RethinkWaste
South Bayside Waste Management Authority

To:	**SBWMA Board Members**
From:	**Facility Operations Contractor Selection Committee**
Date:	**January 15, 2009**
Subject:	**Facility Operations Contractor Selection Committee Report**

The Facility Operations Selection Committee is issuing a Selection Committee Report to the SBWMA Board and Member Agencies with the intention of providing a draft selection recommendation based on follow up discussions with the short listed firms. The Selection Committee reviewed the Evaluation Committee Report (attached) and makes the following findings and recommendation:

Findings

- Selection Committee members agree that Hudson Baylor Corporation (HBC) and South Bay Recycling, LLC. (SBR) are capable and very qualified to perform the services requested in the RFP.
- Both firms have submitted excellent proposals and provided the SBWMA all requested follow up information.

Recommendation:

- The Selection Committee recommends South Bay Recycling, LLC as the Facility Operations Contractor at the Shoreway Facility. The recommendation is primarily based upon the cost differential between the two firms (SBR has offered a proposal that is approximately $1.1 million per year in operating costs lower than HBC). No other differences between the proposals submitted by HBC and SBR were considered significant enough to overcome the cost differential between the two firms.
- The Selection Committee's recommendation of SBR is conditioned on the resolution of the following existing or new issues as identified in the Selection Committee Report:
    - Acknowledgement of the SBWMA rejection of South Bay Recycling's "offset" proposal related to the commodity guarantee.
    - Complete justification of the change in proposal costs that is not explained within the revised proposal or revision of the costs.
    - Verification of South Bay Recycling's response to City of Los Angeles permit compliance issues raised during reference checks.
    - Successful negotiations of a franchise agreement that includes agreement on the following:

- Liquidated damages and charges that can be imposed,
- Self Haul diversion guarantees, and
- Critical Implementation Milestones.

This recommendation is being released prior to resolution of these issues so that each Board Member can return to their Member Agency and discuss the findings and recommendations with their City Manager or County Administrator and with their elected officials prior to action by the SBWMA Board scheduled in March.

Selection Committee Members:

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Larry Patterson, Director of Public Works, City of San Mateo

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Jim Porter, Director of Public Works, County of San Mateo

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Mark Weiss, City Manager, City of San Carlos

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Hilary Gans, Facility Operations Contracts Manager, SBWMA

(Signatures Provided on Separate Pages)

Facility Operations Contractor

Future Selection Process Milestones

Item	Date
Selection Committee meeting to make final selection recommendation	March
Selection committee recommendation report to the SBWMA Board	March
SBWMA Board meeting and selection for the Facility Operations	March
Negotiation with selected facility operations contractor and development of draft Facility Operations Agreement	April - May
Approval of Facility Operations Agreement by SBWMA Board	June
Member Agencies approval of Facility Operations Agreement	July - Sept

Attachments: Future Contractor Selection Process Milestones
Selection Committee Report
Evaluation Committee Report

RethinkWaste
South Bayside Waste Management Authority

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Signature Pages Attached

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RethinkWaste

South Bayside Waste Management Authority

Facility Operations

Selection Committee Report

Recommendation of a

Facility Operator

From Short-List of Companies

January 15, 2009

OVERVIEW

On July 17, 2008 the Selection Committee issued a report to the SBWMA Board that recommended short listing Hudson Baylor Corporation (HBC) and South Bay Recycling (SBR). On July 24, 2008 the SBWMA Board approved the Selection Committee recommendation to short list the two firms and directed the Selection Committee to continue the selection process. Since the Board short list decision, the Evaluation Committee has had multiple rounds of questions and cost forms revisions that have modified the proposals received from the two firms.

On January 7, 2008 the Selection Committee met to consider the impacts of the modifications, to discuss items considered critical to the selection process, and to make a selection recommendation. The Selection Committee reviewed information presented by the Evaluation Committee (EC) regarding the supplemental evaluation of HBC and SBR and discussed the relative merits of each company's' proposed plans and costs for operating the Shoreway MRF and transfer station. During the Selection Committee review, it was clear to all the committee members that both of the short listed firms are well qualified and are capable of operating the facility to the SBWMA's expectations. After considering the information at hand, the Selection Committee concluded that, given the roughly equal standing of each company's terms of qualifications, it was critical to provide SBWMA rate payers the lowest cost option provided that no other factors identified in the collection process offset the financial advantage. South Bay Recycling's (SBR) proposed cost of service is approximately $1.1 million per year less that Hudson Baylor Corporations proposed cost of service. This difference in the cost of service has the potential to save the SBWMA rate payers $11.0 million over the ten year life of the contract.

The Selection Committee recommendation of SBR is conditioned on resolution of several existing and new contractual issues that have not been fully resolved or negotiated and are discussed below. Requests have been made of the companies for additional information and clarification of their proposed services. The SBWMA Board of Directors will consider action on the final contractor selection after the additional information is received by the Evaluation Committee and after input has been received from the Member Agencies. It is recommended that, if the issues associated with the South Bay Recycling proposal are not resolved prior to consideration by the Board of Directors, then SBWMA should initiate negotiations with HBC and delay action on the selection until those negotiations are completed.

OUTSTANDING CONTRACTUAL ISSUES

The request for additional information that the Selection Committee has made to the short listed companies can be grouped into two areas. First, there are existing issues pertaining to each company's current offer. Second, several new issues have arisen during the course of the Selection Committee's discussions that must be addressed by the short listed firms. The closure of open issues and the companies' responses to new issues may have a bearing on the final decision. The following are additional items that the Evaluation and Selection Committees will consider:

Existing Issues

Exceptions to the Draft Agreement

- Hudson Baylor has sought clarification regarding terms and conditions contained in the Draft Agreement, but they have stated that they take no exceptions to the Draft Agreement.
- South Bay Recycling, Inc. has taken specific exception to provisions in the Draft Agreement regarding moisture content and material contamination. The company's citation of specific provisions in the Agreement, and recommended changes seem reasonable and are being considered by SBWMA. SBWMA is investigating the method and manner in which issues of moisture content and material contamination have been handled by the South Bay partners under their current and past contractual relationships.

References

- Hudson Baylor received high marks from their listed references. SBWMA is reconfirming references for the company's proposed Transfer Station sub-contractor, Waste Solutions Group.
- South Bay partner, Potential Industries, received excellent recommendations from their listed references. South Bay partner, Community Recycling received generally favorable ratings from their listed references. However, the company received an unsatisfactory rating from the City of Los Angeles related to permit compliance at the company's Sun Valley location. The company has rendered a plausible explanation regarding their permit status and compliance issues. SBWMA is investigating and attempting to verify the company's response.

Revenue Guarantee

- Hudson Baylor has offered an extraordinary $10.1M annual commodity revenue guarantee. The company's financial statements do not appear sufficient to unilaterally support their guarantee in the face of poor long-term markets. HBC states that their guarantee is based upon floor price guarantees provided by America Chung Nam, Inc., the largest recycled commodity buyer and exporter in the U.S. SBWMA has received email correspondence from America Chung Nam CEO, Peter Wang, to verify

their support of the HBC guarantee. In addition to the email correspondence, HBC will need to provide SBWMA a fully executed copy of a long-term purchase agreement containing the requisite floor prices.

- South Bay has offered an annual revenue guarantee of $7.25M. During negotiation, South Bay proposed to amend their guarantee by inserting an "off-set" mechanism as a means of recapturing revenues from years during which the actual sales revenues fall short of the guaranteed amount. SBWMA rejected the proposed amendment. While South Bay officer, Dan Domonoske, has acknowledged the rejection in an emailed correspondence, SBWMA will need official written confirmation from the company.
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Commodity Price Manipulation

- Hudson Baylor has secured price support from the world's largest recycled commodity buyer. South Bay Recycling partners have direct ownership of newsprint and tissue mills. While these features offer tremendous potential benefit to SBWMA, they also present the opportunity for price manipulation. Each proposer has been asked to propose a "fail-safe" mechanism whereby SBWMA can be assured that it always receives the highest prices that are offered in the local market area.

Cost Changes from originally submitted proposals

- During negotiation, HBC contemplated several options to their originally proposed operation. With their final proposal, however, though some costs were reallocated, the total additional operating costs amounted to less than $10,000 per year.
- At the commencement of negotiations, South Bay was low-bidder by approximately $3.6M annually. During negotiation, South Bay increased their proposed operating costs by approximately $1.75M annually, thereby narrowing the operating cost difference between HBC and SBR to approximately $1.8 M per year. A portion of SBR's increased costs are attributable to the addition staff that were added at the suggestion of the SBWMA. However, the listed staffing changes do not appear to account for the total additional operating cost represented in the company's current proposal. SBWMA has requested that SBR fully account for the added operating costs.

Union Issues

- Hudson Baylor has executed a Memorandum of Understanding as prepared by Teamsters Local 350.
- South Bay acknowledges the current Collective Bargaining Agreement and the expectation that the current contractor, Allied Waste Industries, will enter into a new Agreement with the Teamsters in 2009. South Bay commits to honoring the Collective Bargaining Agreement that is in place upon commencement of the new operating contract, but is reluctant to make contractual commitments prior to the award of the contract.
- Both companies have been asked to provide updates regarding interaction with the Teamsters.

New Issues

Liquidated Damages

- An important feature of the Draft Agreement is the provision authorizing the SBWMA to impose Liquidated Damage charges. The Agreement cites many issues for which Liquidated Damage charges may be imposed including; maintenance of proper staffing levels, and the achievement of commodity/product quality standards. The list of Liquidated Damage items, penalties, and the procedure for assessment and payment must be defined and reviewed by the proposing companies for consideration.

Self-Haul Diversion

- Each of the proposers has offered primary plans and options for the achievement of material recovery and the diversion of self-haul materials at the transfer station. At a minimum the SBWMA expects that the new contractor will maintain the current diversion level. Though increasing the diversion of self-haul tonnage is a stated goal in the RFP, proposers have been reluctant to commit to either a tonnage or a percentage diversion guarantee regarding this material stream. Utilizing the self-haul recovery programs presented in response to the RFP, HBC and SBR are being asked to propose a self-haul diversion guarantee that will exceed those achieved under the current program.

Critical Milestones

- Upon selection and award of the new facility operating contract, the successful proposer must immediately commence the implementation of its proposed transition plan to include the installation of the new Material Recovery Facility equipment and the orderly start-up of MRF and transfer station operations. The selected contractor must propose and commit to the achievement of performance milestones that will lead to full and complete implementation at the commencement of service under the new contract. Failure to reach a contractual milestone will initiate a process whereby the SBWMA will issue a Notice to Cure, thereby placing the contractor on formal probation. If, during the probationary period, the contractor fails to cure the issue and achieve the milestone, the contractor may be declared in default. Upon determination of default, the contractor may be removed and replaced by SBWMA.
- Critical Milestones include:
    - Institutional commitment to financing
    - Commitment to final design and purchase price for MRF equipment
    - Issuance of Purchase Order for Rolling Stock
    - Commitment to abide by the Collective Bargaining Agreement
    - Hiring of General Manager and other critical management team members
    - Personnel Training
    - Equipment Delivery and Installation

RethinkWaste
South Bayside Waste Management Authority

EVALUATION COMMITTEE REPORT

EVALUATION OF SHORT LISTED PROPOSERS FOR THE FACILITY OPERATIONS SELECTION PROCESS

JANUARY 15, 2009

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BACKGROUND

Seven companies responded to the SBWMA's request for proposals (RFP) for Facility Operations issued on November 1, 2007. The Evaluation and Selection Committee members originally evaluated the seven proposing companies and based scoring and final ranking on the following information from the following sources:

- Original proposals submitted on March 4, 2008.
- Responses to technical and cost form questions sent out to proposers on April 1, 2008 and due back by April 7, 2008.
- 1-hour technical oral interviews held at the SBWMA offices on April 14-15, 2008.
- Site visits to proposer operations.
- Additional site visits that were conducted of MRF equipment installations in Seattle, San Diego and Escondido.
- Responses to technical interview follow-up questions. These technical questions provided proposers the opportunity to make changes to their cost forms.
- Other information submitted by proposers in response to requests by the evaluation team.
- Information gathered from reference checks and other publicly available sources.

The Evaluation Committee members numerically scored proposing companies using the evaluation criteria and weighting described in the RFP, Section 6 of the Facility Operations RFP. The scores assigned to each of the proposals' criteria reflect the extent to which the company fulfilled the requirements of the evaluation criteria and met the needs of the SBWMA relative to the other proposers.

