hauls by 25%.	-0.53%

¹ Reduction applied to rates after all discounts taken. Percentage reduction may vary based upon final agreed upon rates and/or compensation.

These percentages do not assume a PI of 1.5% added to the RRI for years 2 ,3, 4, 5 & 6 but includes Loc 6 wage increase to \$20.94 by 2019

Addendum to Rate Sheet Forms

Additional Adjustments to Rate Forms			
SG-1: MM&O	Item	Comments	Change to Rates
1	Lien Process / Property Assessment Adjustment	The percentage cost increase is to be applied to the total rate. This assumes no City Lien Process / Property Assessment Adjustment Program.	3.11%
2	Call Center Adjustment	Total discount of 1.41% per Form 2 to be applied to rates.	-1.41%
3	Multiple Service Discount (if awarded MM&O + RR + Disposal contracts)	Total discount of 5.85% per Form 2K to be applied to the total rates.	-5.85%
4	BAFO Discount per May 19, 2014 BAFO delivered to City	Applies to MM&O rates if MM&O + RR + Disposal are all awarded to WM and all other contract terms / concessions and service discounts are agreed to. Discount applies to the rates. Discount to be applied after all applicable discounts, including the multiple service discount, are taken.	-4.02%

SG-2: RR	Item	Comments	
1	Multiple Service Discount (if awarded MM&O + RR + Disposal contracts)	Total discount of 6.79% per Form 2C to be applied to the rates.	-6.79%
2	BAFO Discount per May 19, 2014 BAFO delivered to City	Applies to RR rates if MM&O + RR + Disposal are all awarded to WM and all other contract terms / concessions and service discounts are agreed to. Discount to be applied to the rates after all discounts, including multiple service discount, are taken.	-15.30%

- 1 The "Other Pricing Per City Council Resolution" and the "City Council's Request to Reduce Rates" shown below are applied after any application of any Additional Adjustments to Rate Forms in this Section (the percentage increase in the sections below are subject to change) .
- 2 Above Adjustments and Discounts are not included in the rate forms for the MM&O and the RR.
- 3 The discount percentages above assumes it will be applied to a \$50.00 disposal rate, where applicable. If the actual disposal rate is lower, these same discount percentages will apply.

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	Local 6 Wages Increase - RR ³	Increase wages to \$20.94 per hour by 2019.	0.97%	
2	EBMUD Processing ⁴	Commitment of commercial food scraps to East Bay Municipal District digester.	1.34%	\$3.91/\$23.48
3	Option 1: Green Cart for Multi-family ⁵	Opt-Out. Green waste cart + food waste pail. 1 -64 gal cart for every 13 units.	2.07%	\$2.87
	Option 2: Green Cart for Multi-family ⁵	Mandatory. Green waste cart + food waste pail. 1 -64 gal cart for every 13 units.	2.17%	\$3.01
4	Option 1: Bulky Waste Services for Multi-family ⁶	Each MFD unit arranges for bulky waste pick up. Can request on different days.	4.78%	\$6.64
	Option 2: Bulky Waste Services for Multi-family ⁶	Each MFD unit arranges for bulky waste pick up if complex is <30 units. Otherwise, utilize roll off box.	6.40%	\$8.89
	Option 3: Bulky Waste Services for Multi-family ⁶	Bulky waste coupon program at Davis Street Transfer Station	1.50%	\$2.09

² "Percentage Increase" applied assumes all service discounts applicable are taken in the "Additional Adjustments to Rate Forms". Percentage amounts may vary based upon final agreed upon rates and/or compensation and would go down if less discounts are chosen.

³ Increase for MM&O and for RR are shown separately. However, if WM is awarded only the MM&O or RR contract, the following additional increases will be added to the above percentages for both MM&O and RR and will be applied to the rates for the contract awarded. If only MM&O is awarded, rates for MM&O will increase by an additional .15% for Local 6 wage increases associated with RR. If only RR is awarded, rates for RR will increase by an additional 3.13% for Local 6 wage increases associated with MM&O. Percentages increase assumes all service discounts applicable are taken. **The increase is based upon an assumed increase in wage rates to \$20.94 by 2019.**

⁴ Increase applied to all MM&O rates after all other service discounts taken. Per unit rate charge shown for 32 gal and 1 CY bin service for commercial organics rates.

⁵ Increase applied to all MM&O rates after all other discounts taken. Per Unit charge to be applied to each Multi-family unit.

⁶ Increase applied to all MM&O rates after all other discounts taken. Per Unit charge to be applied to each Multi-family unit.

⁷ Additional Adjustments to Rate Forms above do not apply.

Per City Council Request to Reduce Rates			
	Item	Description	Percent Reduction ¹
1	Reduce City can service by 25%	Currently, WM services approximately 1,400 City cans which are serviced 1-6 times per week. Review usage of City cans with a goal of reducing service by 25%.	-0.51%
2	Reduce roll off box service provided to Council members and Mayor by 50%	The RFP requires the Contractor to provide 12 roll off boxes per year to each Council member and to the Mayor for a total of 108 roll off boxes per year. Review purpose and usage of the roll of boxes with a goal of reducing number of boxes allowed by 50%.	-0.03%
3	Reduce roll off box service to City facilities by 25%	The City receives approximately 1,550 roll off box services per year at no charge for various services. Review purpose and usage of the roll off boxes with a goal of reducing service by 50%	-0.18%
4	Reduce bulky/illegal waste routes by 25%	Reduce the number of bulky/illegal waste hauls by 25%.	-0.51%

¹ Reduction applied to rates after all discounts taken. Percentage reduction may vary based upon final agreed upon rates and/or compensation.