The Evaluation Committee went through an iterative process to evaluate the seven proposers. Each evaluator reviewed each of the proposals and cost information using the established criteria.

As shown in Table 6-1 of the RFP document and below in **Table 1**, a maximum evaluation score was assigned to each evaluation criteria with at total possible score of 500 points.

Table 1
EVALUATION CRITERIA AND MAXIMUM EVALUATION SCORE

Item	Evaluation Criteria	Maximum Evaluation Score
1	Responsiveness to RFP	Pass/Fail
2	Company's Qualifications & Experience	100
3	Cost Proposal	100
4	SRDC Operations Proposal	100
5	MRF Installation and Startup Proposal (MRF Equipment Design, Installation & Start-up Plan)	75
6	Materials Marketing Plan	75
7	Environmental Enhancements & Other Considerations	25
8	Number & Materiality of Exceptions	25
	Total Maximum Score	**500**

The ratings from the evaluators were compiled and discussed during several evaluation committee meetings to determine a preliminary ranking of the proposals based solely on the evaluation criteria. The relative rankings were adjusted as new information was analyzed throughout the evaluation process.

The Evaluation Committee's work was discussed with the Selection Committee at meetings held on May 13th, June 11th, and June 25th. On June 25th, the Selection Committee unanimously approved the evaluation committee's recommendation to shortlist SBR and HBC.

The Evaluation Procedures in the RFP (described in Section 6.1) envisioned a short-list being developed prior to technical interviews. After the initial review of proposals, the Evaluation Committee made the determination that all of the proposers met the minimum requirements. Thus, all seven firms participated in the technical interview and presentation process.

PROPOSER SCORING RESULTS

Proposers' evaluation scores are presented in **Table 2**, Proposer Evaluation Score, which shows scores for each proposer on each of the criteria. Circled scores represent the best scores.

TABLE 2 PROPOSER EVALUATION SCORE									
Item	**Criteria**	**Max Score**	**Allied**	**BEST**	**Green star**	**Hudson Baylor**	**Norcal**	**Republic**	**South Bay**
1	Responsiveness to RFP	Pass/Fail	P	P	P	P	P	P	P
2	Company's Qualifications & Experience	100	81.5	88	73.5	85.8	84.5	74.5	84
3	Cost Proposal	100	81.8	70.4	64.9	79.1	72	62	86
4	SRDC Operations Proposal	100	67.8	80	64.5	87.3	75.5	63.8	86
5	MRF Design, Installation & Start-up Proposal	75	58.5	65.3	63	68.6	61.9	65.3	59.6
6	Materials Marketing Plan	75	62.6	60.8	42.8	66	60.8	55.9	74.3
7	Environmental Enhancements & Other Considerations	25	15	15	15	10	22.5	10	18.8
8	Number & materiality of exceptions	25	25	25	0	25	25	0	22.5
Total Score		**500**	**392**	**405**	**324**	**422**	**402**	**332**	**431**
Ranking		**--**	**5**	**3**	**7**	**2**	**4**	**6**	**1**

Based on a thorough review of the seven proposals submitted, technical interviews, site visits, follow-up questions and answers, and reference checks and litigation review, the Selection Committee recommended that **South Bay Recycling (SBR) and Hudson Baylor Corporation (HBC) be shortlisted** for negotiation to determine the selected facility operations contractor.

After negotiation, one firm will be recommended for approval by the SBWMA Board. Once the SBWMA selects the operator then final negotiation will ensue regarding the Operations Agreement. The final Operations Agreement will be subject to Board approval and approval by two-thirds of the Member Agencies.

The Selection Committee believes **SBR** and **HBC** stand clearly apart from the other five firms for these reasons:

- The entirety of their responses (original proposals, written answers to technical questions, and technical interview performance) were the most thorough and complete.

- These companies offer a combination of experience, technical capability, and pricing that set them apart from the rest of the field. These two firms had the two lowest overall cost proposals.

- These two firms are the two most qualified single stream MRF operators and offer the best commodity marketing capabilities. This is critical given the growing importance of commodity revenues to fund SBWMA operations.

- Each of the two firms stand out financially with HBC offering the highest commodity revenue guarantee at $10.1 million and SBR offering the lowest overall cost proposal.

- Each firm has a strong plan for increasing diversion at the transfer station and unique attributes to their proposed transfer station operations. HBC put together the most innovative base proposal for transfer station diversion, while SBR offers the highest payloads and lowest cost transfer operation.

COST EVALUATION

Proposers were asked to provide detailed pricing information by completing cost forms provided to them in RFP Attachments. The cost information provided by each proposer was entered by the SBWMA and consultants into a Comprehensive Cost Proposal Summary. The summary was used to compare the seven proposers' costs to evaluate their "competitiveness." The firms' cost competitiveness relative to each other was determined using a formulaic approach.

The Cost Summary has now been revised to reflect the responses of HBC and SBR to questions posed by the Evaluation Committee during interviews, teleconferences, and written correspondence (see Cost Summary **Appendix A**).

REASONABLENESS, TESTING & FINDINGS

In addition to evaluating cost competitiveness, the Evaluation Committee members also considered the reasonableness of the costs presented. In determining the reasonableness of companies' proposed costs, equipment selection, labor, and operating assumptions were considered against industry standards and the conditions at the Shoreway Recycling and Disposal Center. During the proposal analysis, there were numerous rounds of questions and cost form revisions conducted between the SBWMA and the proposers. The goal of this process was to obtain complete and accurate information that could be compared between proposers. At the conclusion of the cost proposal analysis, the SBWMA was able to standardize the technical and cost proposal information submitted by the seven firms.

South Bay was ranked highest by virtue of the lowest overall cost proposal (originally $3.6M annually lower than HBC). South Bay's scoring was reduced somewhat on "reasonableness" due to the evaluation committee concerns regarding their low transportation costs, MRF sorter requirement, and management/administration staffing levels.

Hudson Baylor was ranked second in overall service price, yet offered the highest commodity revenue guarantee at $10.1 million. Their scoring was reduced somewhat on "reasonableness" due to proposing the highest capital cost for MRF equipment and installation at $19.8 million.

ORIGINAL PROPOSALS AND REVISIONS

SOUTH BAY AND HUDSON BAYLOR – DIFFERENTIATING FACTORS

STRENGTHS AND WEAKNESSES

During the initial evaluation, seven categories were assigned numerical ratings. Of the seven (7) categories, the companies scored relatively evenly in three (3) areas, with HBC markedly ahead in one (1), and SBR superior in three (3).

- Based upon company histories and references, both companies are well qualified to operate the SBWMA facilities.

- South Bay's original cost proposal scored significantly higher than all others. A twenty-four (24) point spread exists between the lowest and highest ranked (SBR) offers, with SBR seven (7) points ahead of HBC – 86 to 79. With revisions, SBR has maintained the strongest cost proposal, but the operating cost difference between the companies has narrowed.

- Based upon initial evaluation, the original SRDC operations proposals were closely ranked. SBR offered an excellent operating plan with extraordinary transfer payloads and proven management ability. HBC's SRDC plan, while short on experience, offered excellent tip-floor management and an innovative machinery-oriented floor-recovery plan.

- HBC ranked highest among all proposers for MRF design, installation, and start-up – 9 points ahead of SBR – 69 to 60. Though the capital cost of HBC's proposed MRF system is quite high, the proposed design, including the application of eight (8) optical sorting units and the rationale for achieving SBWMA's high commodity quality requirements earned the high ranking.

- By virtue of its historical commodity pricing, revenue guarantee, and the direct ownership of two (2) paper mills, SBR earned the highest ranking for material marketing. Because SBR partners are able to internalize (directly consume) seventy (70) to seventy-five (75) percent of all SBWMA's materials, it is likely that SBR will routinely exceed the prices fetched by proposers that do not own mills.

- SBR outscored HBC with regard to environmental enhancements by nine (9) points – 19 -10. Because SBR partners directly own 100% recycled content fiber mills and a state certified biomass power plant, the company is able to provide Green House Gas reductions above and beyond those which result from a normal recycling operation. The GHG reductions are obtainable because the partners perform closed loop recycling of wastepaper, convert wood and contaminated paper to green power, and compost a myriad of organic materials. SBR has committed to the use of bio-diesel for all loaders and trucks operated from the site. As options, SBR has offered to install a C&D sort line and a Mixed Waste processing system in the new transfer station building in order to increase recycling and diversion of materials from the landfill.

  HBC has committed to the use of bio-diesel in all rolling stock.

- SBR and HBC ranked relatively closely regarding the number and materiality of exceptions taken to the Draft Agreement. HBC took no exceptions. SBR's exceptions regard the potential for excessive material contamination and moisture content. By reason of SBR's explanation, SBWMA believes that the SBR exceptions can be resolved via the application of reasonable definition of the terms.

SOUTH BAY RECYCLING – ORIGINAL PROPOSAL

QUALIFICATIONS AND EXPERIENCE

- Community operates one of largest MRF/Transfer Stations in the State.
- SBR partners operate 6 processing sites. Potential operates California's largest single-stream operation at 17,000 tons per month, plus smaller satellite operations. The Companies processes for the Cities of Los Angeles, Long Beach, and many others, and the company owns and operates two biomass power plants and a large composting facility.
- Top level management is very experienced and dedicated to recycling and service innovation though it is unlikely that any of the current manager/owners will be involved in SRDC day-to-day operations. There is a significant responsibility-gap between executives and line managers.
- Facilities are highly efficient and well managed to maximize profitability in a non-franchised business environment. This results in housekeeping standards and general facility appearance not at the same level as a municipally owned facility like the SRDC.
- The owners of Community Recycling and Potential have a long-term working relationship and thus no issues are expected in the management of the joint venture company, South Bay Recycling.
- South Bay has long-term proven ability to gain the highest market prices for recovered commodities. The company has direct ownership in newsprint and tissue mills, which helps to assure long-term access to end markets.

TECHNICAL PROPOSAL

- SBR has projected highest average transfer station payload at 23.5 tons per load.
- Aggressive floor sorting of self-haul on the transfer station tip floor is proposed. C&D sort line installed at cost equal to or less than Zanker's sorting cost. Option to recover 10-15 percent of the MSW as "soiled biomass" to their Madera biomass power plant for diversion credit.
- Highest projected MRF productivity as measured by tons per labor (sorter) hour.
- WAM scale system with ability to aggregate data for individual reports and export to different format, such as Excel, for reports tailored to SBWMA's requirements.
- Provided excellent description of MRF plant functions and process flow. Equipment designed to minimize material handling and for redundancy to assure continuous operation.
- Bulk Handling Systems (BHS) is SBR's primary MRF equipment vendor. BHS has made significant improvements in component design and function. All components are American made and all parts are locally available.

- Environmental enhancements: Option to purchase green electricity for Shoreway via affiliated entity, Madera Power, LLC; and use of B-20 biofuel in all rolling stock.

SOUTH BAY RECYCLING – REVISED PROPOSAL

In response to questions raised during the Evaluation Committee meeting with Dan Domonoske and John Richardson of South Bay Recycling, and written questions posed to the company on July 30th and November 21st, 2008, South Bay submitted a revised proposal that now stands as their proposal of record. The revised proposal contains the following features and revisions:

- SBR did significantly modify their proposed facility operating cost by approximately $1.5Mover their original cost proposal.

- SBR did not modify their proposed MRF system design or cost.

- SBR did not modify or change the equipment as originally identified for the operation of the Transfer Station and Transportation elements of their proposal.

- Regarding the company's commitment to its originally proposed commodity sales revenue guarantee, SBR confirmed their $7,250,000 annual guarantee but proposed a caveat - - that a "balancing account" provision that will allow the company to make-up revenues that are paid out during years when the total sales revenue falls below $7,250.000 be added. The SBWMA has rejected South Bay's proposed "balancing account" provision and the company has acknowledged that the proposed provision will not be considered by SBWMA.

- SBR's proposed operating fees for all aspects of facility management were adjusted upward to account for added costs for the following:

    - General Manager salary (1)

    - Administrative staff (3)

    - Mechanics (2)

    - Cost of Baling Wire

    - Sales Tax for Facility Management equipment (Rolling Stock)

    - Landscape maintenance

    - Security Service

    - Janitorial Service

- The company has stated that it is ready, willing, and able to finance the entire amount of equipment, including the MRF system, should the SBWMA determine it is the best interest of the Authority to do so.

HUDSON BAYLOR – ORIGINAL PROPOSAL

QUALIFICATIONS AND EXPERIENCE

- Experienced MRF operator with 10 facilities annually handling 174,000 tons of single stream recyclables, 154,000 tons of dual stream recyclables, and 129,000 tons of "bottle law" materials in 2008. Operate three single stream MRFs in Phoenix area.

- HBC's corporate managers have strong experience and they have staffed and successfully operated remote operations. Staff has not been identified for SBWMA operation.

- HBC has most direct experience operating the type of single stream equipment and under comparable municipal arrangements to SBWMA. High confidence in their overall management ability to run the SRDC compliant with contractual requirements.

- HBC's transfer station operator (Waste Solutions Group) does not have the breadth of experience comparable to some of the other proposers, though WSG's strength is in transportation logistics.

- Extraordinary base commodity sales revenue guarantee of $10.1M ($3.35M above SBWMA requirement). This is based on HBC having secured then-year floor prices from their recovered material purchasers.

TECHNICAL PROPOSAL

- HBC/WSG presented an excellent transfer station operation plan to maximize diversion and improve operational efficiencies. Diversion is almost exclusively accomplished with small loaders and other equipment.

- MRF proposal demonstrates high degree of experience in material processing: good mixture of labor and technology to accomplish SBWMA requirements.

- Proposed transfer station average payload of 21.5 tons, about 10% above the current average.

- Creative Information Systems (CIS) scale software integrates truck scales, pit scales, pallet scales into single comprehensive system for generation requested SBWMA reports.

- Assurances of smooth transition based upon three (3) new plants openings and three (3) plant takeovers during past eight (8) years.

- Proposes dual-line residential single-stream system. Provides maximum use of technology; screens, optical units, eddy currents, air, etc. Proposed largest number of optical sorters to clean-up fiber (paper) & container (bottles and cans) streams and recover plastics. Efficient system with highest price tab @$17.5M.

- Centralized commodity marketing with long-term end market relationships. For this contract, HBC has secured ten-year floor prices from their recovered material purchasers.

- Environmental enhancements - Use of B-20 biofuel in all rolling stock.

HUDSON BAYLOR – REVISED PROPOSAL

After being selected for negotiation, HBC set forth several alternatives and options for consideration by SBWMA. In correspondence dated December 9, 2008, HBC offered the final revision of their proposal to include the following features and changes:

- Recommitment to Commodity Sales Revenue Guarantee of $10.1M annually, without caveat.

- Revised MRF system design to eliminate 2- optical sorting units and 1- drum feeder thereby reducing capital cost.

- The new MRF design adds the required dust collection, film plastic collection/baling, and trash transfer conveyor (to TS).

- MRF operating costs have remained constant, though capital equipment has been reduced. All material can be processed in a single-shift using 22 material sorters.

- After considering the use of other Transfer Station/Transportation sub-contractors, HBC has opted to confirm their original selection of Waste Solutions Group (WSG). HBC contends that WSG is well capable and competent to implement their proposed transfer station / transportation management proposal. As a measure of confidence, HBC/WSG will invite SBWMA to participate in the interview process for selection of its site managers.

- By retaining WSG as TS/Transportation subcontractor, only minor changes in operating costs are proposed.

- HBC has submitted a letter from JP Morgan Chase Bank that is not a commitment to lend, yet indicates that the SBWMA project is consistent with the bank's lending practices as they relate to HBC. Based on said letter, it is not clear that the entire 17.5M is available for this project and as a result HBC's currently approved credit facilities may not be sufficient to finance the acquisition of the MRF processing system, although the company is confident of its ability to do so.

Table 3 MAJOR CAPITAL & OPERATING COST FACTORS – REVISED SUBMITTALS			
Item	**Hudson Baylor**	**South Bay**	**Variance**
Operating Costs – 1st Year	$14,987,464	$13,168,754	$1,818,710
Transfer Station Ops Cost	$4,096,446	$3,655,461	$440,985
MRF ops Cost	$5,537,411	$4,403,153	$1,134,258
Transportation Ops Cost	$5,353,606	$5,110,141	$243,465
MRF ops Fee/Ton	$64.17/Ton	$51.03/ton	$13.14/ton [1]
10 Yr. Interest Pass-Thu	$2,380,524	$1,650,402	$730,122
Rolling Stock Cap Cost	$6,389,000	$6,050,168	$338,382
MRF System Cap Cost	$16,600,946	$13,730,447	$2,870,499
MRF Installation Cost	$2,117,523	$3,412,638	($1,295,115)
Sorter Requirement	22.4	21.6	.8
Revenue Guarantee	$10,100,000	$7,250,000	See Below [2]

[1] HBC notes that the value of their revenue guarantee may equate to as much as $9.00/ton. If applied to the MRF operating cost, the variance between SBR and HBC's proposed costs could be reduced to approximately $9.00/ton (i.e. $13.14 - $9.00 = $4.14/ton). If HBC will agree to $9.00 MRF operating cost reduction by dropping revenue guarantee to $7M, they will remain high to SBR by $1.1M annually and $11M thru the term of the contract.

[2] If the sales revenues garnered by the two companies are identical, the HBC revenue guarantee will generate approximately $750,000.00 more revenue to SBWMA (per year) than the SBR guarantee. However, if SBR is able to sustain their commodity marketing edge ($228.49/ton vs. $203.34/ton – a $25.15/ton, or 12.4% advantage for SBR), under expected (2002-2007 average market prices) market conditions, SBR will generate greater revenues to SBWMA.

If the combined average value of all commodities is less than $119.78/ton, the HBC guarantee is best for SBWMA. At any point above $119.78/ton, if SBR achieves an average combined sales revenue that is $11.27/ton higher than HBC's, the SBR guarantee is best for SBWMA. (SBR's revenues for the final quarter of 2007 were $25.15/ton, or 12.4% higher than HBC's.)

CRITICAL ISSUES

ANALYSIS OF COMMODITY REVENUES AND THE REVENUE GUARANTEE

The RFP required proposers to guarantee to the SBWMA an annual minimum of $6.75M in commodity sales revenues. After the Contractor has met the Revenue Guarantee, the SBWMA and the Contractor share the commodity revenues 75:25 respectively. The Revenue Guarantee is important because it assures revenue to the SBWMA during periods when commodity markets drop below the guaranteed amount. Proposers were allowed to offer a Revenue Guarantee above the required minimum.

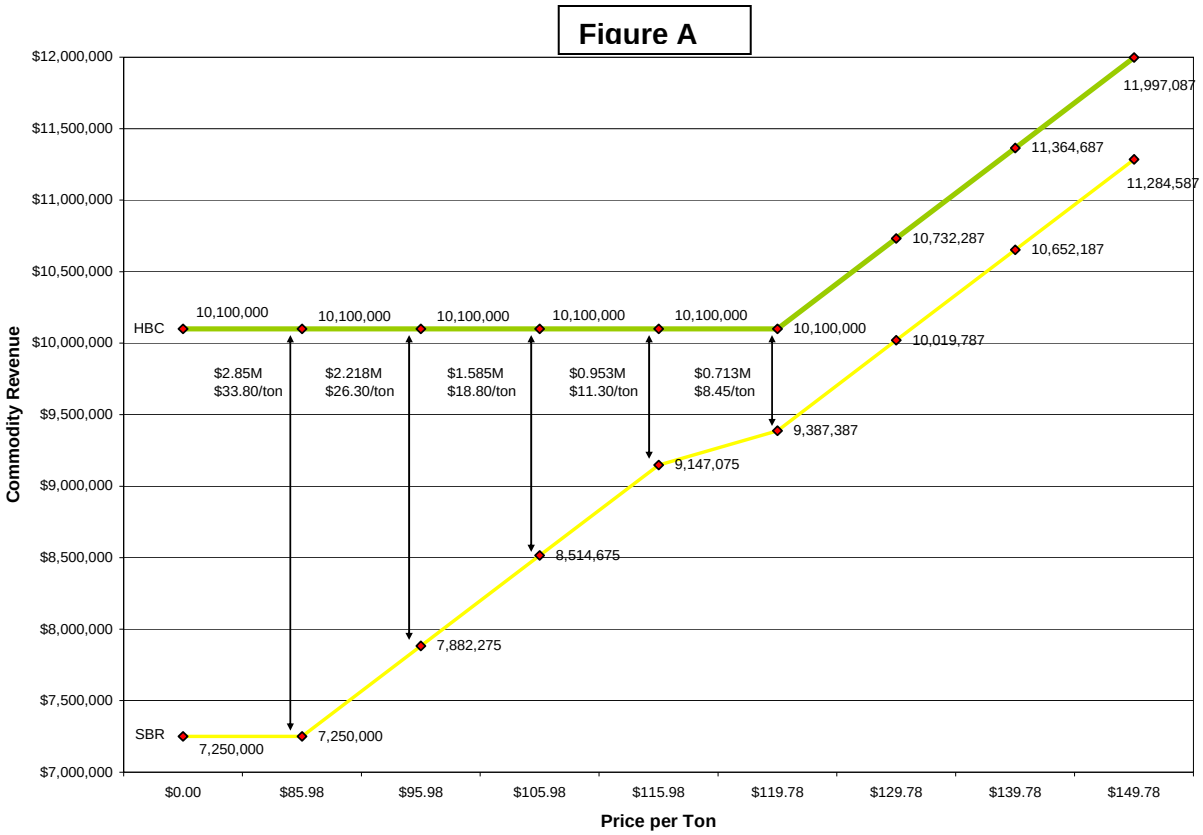
Revenue Guarantee

HBC offered a Revenue Guarantee of $10.1M while SBR offered $7.25M, a difference of $2.85M. To better assess the value of the $2.85M difference between HBC and SBR, the $/ton point at which the Revenue Guarantee becomes effective has been calculated based on the SBWMA's planned annual tonnage of 84,320. As illustrated in **Table 4**, this calculation indicates that when commodity prices are at $119.78 per ton, HBR will generate $10.1M in commodity revenue, an amount sufficient to satisfy their proposed Revenue Guarantee. At prices higher than $119.78, HBC will begin to share revenue with SBWMA at a ratio of 75:25. Likewise, when commodity prices are at $85.98 per ton, SBR will generate $7.25M in commodity revenue, an amount sufficient to satisfy their proposed Revenue Guarantee. At prices higher than $85.98, SBR will begin to share revenue with SBWMA at a ratio of 75:25.

Table 4

	Revenue Guarantee	Tonnage	Rev Guarantee $/Ton
HBC	$10.10M	84,320	$119.78
SBR	$7.25M	84,320	$85.98

It should be noted that the full benefit of HBC's $2.85M difference in Revenue Guarantee is only effective when commodity prices are at or below $85.98 per ton. Because SBR shares 75% of the commodity revenue above $7.25M, when commodity prices are at or above $85.98 per ton the $2.85M difference between HBC and SBR's Revenue Guarantee is reduced gradually as commodity prices rise until reaching $119.78 per ton. At commodity prices at or above $119.78 per ton, the difference between HBC's and SBR's Revenue Guarantee is a constant $713K in commodity revenue per year more than SBR. This equates to $8.45 per ton (see **Figure A** for a pictorial presentation of this information).



It is important to consider in the evaluation of the two short listed firms the ability of one company to market commodities at a higher price than another company. In information provided by the two companies, a substantial difference in reported commodity sale revenues exists between the two proposing companies. In the original proposals, HBC referenced an average material sale price of $203.34 per ton compared to a material sale price of $228.49 per ton by SBR. In fact during the fourth quarter of 2007, SBR's commodity prices were $25.15 per ton, or 12.4% higher than those of HBC.

If this historic commodity sales information reported by the two companies can be used to forecast future sales prices, then SBR would generate more commodity revenues than HBC. This higher sales revenue by SBR could have the impact of canceling out the higher Revenue Guarantee offered by HBC. For example, SBR could "catch up" to the higher Revenue Guarantee offered by HBC, if the commodity prices they obtain are $11.27 per ton higher than HBC's (this is computed by taking the $8.45 per ton difference previously cited and dividing it by .75). Hence if SBR is able to command commodity prices of $138.05 per ton or higher ($119.78 + $11.27), then SBR would "catch-up" with HBC's Revenue Guarantee.

Operating Cost

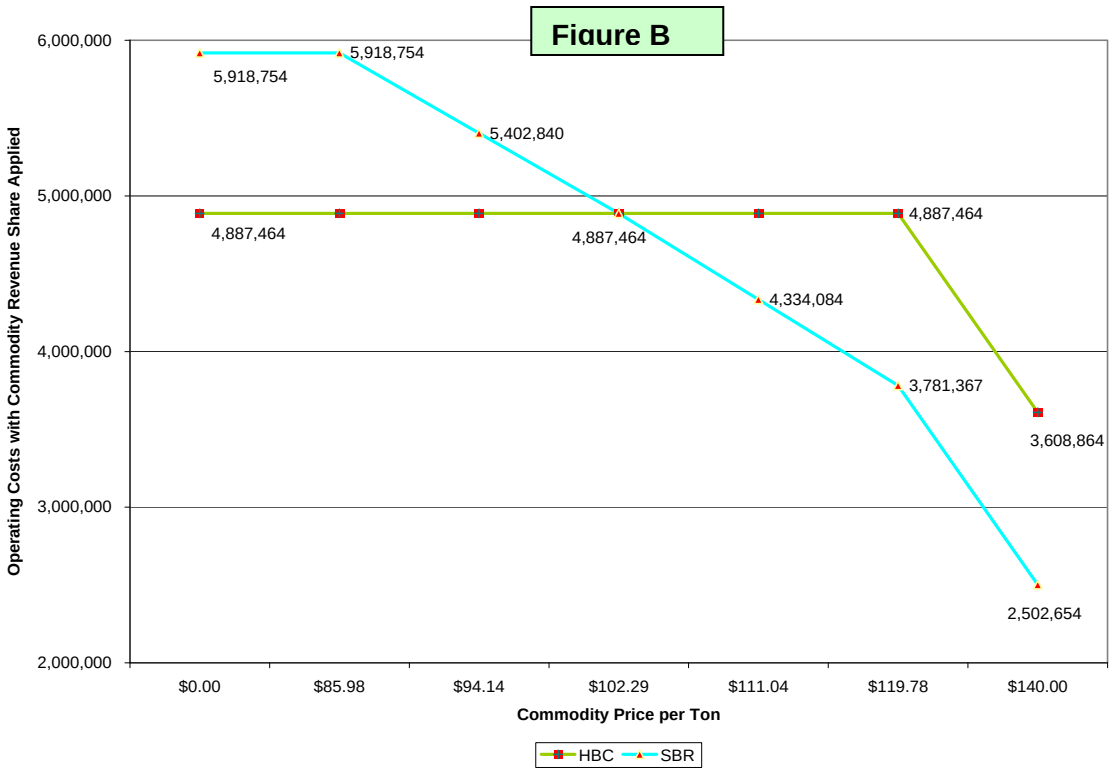
Another factor in considering the Revenue Guarantee offered by companies is to consider it in relation to the company's proposed annual operating costs. In the case of HBC, HBC's proposal will cost the SBWMA $1.82M per year more than SBR in operating costs. The analysis provided in **Table 5**, compares the annual operating costs of the two proposers after adjusting the operating costs by the commodity revenue generated under their Revenue

Guarantees. This analysis, as further illustrated in Chart B below, indicates that when commodity prices are at $85.98 per ton or below, SBWMA's total costs under the HBC proposal are $1.031M less than SBR's. However, when commodity prices rise, the $1.031M is reduced and is completely eliminated when commodity prices are at $102.29 per ton. At this price, the benefit of HBC's Revenue Guarantee is neutralized and SBWMA's costs for service are equal between HBC and SBR. At commodity prices above $102.29 per ton, the operating costs difference is reversed and SBWMA's costs under the SBR proposal are less than HBC's. As commodity prices increase, the operating costs difference continues to increase until commodity prices reach $119.78 per ton. At this price or higher, SBWMA's total costs under the SBR proposal are $1.106M less than HBC's (see **Figure B**).

Table 5

Price per Ton	Revenue	HBC Total Revenue Sharing	HBC Adjusted Costs	SBR Total Revenue Sharing	SBR Adjusted Costs	Difference Between HBC and SBR
Proposed Operating Costs			$14.987		$13.169	$1.818
$0.0	$0.000	$10.100	$4.887	$7.250	$5.919	($1.031)
$85.98	$7.250	$10.100	$4.887	$7.250	$5.919	($1.031)
$94.14	$7.938	$10.100	$4.887	$7.766	$5.403	($0.515)
$102.94	$8.625	$10.100	$4.887	$8.281	$4.887	$0.00
$111.06	$9.363	$10.100	$4.887	$8.835	$4.334	$0.553
$119.78	$10.100	$10.100	$4.887	$9.387	$3.781	$1.106
$140.00	$11.805	$11.379	$3.609	$10.666	$2.503	$1.106

* In millions



Commodity Sale Price

The previous analysis provided a framework from which to determine the value of the Revenue Guarantees offered by HBC and SBR. It has identified three points at which commodity prices can make a difference in the financial evaluation of the two proposers (see **Figure C**). At a commodity price of $102.29 per ton, the proposals are financially equal. At commodity prices below $102.29 per ton, HBC provides a better financial option for the SBWMA . The maximum financial benefit of HBC's Revenue Guarantee is realized when commodity value is at or below $85.98 per ton. At the other end of the spectrum, at commodity prices above $102.29 per ton, SBR's proposal is financially better with a maximum financial benefit realized at or above $119.78 per ton. The one remaining factor is to determine what commodity prices will be during the life of the contract.

Figure C – Commodity Sale Price Impact

Commodity Price per Ton	<= $85.98	$85.98 < > $102.29	$102.29	$102.29 < > $119.78	>= $119.78
Outcome	At any price below $85.98 HBC is less costly by $1.032M year.	As the commodity value drops from $102.29 to $85.98 HBC becomes less costly.	Both proposals are equal in cost.	As the commodity value increases from $102.29 to $119.78 SBR becomes less costly.	At any price above $119.78 SBR is less costly by $1.106M year.

For reference purposes, a historical record of Allied's commodity sales prices from the Shoreway facility are provided in **Table 6**. Table 6 shows a marked increase in the value of residential recyclables (note that the large increase in 2003-4 is attributable to California Redemption Value (CRV) payments by the State). The table also shows a pricing decline during the last economic recession, 2000-2001, with a quick recovery and period of relative price stability until the summer of 2008. The SBWMA asked proposers to provide commodity pricing achieved by the companies over the past year. During 2007 (Q-4), SBR and HBC sold commodities at an average per ton value of $228 and $204, respectively. By contrast, in today's commodity markets, prices have fallen into a range of $100 to $120 per ton.

Table 6
Historical
Commodity Prices

Year	Actual Avg Price
1996	$86.00
1997	$63.00
1998	$58.00
1999	$74.00
2000	$98.00
2001	$87.00
2002	$105.00
2003	$119.00
2004	$150.00
2005	$155.00
2006	$158.00
2007	$200.00
2008	$207.00

Restatement of the Buyback Center Commodity Revenue and Impact on BEST's Ranking

After the original proposals were received, evaluated, and ranked by the Selection Committee, BEST claimed that the Committee had misunderstood the company's intent regarding the Buy Back Center (BBC) commodity revenue. Though it was not clear in their proposal, BEST told the Evaluation Committee that the BBC revenues were not to be shared, but rather, the SBWMA was to receive 100% of the revenue. To clarify their position, BEST prepared and resubmitted cost forms. The change in BBC revenue distribution had the positive impact of offsetting operations costs by approximately $2.2M and thus reducing the company's total annual cost of operations from $17.5M to $15.3M.

Factoring in the changed method of distributing the BBC revenues resulted in a 5 point increase in BEST's total score. This change raised BEST's Total Score from 405 points to 410 points. The adjustment did not result in a change to BEST's relative ranking (see **Table 7**) and had no impact on the recommendation of the Selection Committee.

Table 7
Adjusted Evaluation Score Sheet

	Proposer	Original Total Score	Adjusted Total Score
1	SBR	431	431
2	HBC	422	421
3	BEST	405	410
4	Norcal	402	401
5	Allied	392	391
6	Republic	332	331
7	Greenstar	324	323

NOTE: The attribution of price and cost scores were based upon formulaic calculation whereby proposers were scored by their variance from the lowest proposed price or cost. As shown above, the increase in BEST's score produced a slight reduction in the scores of some proposers.

Assessment of Waste Solutions Group (WSG) Capability

HBC has proposed Waste Solutions Group (WSG) as a partner (subcontractor) in the operations of the SRDC transfer station. WSG is smaller than the other proposers and has substantially less experience in the day-to-day management of a large transfer station than Community Recycling (the SBR partnership company that is proposed to operate the transfer station). While WSG presented a thoughtful and creative self haul diversion plan, the Evaluation Committee had concerns about WSG's ability to perform the day-in day-out operations of the transfer station.

As part of the vetting process, the Evaluation Committee conducted reference checks, and further investigation was conducted for each shortlisted proposers. On December 15, 2008 the Evaluation Committee met with WSG's President, David Gavrich, and toured the San Francisco rail-transfer operation. This small operation is WSG's only currently-operating transfer operation and is unique in its function of transferring truck loads of contaminated soils to rail cars that are destined for specialized landfills in distant locations. In addition to the SF operation, the Evaluation Committee checked WSG references for the operation of the BRI transfer station in New Jersey, the Humboldt County, CA transfer station, and the Del Norte County, CA transfer station. The BRI transfer station in New Jersey is the operation most similar to SRDC - the facility handles approximately 175,000 tons per year, separating MSW and C&D materials, using excavators and loaders, for transfer to remote landfills via the use of three (3) load-out portals. WSG was hired in 2003 to operate the BRI facility and to take it out of receivership. WSG operated the facility until it was sold in 2007.

WSG's current operation in San Francisco is small but is very efficient at moving large volumes of material (500,000 tons in 2006). The efficiency, success, and longevity of this operation (17 years of operation) offers evidence that WSG is a capable company, able perform the difficult tasks of coordinating truck-to-rail transfer in an urban area. Based upon his personal qualifications and local industry relationships, Mr. Gavrich appears able to assemble a management team that is capable of effectively implementing HBC's proposed transfer station and transportation plan.

In response to the RFP, WSG prepared an excellent plan for the handling and recovery of materials in the transfer station. The WSG plan is primarily built around the use of small loaders

and excavators to increase the amount of recovery and reduce the safety risks associated with manual floor sorters. WSG projected transfer payloads that were lower than those proposed by SBR and transport costs that were higher (see **Table 8,** next page).

More than a year will lapse between the execution of the Operating Agreement and the commencement of facility operations. This will provide the selected companies sufficient time to hire needed personnel, research and select needed equipment, and prepare for operations.

HBC'S CONSIDERATION OF BEST AS A SUBCONTRACTOR FOR TRANSFER STATION OPERATIONS

As stated in above, during the evaluation process, the Evaluation Committee expressed a concern to HBC regarding WSG's transfer station management experience. In response to the SBWMA's concerns, HBC considered partnering opportunities with other firms. HBC solicited a subcontract proposal from BEST for the transfer station operation. After the short list selection, HBC provided the SBWMA an alternative proposal which included BEST as an alternate transfer station operator. In the alternative "BEST plan", HBC/BEST offered:

- A detailed transfer station/transportation management plan based heavily upon manual floor sorters and substantially less use of loaders or other mechanical devices (less than WSG) for the recovery of self haul materials.

- Higher projected transfer truck payloads.

- The addition of seven (7) floor sorters.

- A detailed projection of recovery and diversion of additional tonnage from the TS operation.

The alternative plan offered by HBC increased HBC's cost of transfer station operation by approximately $800K annually (an additional $8.0M over the term of the contract). It is suspected that much of the increased costs associated with HBC's addition of BEST as a transfer station/transport subcontractor are from increased transfer station sort labor and Other G&A.

Operating Cost Attributable to Projected Transfer Truck Payloads

Of the total projected first year operating cost difference between HBC and SBR ($1.82M), approximately $750,000 is attributable to differences in projected payloads (i.e. the total number of loads needed to transport the various outbound materials) and their associated transport costs. With their revised Cost Form submittal, SBR's cost of transportation has increased without explanation. Because the company has also added capital costs for rolling stock, it is assumed that they have reduced their payload projection and added one (1) tractor/trailer to transport the additional loads.

Table 8 shows the transportation cost differences between SBR and HBC. The transport costs of HBC and SBR are also compared to those proposed by the current transfer station operated by Allied Waste.

Table 8 – Payload Assumptions & Cost Comparison

SOUTH BAY RECYCLING						
Hauling Assumptions	**Solid Waste**	**Inerts**	**C&D**	**Plant Materials**	**Food Scraps**	**Totals**
Annual Estimated Tonnage	303,663	7,354	22,023	71,588	11,868	416,496
Average Payload (tons/haul)	24.75	21.75	21.75	23.75	21.75	
Annual Number of Hauls	12,786	339	1,013	3,015	546	17,699
Cost per Haul	$282	$277	$284	$315	$311	
Annual Hauling Cost	$3,609,576	$93,997	$287,802	$948,704	$170,061	5,110,141
HUDSON BAYLOR CORPORATION						
Hauling Assumptions	**Solid Waste**	**Inerts**	**C&D**	**Plant Materials**	**Food Scraps**	**Totals**
Annual Estimated Tonnage	303,663	7,354	22,023	71,588	11,868	416,496
Average Payload (tons/haul)	23.5	20.0	20	22.5	22.5	
Annual Number of Hauls	12,922	368	1,102	3,182	528	18,102
Cost per Haul	$324	$323	$323	$324	$324	
Annual Hauling Cost	$4,192,037	$119,035	$356,455	$1,031,416	$171,142	5,870,085
HBC to SBR Difference	**$582,461**	**$25,038**	**$68,653**	**$82,712**	**$1,091**	**$759,944**
ALLIED WASTE INDUSTRIES						
Hauling Assumptions	**Solid Waste**	**Inerts**	**C&D**	**Plant Materials**	**Food Scraps**	**Totals**
Annual Estimated Tonnage	303,663	7,354	22,023	71,588	11,868	416,496
Average Payload (tons/haul)	20.5	19.7	14.9	17.8	16.4	
Annual Number of Hauls	14,813	374	1,479	4,000	724	21,390
Cost per Haul	$317	$316	$316	$317	$317	$317
Annual Hauling Cost	$4,691,049	$118,220	$468,082	$1,266,542	$229,175	$6,773,067
Annual Estimated Tonnage	303,663	7,354	22,023	71,588	11,868	416,496
HBC to Allied Difference	**$499,012**	**($815)**	**$111,626**	**$235,126**	**$58,033**	**$902,982**
SBR to Allied Difference	**$1,081,473**	**$24,222**	**$180,280**	**$317,838**	**$59,114**	**$1,662,927**

SBR'S ABILITY TO PERFORM SERVICE WITH PROPOSED PERSONNEL AND EQUIPMENT

Because the new Facility Operations Agreement will be a "fixed price" contract, the Evaluation Committee has a concern that "low-bid" companies may not adequately calculate the full costs of operation. If so, the contractor could put the SBWMA in a position of constant pressure for service fee increases, or the risk of contract default. Originally, the Evaluation Committee was concerned with two primary aspects of SBR's operations plan. First, the proposal appeared to underestimate the staffing requirements; and second, SBR's projected transport payloads seemed optimistic.

Staffing

After the staffing and payload concerns were relayed to SBR, the company revised (increased) their staffing count and cost forms. The increase in staffing includes the addition of a General Manager, two truck maintenance personnel, and additional administrative personnel and the associated costs.

Regarding their administrative and management staffing, SBR based their original proposal on a remote management philosophy where operations management decisions would be directed from their current central operating centers in Los Angeles County. The Evaluation Committee expressed concern that a lack of strong on-site management would create problems for the company and the SBWMA. SBR added personnel; including a General Manager and other administrative support, to their revised proposal in direct response to the concerns expressed by the Evaluation Committee. The Evaluation Committee now accepts the staffing plan submitted by SBR in the revised staffing plan and believes that the increases in the number of operations and administrative staff can effectively operate the SRDC to the SBWMA's standards.

For the maintenance of tractors and trailers, SBR originally proposed to perform maintenance repairs at the company's trucking terminal near Bakersfield. Since the company currently operates 40 tractor/ trailers in the company's long-haul transport operation between Southern California and the Central Valley, SBR planned to add the SRCD trucks and trailers into the maintenance program of the existing fleet by shuttling the equipment to the central terminal for the performance of maintenance and repairs. As a result of the Teamster's opposition to SBR's proposed off-site maintenance plan, the company revised the truck and trailer maintenance plan and added two mechanics to their staff with the intention of performing most of the maintenance at the SRDC facility (the transfer trailers specified by SBR are custom fabricated by Community Recycling and are unique in their use of stainless steel). The company has indicated that it will still need to perform some maintenance at its Bakersfield location and that Teamster drivers from Community Recycling's Bakersfield terminal will shuttle the trailers to and from the SRDC.

As a primary cost containment measure, SBR included the purchase of long-term warranties, and factory maintenance contracts for the maintenance of the MRF sort system, the facility rolling-stock, and the transfer tractors. For the MRF sort system, SBR has included a two-year extended warranty and a ten-year factory maintenance package in the equipment purchase price. Under this arrangement, three factory-trained technicians (BHS) will perform full system inspections, make mechanical adjustments to screens, conveyors, eddy, magnets, optical units, air systems, glass clean-up system, and other mechanical apparatus four times each year.

Transfer Truck Payload

The Evaluation Committee recognizes that Community Recycling (an SBR partner) has substantial experience in the handling and transportation waste materials, but the Evaluation Committee has had concerns regarding SBR's aggressive material transportation payload projections. The Evaluation Committee has discussed these concerns with the company and to support their position, SBR has offered a detailed volume-to-weight conversion calculation for the different material types at the SRDC and SBR has stated that their large-volume, specially fabricated, lightweight tractor/trailer combination, will accomplish their projected payloads. Upon review of the company's rationale, the Evaluation Committee can accept the plausibility of SBR's payloads except for the C&D/self-haul materials. Without the implementation of size-reduction technology and/or mechanical compaction, the Evaluation Committee believes it is unlikely that SBR will achieve their projected payloads for the C&D/self-haul loads. Note the Evaluation Committee believes that SBR will require an additional 120 loads per year to transport these bulky materials (at SBR's proposed haul rate, the company could have transportation cost overruns of about $34,000 per year).

SBR's original proposal assumed the use of spread-axle trailers to attain the higher payloads. As currently configured, the transfer station tunnel scales cannot accommodate spread-axle trailers. SBR was instructed to submit revised cost forms to reflect the restriction. Note: after an economic benefit analysis, SBWMA may opt to install tunnel-scales to accommodate spread-axle trailers.

Community Recycling – Permits & Compliance Issues

Community Recycling Inc. has received numerous regulatory citations regarding the operation of its Sun Valley operation. The Evaluation Committee further investigated the permit and regulatory violations received by the company. Community Recycling (the managing partner of South Bay Recycling, LLC) is one of the early recycling pioneers in the State of California and has been recycling in Los Angeles area since the mid-1970's. As such, the company's C&D and green waste processing operations were in full operation for almost two decades before laws were adopted by the California Integrated Waste Management Board (CIWMB) to regulate these activities. As regulation for the company's recycling activities were implemented, Community Recycling applied for the required permits (applied in 2002, the same year that the law requiring the new permits went into effect), however the company received numerous violations and a Cease and Desist Order from the Local Enforcement Agency during the time that has taken for this permit to be issued by the CIWMB. More detailed information regarding these actions follows:

Permits: Community's transfer station is covered by a permit issued by the City of Los Angeles, Department of Environmental Affairs, Local Enforcement Agency (LEA) Permit # 19-AR-0303. This permit is for the for the operation of the company's MSW transfer station and MRF that operates 24-hours per day and receives 1,700 tons per day of incoming refuse. The company has a separate permit for organics and C&D processing at the site. These materials processing operations are covered under an Interim Operating Agreement (IOA) that was issued by the City of Los Angeles LEA, under authority from the Independent Hearing Panel. This IOA is an agreement to allow the processing of these materials to continue during the interim time period that the company completes a CEQA process and receives a final permit that incorporates all operations into one master permit for the facility.

Cease and Desist Order: Several permit violations and a Cease and Desist Order have been issued by the LEA to the Company for operating without having all its permits in conformance with CIWMB requirements. This non-conformance has been the result of the longtime that the City of Los Angeles Planning Department has taken to complete the company's permit process (apparently to determine the type of CEQA required and then to review the CEQA process). In 2002 the CIWMB passed regulations requiring that the "open operations" (those not under cover) must have a special permit and Community applied for the permit in 2002. The LEA required Community to apply to the City of Los Angeles Planning Department, for a CEQA review. The Planning Department, due to staffing issues, was unable to act on the application in a timely manner. The Planning Department did respond in 2006 that an EIR would be required for the facility permit. The EIR is in process.

The LEA usually conducts routine inspections of the entire facility twice per month. The inspectors complete a standard form which includes a question about whether or not the facility has a permit for the operations being observed. Since the organics and C&D activities are currently regulated by an IOA and not a permit, every LEA inspection results in a Notice of Violation (NOV) which recognizes the fact that the permit process has not been completed. In 2007 there were 26 NOVs issued. In the first half of 2008 there have been 11 NOVs for the same issue and NOVs will continue until the final permit is completed which is expected to be in early 2009. (Contact information for each regulator agency with permit oversight: Community MRF/TS- David Thompson (213) 978-0868; Community GW/C&D-David Thompson (213) 978-0868; Compost Facility- Bill O'Rullian (661) 862-8731).

Status of the Memorandum of Understanding with Local 350

The Facilities Operations RFP advised proposers to become familiar with the current Collective Bargaining Agreement (CBA) and to include all costs associated with the continuation of the current CBA in their proposals. Under the current CBA, the MRF material sorters are not included in the bargaining unit and Allied Waste currently hires temporary labor to perform this function in the MRF. The cost proposals that were received from each of the seven original proposers did not include the higher labor costs that would be incurred by altering the current CBA to add MRF sorters.

The Teamsters (Local 350) have expressed their intent to change the structure of the current CBA and to include MRF sorters in a new labor contract (to be negotiated in 2009). To advance this goal, the Teamsters prepared a Memorandum of Understanding (MOU) which states that the new Facilities Operations contractor will treat the MRF sorters as union employees (see copy of MOU in **Appendix D**). By signing the MOU, proposers are committing to a material change in the current CBA in advance of being selected as the facility operator. If enacted, the increased operating costs resulting from the change will significantly increase the cost of SBWMA MRF operations (up to $1M per year).

HBC has signed the MOU as presented by the Teamsters and SBR has not signed the MOU. In discussions with SBR and the Union, SBR has sited their concern about committing to additional costs without reassurance from the SBWMA that this cost will be reimbursed as an acceptable change to their cost of operations. The SBWMA issued a letter to proposers which provide clarification on this point of reimbursements that result from a change in the CBA (see **Appendix C**). Considering that the CBA is scheduled to be renegotiated in 2009, SBR has stated that they will honor whatever agreement is in force at the commencement of the new facility operations agreement in 2011.

It should be noted that the MRF facility has always operated with non-CBA sorters. This local labor force has proven proficient, willing and able to perform the material sorter function as non-CBA employees.

Facility Master Plan Impact on Proposed Costs and Operations

Significant changes to the MRF and the transfer station are proposed in the facility Master Plan and these proposed facility designs were presented to proposers in the RFP. Any changes to the MRF and transfer station Master Plan (as presented in the RFP) may have an impact to proposer's ability to implement their sorting and waste diversion plans. For example, SBR has offered to install a C&D sort line into the remodeled transfer station building. Without the anticipated building expansion, the sort line installation is not possible. HBC's transfer station management plan includes the use of multiple small loaders to segregate and recover recyclable materials in both the self-haul and transfer areas. HBC's ability to maneuver the numerous machines and accomplish their diversion goals in a smaller tipping area is doubtful. It is also reasonable to expect that proposers stated operating costs may increase and that projected recovery rates may decrease if the Master Plan facility modifications are not completed.

Transfer Station and Self Haul Diversion Plans

HBC stated goal for the self haul material is to "match or exceed the 30,000 tons that has been experienced in the transfer station" and to mine an additional 32,000 tons per year of recovery from commercial solid waste through a focused application of floor sorting. HBC plans to increase diversion by sorting during "off-hours", which will provide opportunity to more thoroughly sort commingled materials unhindered by vehicle traffic. HBC declined to offer either a percentage or tonnage guarantee for self-haul / transfer station diversion citing the uncertainty regarding incoming volumes and the composition of the waste stream.

SBR projects the recovery of 50% of all non-plant, self-haul material, plus 100% of source separated plant material that is received in the self-haul area, and unspecified additional amounts to be recovered from the transfer station tipping floor via the use of wheel-loaders, floor sorters, and a designated bunker program for readily segregated and source separated materials. Additionally, with the planned 20,000 square foot addition to the transfer building, SBR has proposed to the SBWMA the option of a $4.5M mixed waste processing system to recover 30% of all incoming MSW, plus up to 335 tons per day that could be delivered to the company's Madera power plant for renewable energy conversion to "Soiled Biomass" fuel.

Enhancements

Proposal enhancements offered by SBR include: a Revenue Guarantee that is $500,000 per year higher than the required amount; grant writing assistance regarding the DOC/DOR Grant program; an option to purchase closed-loop, renewable green-energy from company's Madera biomass plant; free composition testing to assist SBWMA and member agencies; direct video monitoring with camera controls for SBWMA and managers; and direct access data collection monitoring for SBWMA.

HBC has offered a Revenue Guarantee that is $3,350,000 per year higher than the required amount. They have also committed the use of bio-diesel in all rolling stock.

Cost Analysis

Additional interviews, teleconferences, and written correspondence were completed after HBC and SBR were recommended for negotiation by the Selection Committee. As a result of those discussions, HBC and SBR submitted revised Cost Forms to reflect the changes in operating costs that follow.

Hudson Baylor Corporation

- HBC's revised and final costs are just $9,131 per year higher than those originally proposed by the company. While the company did shift dollars between cost categories (e.g., lower projected fuel costs, higher anticipated "Other O&M" costs), these changes netted-out so that there was little change to the bottom-line cost proposal.
- HBC added one administrative person in the area of "materials marketing" to the MRF operation.
- The company reaffirmed their Revenue Guarantee and did not make changes to the original Revenue Guarantee of $10,100,000.

South Bay Recycling

- With their final revision, SBR raised their total cost of operation by $1.75M per year above their original proposed operating costs. The company has withdrawn its original cost proposal.
- SBR increased operating costs in all areas of facility operations: $503K in transfer station operations, $546K in MRF operations, and $697K in transportation costs. SBR's increases in transfer station and MRF operating costs are primarily focused in the "Other O&M" category. This is partly in response to SBR's addition of two mechanics to maintain trucks and trailers, however, the additional staff does not fully account for the more than $1M cost increase in "Other O&M".
- SBR revised (increased) costs almost $700K in the area of "Transportation". This change in costs in not explained by SBR, but the assumption is that the cost increase is the result of revised payload projections. This is reaffirmed by an increase of $274K in "operator supplied capital" which suggests that SBR added a truck and trailer - - which also support the notion that SBR revised their payload assumptions.
- SBR increased staffing by three persons over their original proposal. SBR added two mechanics for truck and trailer maintenance, plus the addition of a General Manager. The General Manager position was added at the recommendation of the Evaluation Committee after concerns were raised that the company did not provide on-site, upper-level management to interact with the SBWMA and the collection contractor.
- In the revision to their operating costs, SBR proposed a change to their Revenue Guarantee. Under the proposed plan the company would maintain a "balancing account" where the company would be able to recover any money that was paid to the SBWMA through the Revenue Guarantee in subsequent years when the commodity revenues exceeded the amount of the Revenue Guarantee. On 12/15/08 the SBWMA rejected this suggested alteration to the Revenue Guarantee as non-compliant with the terms of the RFP. SBR has acknowledged that the proposed "balancing account" will not be considered by SBWMA.

The following **Table 9** shows the differences in General & Administrative cost between SBR and HBC. HBC's G&A costs are about $1.0M per year higher than SBR. The major differences are highlighted in the Delta column

Table 9 – General & Administrative Costs

	South Bay Recycling				Hudson Baylor Corporation				
Other O&M	**TS**	**MRF**	**Trans**	**Total**	**TS**	**MRF**	**Trans**	**Total**	**Delta**
Indirect Labor – Wages	110,000	110,000	110,000	330,000	140,301	550,000	198,071	888,372	558,372
Indirect Labor – Benefits	28,667	28,667	28,667	86,002	31,035	190,000	43,815	264,850	178,848
Repair, Maintenance (vehicles, rolling stock)	200,000	151,000	298,728	649,728	218,600	100,000	222,680	541,280	(108,448)
Repair & maintenance (equipment & other)	40,000	572,200	0	612,200	186,329	70,000	0	256,329	(355,871)
Lease/rental expense (misc., office equip, etc.)	25,000	15,500	17,350	57,850	0	0	0	0	(57,850)
Depreciation Expense – Other (non-8B equipment)	0	0	0	0	4,398	40,900	6,209	51,507	51,507
Other vehicle related expenses (licensing, taxes, etc)	1,350	1,350	50,350	53,050	0	10,000	0	10,000	(43,050)
Insurance, safety, and claims	49,920	5,000	99,300	154,220	94,377	84,000	258,511	436,888	282,668
G&A – wages	247,000	80,000	80,004	407,004	111,855	0	157,912	269,767	(137,237)
G&A – benefits	50,000	16,000	16,000	82,000	21,737	0	30,688	52,425	(29,575)
General and administrative, other	100,000	88,000	80,004	268,004	119,528	85,000	134,125	338,653	70,649
G&A other	0	0	0	0	100,000	287,986	174,170	562,156	562,156
Buyback CRV payments	0	1,006,000	0	1,006,000	0	1,111,500	0	1,111,500	105,500
Performance Bond	20,000	20,000	20,001	60,001	0	0	0	0	(60,001)
Interest on revolving line	15,000	25,000	4,500	44,500	0	0	0	0	(44,500

MRF DESIGN & EQUIPMENT EVALUATION

Equipment Selection Overview

MRF System Considerations

The SBWWA designed the RFP process with the intention of having the proposers' design the MRF sorting system. The rationale for having the proposers provide the design of the MRF sorting equipment is: 1) to benefit from the expertise of the proposing companies, and 2) so that the proposers have confidence that the system will reliably deliver the sorting efficiency that is reflected in their cost proposal.

The SBWMA feels that both short listed companies and the equipment suppliers that they have partnered with are highly-qualified. The single stream systems proposed by both HBC and SBR are both fully capable of meeting the SBWMA's goals and specifications in the RFP. The primary consideration in the evaluation of single stream systems is the degree to which the equipment is able to perform its function at the lowest cost to the SBWMA which, in turn, is based upon the system's ability to process single stream materials at a target throughput rate, to produce fully-sorted high-quality commodities, efficiently use of sorter and operator labor, to function reliably with low maintenance expense, and have low power/energy requirements.

To aid in the MRF system procurement process, the SBWMA's RFP established specifications that were detailed in the RFP and that proposers and their respective equipment vendors were required to meet (e.g., product quality and production capacity of the sorting system). Using these parameters, the proposers worked backwards from the prescribed finished products (i.e. mill quality ONP) toward optimal MRF system design. The evaluation of each proposed system is primarily based upon the following criteria:

1. Process a high-volume materials - 30 tons per hour (tph) residential single stream and 15 tph commercial single stream.

2. High value of recovered commodities – high-recovery of CRV container and generate low-amounts of residue.

3. Low operating cost:

    a. Maintenance and repair costs.

    b. Labor requirements.

    c. Utility costs.

    d. Low volumes of residue generated for disposal.

4. Low capital cost (measure capital requirement by acquisition cost with debt service expressed in $/ton).

Screening Technology

The sorting effectiveness of the screens is a driving factor in the MRF equipment selection. The screens systems (ONP screens and fiber/container separation screens) are the key sorting machinery of a single stream processing system. The screening technology has made single stream separation possible by lowering labor requirements. The primary factors in the screen's effectiveness are the size of the screen and the type of disc used in the screen. The width of the screen primarily affects its production capacity (tons per hour) while the length of the screen has a major impact upon the effectiveness of the separation or recovered product quality.

Optical Sorting Technology

Optical sorting technology is relatively new to the recycling industry. Recent advancements in optical technology applied to single-stream processing have produced exponential improvements in the quantity and quality of recovered recyclable materials, have reduced labor costs, increased material value, and aided in meeting stringent product quality requirements.

Optical recognition technology uses special cameras to identify the chemical make-up of the different recyclable materials and separate them by material type. The effectiveness of optical sorting technology results from a three-fold process of; 1) Presentation, 2) Recognition, and 3) Recovery. First, the optical system must present a relatively clean-stream to the optical devise. Second, the system must identify or recognize the target material and send a signal to the recovery devise. Third, the recovery device must apply a precise blast of air to eject the target material.

System Design and Materials Handling

The durability of the system's support structure and its conveyor design are vital to a system's longevity and low maintenance costs. The gauge of steel used in construction, the size of conveyor head and tail shafts and roller chain, the size and frequency of conveyor reinforcement (stiffeners), and the application of bolt-up versus welded construction are all important to the long-term function and dependable service of the system.

Bulk Handling Systems (BHS) vs. Van Dyk/Bollegraaf (VDB)

Each proposer is firmly dedicated to their choice of equipment vendor and their respective MRF operating and cost proposals are predicated upon the unique operating characteristics of the proposed systems. Both HBC and SBR have provided thoughtful defenses for their respective equipment vendor choices. BHS and VDB are solid equipment manufacturers and they have both provided good rationale for the engineering and design of their proposed systems (for instance; it is generally considered that BHS builds a heavier, beefier equipment package, yet VDB claims that their superior engineering reduces the need for, and the inefficiency of, girth. VDB advocates for the liberal application of optical sorting technology, yet BHS claims that their screens are so effective that multiple optical units are not necessary). While there are strengths and weaknesses of each equipment manufacturers systems (there are so many operating variables that a genuinely objective, side-by-side comparison of systems; screen to screen, eddy to eddy, conveyor to conveyor, optics to optics is not impossible). In the final analysis, both companies engineer and manufacture excellent equipment and either system will meet SBWMA's needs and the short list selection decision should not heavily weight the equipment manufacturer in the selection process.

HBC selected VDB as their proposed equipment vendor based upon their prior experience with the company and their opinion that Ti-Tech (VDB's optical technology) is the premier optical sorting technology available. HBC's application of eight (originally – 10) optical units seems extraordinary, yet HBC contends that they are necessary in order to meet the recovery rates and the quality specifications of the SBWMA Operating Agreement. HBC has stated that they "do not believe it is not possible to meet the (SBWMA) specifications, at the high throughput rate required, without optical sorting units on the paper recovery lines". Also, "the use of optical sorting units is intended to reduce headcount, increase recovery, and improve marketability [which] would not be achievable without the use of this technology".

SBR proposed a system manufactured by BHS, even though SBR owns and operates VDB equipment. SBR selected BHS primarily because of its capacity to achieve extraordinary rates of production while using minimal labor. SBR states that their proposed "staffing levels in relation to the low number of optical units (three) is the result of the demonstrated effectiveness of the screening efficiency of BHS systems (debris roll screens, OCC screens, ONP screens, and polishing screens). Also, "SBR recognizes that if the throughput or quality requirements vary from projections . . . additional sort laborers may need to be deployed, and if they are, then such expenses will be paid by SBR."

Review and Evaluation Of Proposed MRF Systems

South Bayside Recycling, LLC. with Bulk Handling Systems, Inc.

System Cost

The proposed cost of SBR's original and confirmed system, including all options requested by SBWMA is $13,730,447.

Their proposed cost for installation and electrical controls is $3,412,638.

General Comments

SBR's MRF management description is clear, concise, precise, and specifically describes each function that is required to recover targeted commodities and efficiently operate the plant.

SBR states that after recently visiting over 10 plants, they selected BHS because they believe that BHS provides the best overall value to SBWMA.

- In SBR's written proposal and in subsequent discussions, they have cited several advantages to the BHS system:
    - All American made. Allen Bradley Controls – Motors, Starters, drives; bearings, belts, shafts, chain, sprockets all-locally available; IPS and NRT American companies – most parts available locally. What is the practical benefit of domestic, locally available parts? If the plant, or a portion of the plant, becomes inoperable due to mechanical failure, it can usually be up and running quickly when parts and service are locally available. The length of plant downtime is necessarily extended whenever parts are not available off-the-shelf.
    - SBR believes that a key difference that will affect ongoing service and support is that BHS is a local manufacturer (Eugene, Oregon). Customers have direct access to manufacturer's employees – engineers and service technicians.
- Equipment choice based on Company's understanding of SBWMA requirements and industry experience. SBR has 100% confidence in their ability to manage, install, and consistently operate the proposed equipment in an exemplary manner.
- Screens – SBR asserts that BHS, screens "provide best value, lowest overall cost, and highest quality of commodities . . . based upon sincere and deliberate consideration of all factors."
- SBR asserts that BHS's chain, sprockets, shafts, bearings, structure steel, and sheet metal are generally "heavier", stronger, more durable, and able to withstand the high-wear of daily abuse.
- Existing BHS customers support the manufacturer's claim of reduced maintenance cost (lower screen cleaning and disc maintenance costs).
- Manufacturer supplied preventative maintenance program allows SBR to propose low system maintenance costs. BHS program includes:

- Quarterly 3-day Inspection and PM – Years 1-5
- Quarterly 4-day Inspection and PM – Years 6-10

- BHS provides a 2-year warranty; double the standard warranties of Bollegraaf/Lubo, Machinex, and CP Manufacturing.

System Design

- Based on SBR's confidence in the sorting system, they propose to meet SBWMA production and product quality requirements with the lowest number of sorters.

- Bunkers & storage – designed to maximize storage while preserving required floor-space. All materials can be directed to either of the two balers. BHS has designed large bunker and silo storage capacity (container storage is 100 cubic yards on the low end to 140 cubic yards on the high end (PET). This is valuable in keeping operating costs down as greater capacity increases baling cycles and reduces overall material handling costs.

- Residual transported via overhead conveyor to transfer station. Residual weight is continuously captured and recorded.

- System Redundancy:
  - Baler - all commodities can be directed to either baler.
  - Container-line bypass - so that system can still be operated if the container-line is down.
  - Both lines capable of processing both residential and commercial single stream.
  - Buy Back Center – direct conveyor infeed from outside MRF building into container recovery area which eliminates costly double-handling of these commodities.

Functionality and Capability

System Throughput

System proposed has a combined throughput rating of fifty (50) tons per hour with thirty (30) tons per hour for residential and twenty (20) tons per hour of commercial recyclable materials.

Separation Ability, Automation and Technology

OCC Screen / glass breaker - Removes 75% glass before ONP screen. The OCC screen has a separate steel-disc screen designed specifically to break and remove glass at the front of the process. Removal of glass will lead to longer disc life and reduced wear on the system.

- BHS disc configuration is designed to reduce wrapping. The effectiveness of the anti-wrapping design feature has been confirmed by current operators (Mike Range at SP Newsprint (Portland) and Jesse Weigel at Green Waste Recovery (San Jose), for each BHS screen, but especially for the polishing screen. This is an advantage because disc wrapping causes poor separation and excessive maintenance time to clean discs.

- BHS has proposed NRT optics. NRT has over 150 units in operation; comparatively few of them are applied in mixed-stream processes. (Please see **Appendix F** for a listing of NRT applications in the U.S.)

    - Only one NRT device was observed by the Evaluation team in a mixed-stream application, at Green Waste Recovery, San Jose. The device is set to recover PET. While the device did a good job of recognition and recovery, an excessive amount of fiber was also ejected (recovered) along with the PET. Practically all of the PET containers that made their way into the post-optical stream contained liquid. The failure of optical sorting systems to capture liquid laden containers is due to the fact that the air systems are tuned to eject the empty weight of the object (e.g. PETE, HDPE, etc.). If the air system is tuned to blast the heavier objects, the added volume and velocity of air will coincidentally eject non-targeted materials such as fiber, aluminum, and residue. This is true of all optical systems, as applied to single-stream recyclables processing, regardless of manufacturer.

- Glass clean-up system gathers glass from OCC/DRS, pre-polisher, fiber screen. Dust & “fines” are removed and sent to an enclosed baghouse to ensure the recovery of airborne particulates from the glass recovery and breaking process. Baghouse residue falls directly onto residue conveyor.

System Enhancements

- BHS offers dedicated LDPE film collection system and baler.

- Dust suppression system to be installed at screens and at glass processing system. This is important enhancement in keeping the MRF clean because dust and paper fiber are a common by-product of single stream MRF operations that require constant cleaning with/a broom or compressed air.

- BHS bag breaker is proposed. This unit is designed to open bags and liberate recyclables contained in bags. The benefits include increased recovery, decreased residual and reduced labor cost. This is valuable element in processing commercial materials that often contain bagged materials. Opening bags manually is labor intensive and reduces the sort line efficiency.

Hudson Baylor Company, LLC. with Van Dyk Baler / Bollegraaf

System Cost

The proposed cost of HBC’s final, revised system, including all options requested by SBWMA is $16,600,946.

Their proposed cost for installation and electrical controls is $2,117,523.

General Comments

HBC has selected Van Dyk / Bollegraaf as a manufacturer of their single stream sort system. HBC has a history operating Van Dyk / Bollegraaf sorting systems and has confidence in the manufacturer's ability to perform as specified. Bollegraaf is a Dutch company that builds processing systems and balers, screens, and optical sorting equipment. Van Dyk is the manufacturer's representative for Bollegraaf in the United States. Van Dyk / Bollegraaf are leaders in single stream technology and are largely responsible for bringing single stream sorting technology from Europe to the United States.

HBC has recently completed several projects with Van Dyk / Bollegraaf. The Evaluation team visited two systems in Arizona that were installed in the last two years. The North Gateway facility in Phoenix Arizona was built by the City of Phoenix, who subsequently contracted with HBC for the operation of the facility. During the start-up of the system, HBC worked closely with Van Dyk / Bollegraaf. The second project installation was a at HBC's own single stream facility at River Recycling MRF which involved the installation of three TiTech optical sorting units into an existing Machinex sorting system. One optical unit separates PET and two units were installed on the paper lines to remove containers and other contaminants from the fiber stream. The installations were completed on schedule (less than one week) and have effectively and efficiently improved the quality of all fiber grades and raised the volume of mixed rigid container recovery.

System Design

Van Dyk / Bollegraaf's design incorporates extensive flexibility and redundancy to ensure continuous operations, as well as applying the current standards in high-tech optical sorting equipment throughout the system. The system, as originally proposed by HBC, included ten optical sorting units and was the highest cost system of all seven proposers. HBC asserted that the high container recovery specifications in the RFP required a high level of automation.

In response to the SBWMA's concerns over system's costs, HBC has reduced the optical count from ten (10) to eight (8) units in their revised proposal. HBC proposes the installation of two (2) PaperSort CN 2000's, two (2) PaperSort CN 2800's, one (1) PolySort 2000 MD, one (1) PolySort 2000 DV, one (1) PolySort 2800 MD, and one (1) AutoSort MF 1400. Two of the units are applied to the recovery of containers from ONP, two are dedicated to the recovery of containers from OMP, and four units are applied to the recovery of all plastics from the container stream. They have also removed one drum-feeder (infeed for the commercial material) and added the required dust suppression and film plastic collection systems, and a scale equipped conveyor for the transfer of residue to the transfer station. HBC states that the revised system retains the ability to meet the SBWMA's production and product quality requirements.

In their revised proposal, Van Dyk / Bollegraaf have significantly increased the size of their fiber storage bunkers and container storage silos. As currently configured, the system affords ample capacity for continuous operation of the plant during short periods of maintenance or repair. For example, when the baler or baler wire tier fails, the large storage capacity will allow the plant to continue in operation for several hours while repairs are completed.

Functionality and Capability

System Throughput

HBC's system, as proposed, has a combined throughput rating of 60 tons per hour, with 30 tons per hour for residential and 30 tons per hour for commercial recyclable materials.

Separation Ability, Automation and Technology

The objective of the Ti-Tech design is to singulate the material thereby giving the optical recognition device the opportunity to clearly identify the target material and then prompt the air system to eject the target material alone. It will be a significant challenge to singulate newspaper at these volumes and effectively remove containers without also taking a measurable amount of paper. As designed, any fiber that is ejected along with the containers will be delivered to the "banana" screen. This may result in the contamination of downstream materials if the "banana" screen is overburdened by ONP (that had been previously removed by the News Screens).

The VDB process description states that the system can be run without any quality control (QC) sorters on the paper lines. The process flow diagram shows the OCC being taken manually. Regardless of advancements in optical technology before the installation of the new system, it is likely that QC sorters will be needed in order to consistently remove the "browns" from the ONP stream and attain the highest value for the recovered fiber products.

Ti-Tech PaperSort CN 2000 (2-units) – These units are dedicated to the recovery of containers from the ONP stream. Each unit is fed with 79'' speed belt. The flow of news in a 25-30 tph system over a 79" wide belt may not be sufficiently singulated. Because of the burden depth required by the 15 tph (approx.) flow of ONP, the system's ability to consistently recognize and recover PET and aluminum will be challenged. The Ti-tech guarantee requires the delivery of a precise defined stream of material.

Ti-Tech PaperSort CN 2800 (2-units) – These units are dedicated to the recovery of containers from the OMP stream. Because the burden depth of the OMP stream should be significantly less than that of ONP, the potential for singulation problems, as described above, are much less likely.

PolySort 2000, PolySort 2800, and AutoSort 1400 – Each of these devices are applied to the recovery of all plastics from the container stream. The remaining items, aluminum cans, tin cans, and residue are recovered by magnets, eddy currents, screens, and air.

Fines Screen – As described in the equipment description, VDB's fines screen utilizes steel discs in the initial screen impact area and rubber discs thereafter. Because broken glass is the most abrasive of all materials in the single-stream process, there is a reasonable expectation of excessive wear to the rubber discs. As discs wear, the spaces between the discs become enlarged. As the spaces widen, the potential for losing the smaller PET bottles and UBC's increases.

System Enhancements

- The Ti-Tech optical sorting technology is the most widely used of all systems in MRF applications throughout the U.S. and Canada. The number of Ti-Tech installations far exceeds those of competitive systems manufactured by MSS, NRT, and Pellenc. (Please see **Appendix E** for a listing of Ti-Tech MRF application in the U.S.)

- In their final, revised system, HBC has proposed the use of eight (8) Ti-Tech optical units; four (4) dedicated to the recovery of containers from fiber, and four (4) dedicated to separation and recovery of all plastics from the container stream. If the units perform as prescribed, they should function to reduce the number of material sorters that would otherwise be needed to create the highest quality of recovered commodities.

- The revised system offers a reduced capital cost, yet maintains the originally offered operating costs and guarantees achievement of SBWMA's product quality standards.

- HBC has included dust collection apparatus on all fiber screens throughout the system.

Comparison of System Components

Components	Bulk Handling Systems	Van Dyk/Bollegraaf
Metering/Infeed	60 cubic yards Dodge Bearings Drive Shaft – 3-15/16ths” Tail Shaft – 2-7/16ths’’ 9” Pitch chain 4-ply - 440 PIW belt Auto unload feature – rear door opens and belt reverses to remove oversized items mistakenly put in the Metering Bin. Safety advantage.	Size not provided European bearings Drive shaft – 90MM Tail shaft – 60MM 6’’ Hollow Bolt Chain Steel slat No auto unload feature. If oversized items are loaded, employees must enter the drum feeder and manually remove items.
Bag Breaker	Hardened steel spike/counter rotating shafts	Not Offered. Employees manually open bags. This slows process and creates safety risk.
Film Baler	IPS – Closed Door Horizontal #620-60 34.5” wide / 196” long 20 HP Bale size 30” w x 36H” x 60”L	Not Offered $150K budget provision in cost proposal
OCC Screens	98’’ wide screen 3” thick, in-line, compound discs 37’ screen length (21 shafts – 2 deck) 11 on section 1, 21” centers 10 on Section 2, 21” centers Chain – RC 80 Includes BHS waterfall which flips material allowing for effective separation of OCC from other material.	100’’ wide screen 29’ screen length (3 deck) 3 – 9’10’’ sections Chain spec not provided
Fines Screen	**Debris Roll-Screen #1** 84” wide screen 400 Brinell Steel w/ inline disc configuration18 shafts: 9 on first section, 9 on second section, RC 80 chain. **Debris Roll Screen #2** Remove remaining glass (except offer base & necks) removed before polisher 84” wide screening surface 400 Brinell, in-line discs: 18 shafts, 9 on deck 1, 9 on deck 2, Chain RC 80. **Debris roll Screen #3** 72” wide screening surface 400 Brinell, in-line discs: 9 shafts, RC 80 chain.	**Pre-Screen #1** 80’’ wide screen Steel discs at impact area, rubber discs thereafter. Application of rubber discs in a screen designed for glass removal is quizzical. **Pre-Screen #2** Same as #1

Components	Bulk Handling Systems	Van Dyk/Bollegraaf
ONP Screens	Single Stream line has 2 –inline ONP sorters with independently adjustable decks and triple in-line disc configuration. Commercial line does not have ONP screen. 102” Wide screen 26 Shafts on 10” centers - Approx. 25’ effective screen surface. RC 80 chain	System offers 2-identical sortlines, each with ONP screens. 102’’ Wide Screen Deck 1- 16’-9’’ Deck 2 – 19’ – 4’’ Approx. 29’ effective screening surface Chain specs– not provided
Polishing/French Screens	102” wide screen 26” shafts on 10” centers (Approx. 26’ screen length). RC 80 chain Dimensions: 25.5 L X 9.8’ W X 6 ‘ H	102’’ - Wide screen 22’ – 6’’ – Long Chain specs not provided
Magnet(s)	36” DINGS #1230	HBM-28.044
Glass Breaker/Screen	60” wide screening surface All 400 Brinell steel, in-line discs 20 shafts 11 on first deck, 8 3/4” centers 9 on second deck 8 ¾” centers RC 100 chain	56’’ wide screen Breaker deck – Hardox steel discs -7’-5’’ length Screen deck – Rubber discs. See note above. -9’-10’’ length Chain specs – Not provided
Optical Applications	**NRT Multi-Sort IR/ES (1 - unit)** Fed with 72” Speed belt Separates plastics to 3 streams: PET HDPE-N Other plastic Power supply 120 volt AC, 50-60 HZ, 30 AMP Air supply 90 SCFM @ 90 PSIG **NRT Spydir (2-units)** Fed with 54” speed belt Separates HDPE-C (1) and #’s 1 - 7 (s) Power Supply – 120 volt AC 50/60 HZ, 30 AMP Air Supply – 100 PS1G	**Ti-Tech Paper Sort 2000 CN (2-units)** Fed with 79’’ speed belt Separates fibers from various waste streams Extra Hi-power valve block for heavies **Ti-Tech CN 2800 MD (2-units)** 110’’ Wide speed belt Separates fiber from containers Extra hi-power valve block for heavies **Ti-Tech PolySort 2000 DV (1-unit)** Fed with 79’’ speed belt Separates PET from other containers **Ti-Tech PolySort 2000 MD (1-unit)** Separates HDPE from other containers **Ti-Tech PolySort 2800 MD (1-unit)** Separates plastics from other containers **Ti-Tech AutoSort 1400 MF (1-unit)** Separates plastics from other containers
EDDY Current Sep(s)	Fed with 48” speed belt 25 HP drive	HBM 29.713/12-800 - 31’’ Wide belt 10 HP Drive
Disc Replacement Cost	Guaranteed < $0.25 per ton for 1st two (2) years of operations	$0.55 - $0.75 per ton, including installation.

Components	Bulk Handling Systems	Van Dyk/Bollegraaf
Glass Clean-up Systems	Aspirator Bag house Combi-separator FE magnet Aspirator opening adjustable to a max of 10". Flat-back elbows on all turns standard.	Vibrating screen Aspirator Cyclone w/ dust collection - Cyclone design is prone to wear as the basic functioning has material slowing down by rubbing on the perimeter. GCUS Magnet – not offered The aspirator opening is 60mm (2.4") in size which creates opportunity for jamming. Flat-back elbows on air system are not described/offered. These areas will wear quickly.
Dust Containment System	Dust hoods and aspiration devices on ONP and Polishing screens. Separate dust collection system and bag house for glass dust. Dust containment Bag House captures dust and deposits to residue take-away (deliver to transfer station)	8 - Pick-up points including baler & glass breaker Dust containment Bag House captures dust in bin for transport via forklift to Transfer station
Conveyor Specifications	**Chain/belt Specs** Belt-330 PIW, 3-ply (440 PIW -4-ply in some SBWMA applications) Flights – Angle from 3/8" x 3" x 4" aligned with 6" channels on 4'-6" centers. Load support – ASCE #30 Rail Load Curve Support – 400 BHN Alloy flat bars. Chain – 9" pitch, 3/4 " pins, 3" rollers Plates – 3/8" steel plate Structure – Chassis and supports are A36, 3/8" thick steel **Slider and Idler specs** Belt-330 PIW 3 ply, with 440 PIW, 4-ply available Structure – ¼" thick formed steel pan **Steel belt Specs** Arrow pan - Webster style 3/8" thick Load support curve radius – 400 BHN Flat Bar chain guides Chain - 9" pitch, ¾" pins, 3" rollers Primary load Carry – ASCE #30 Rail	**Chain belt Specs** Belt – Type SF 250, 3 / 4 ply – 6.2 MM thickness Flights – 8MM plates linked to tubular sections Load support – 12MM angle iron U-curve sections – UNP-180 w/ 3MM side plate Chain – 6'' Hollow bolt **Slider and Idler Specs** Belt – Type S200/3 ply – 4.2mm thickness Structure – 5mm sheet metal **Steel belt Specs** Slats – constructed of tube (100X80X4mm) UNP Standards affixed to 3mm side plating Chain – 6'' hollow bolt, 66.7mm rollers Primary load carry – 12mm Angle iron
Sort Labor Requirement	22 sorters	19 sorters + 3 leads
Bale Management	Good proximity to bale storage/load out	Good proximity to bale storage/load out
Residual/Refuse Management	All residue and refuse delivered via conveyor to T-Station.	Delivered via conveyor to T-Station with exception of bag house material which must be delivered by forklift.

APPENDIX A

COST SUMMARY

Facility Operations Services
Proposer Cost Proposal Summary

Table 1 Total Annual Costs (2008 dollars)					Revised		Delta from Prior	
Item	***Reference***	**Hudson Baylor**	**South Bay**	**Avg all proposers**	**Hudson Baylor**	**South Bay**	**Hudson Baylor**	**South Bay**
A. Total Operating Costs (year 1)	Table 2.	**$14,976,798**	**$11,422,201**	**$15,739,379**	**$14,987,464**	**$13,168,754**	$10,666	$1,746,553
B. Annual Interest Expense (year 1)	Form 3 - K	**$239,588**	**$165,903**	**$278,265**	**$238,052**	**$165,040**	-$1,535	-$863
Subtotal		**$15,216,385**	**$11,588,104**	**$16,017,643**	**$15,225,516**	**$13,333,794**	$9,131	$1,745,690
C. Recycling Revenue Guarantee	Form 3 - E	*$10,100,000*	*$7,250,000*	$7,728,571	*$10,100,000*	*$7,250,000*	$0	$0
D. Buyback Customer Payments	Table 12	*$906,000*	*$906,000*	$729,182	*$1,111,500*	*$906,000*	$205,500	$0

Table 2 Operating Costs (2008 dollars)						Revised		Delta from Prior	
Item	**Reference**		**Hudson Baylor**	**South Bay**	**Avg all proposers**	**Hudson Baylor**	**South Bay**	**Hudson Baylor**	**South Bay**
Transfer Station	Form 3-H	Total	**$4,097,631**	**$3,152,139**	**$4,254,135**	**$4,096,446**	**$3,655,461**	-$1,185	$503,322
		per ton	$9.84	$7.57	$10.21	$9.84	$8.78	$0	$1
MRF Processing, excl residual, buyback pmts	Form 3-I	Total	**$5,535,896**	**$3,857,070**	**$5,469,504**	**$5,537,411**	**$4,403,153**	$1,515	$546,083
		per ton	$64.15	$44.70	$63.38	$64.17	$51.03	$0	$6
Transportation	Form 3-J	Total	**$5,343,271**	**$4,412,993**	**$6,015,740**	**$5,353,607**	**$5,110,140**	$10,336	$697,147
		per mile	$0.74	$0.63	$0.96	$0.00	$0.00	-$1	-$1
Total Operating Costs		**Total**	**$14,976,798**	**$11,422,201**	**$15,739,379**	**$14,987,464**	**$13,168,754**	**$10,666**	**$1,746,553**
		per ton	**$29.79**	**$22.72**	**$31.30**	**$29.81**	**$26.19**	**$0**	**$3**

Table 3 Facility Staffing				Revised		Delta from Prior	
Area	***Reference***	**Hudson Baylor**	**South Bay**	**Avg all proposers**	**Hudson Baylor**	**South Bay**	**Hudson Baylor**	**South Bay**
Transfer Station	Form 3 - G	24.9	24.4	25.7	24.9	24.4	$0	$0
MRF Processing	Form 3 - G	40.9	36.3	48.6	40.9	36.4	$0	$0
Transport	Form 3 - G	28.9	25.1	30.2	28.9	27.1	$0	$2
Management/Administration	Form 3 - G	9.0	6.0	8.9	10.0	7.0	$1	$1
Total Staffing	**Total FTE's**	**103.7**	**91.8**	**113.4**	**104.7**	**94.8**	**$1**	**$3**

Table 4 Facility Equipment Costs (2008 dollars)					Revised		Delta from Prior	
Item	***Reference***	**Hudson Baylor**	**South Bay**	**Avg all proposers**	**Hudson Baylor**	**South Bay**	**Hudson Baylor**	**South Bay**
Transfer Station	Form 3 - C	$1,735,000	$591,250	$1,285,977	$1,735,000	$637,174	$0	$45,924
MRF Processing	Form 3 - C	$924,000	$882,306	$774,276	$924,000	$950,788	$0	$68,482
Transportation	Form 3 - C	$3,425,000	$3,530,717	$3,858,454	$3,425,000	$3,804,744	$0	$274,027
Other, Buy Back, Maintenance, Support, etc.	Form 3 - C	$305,000	$610,108	$524,978	$305,000	$657,462	$0	$47,354
Total Contractor Capital	**Total**	**$6,389,000**	**$5,614,381**	**$6,443,685**	**$6,389,000**	**$6,050,168**	**$0**	**$435,787**
Interest Rate	Form 3 - M	7.5%	5.0%	6.7%	7.5%	5.0%	$0	$0
10 Year Total Interest Payments	Form 3 - M	$2,395,875	$1,659,029	$2,782,647	$2,380,524	$1,650,402	-$15,351	-$8,627
Total Contractor Fixed Cost (Capital & Interest)	**Total**	**$8,784,875**	**$7,273,410**	**$9,226,332**	**$8,769,524**	**$7,700,570**	**-$15,351**	**$427,160**

Table 5 MRF Processing Equipment (2008 dollars)					Revised		Delta from Prior	
Item	***Reference***	**Hudson Baylor**	**South Bay**	**Avg all proposers**	**Hudson Baylor**	**South Bay**	**Hudson Baylor**	**South Bay**
MRF Processing Equipment	Form 4 - B.4	$17,479,188	$13,730,447	$14,140,169	$16,600,946	$13,730,447	-$878,242	$0
MRF Installation & Start-up	Form 4 - B.2	$2,325,000	$3,412,802	$3,487,757	$2,117,523	$3,412,802	-$207,477	$0
MRF Equipment Costs - Paid by SBWMA	**Total**	**$19,804,188**	**$17,143,249**	**$17,627,926**	**$18,718,469**	**$17,143,249**	**-$1,085,719**	**$0**
Equipment Manufacture		**Van Dyk**	**BHS**		**Van Dyk**	**BHS**		
Optional Equipment Costs	Form 4 - B.3	$418,000	$618,567	$1,047,104			**-$418,000**	**-$618,567**

Average is for all 7 original proposers

Table 6 Facility Staffing Detail					change revised	change revised	Delta from Prior	
Form 3-G Operations Staffing	Allied Current Staffing	Hudson Baylor No. Staff	South Bay No. Staff	Average No. Staff	Hudson Baylor No. Staff	South Bay No. Staff	Hudson Baylor	South Bay
Scale House	4	**5.7**	**3.6**	**5.5**	**5.7**	**3.6**		
Transfer Station	**19**	**19.2**	**20.8**	**20.8**	**19.2**	**20.8**		
Leads			1.2	0.6		1.2		
Operators	5	9.2	5.8	6.0	9.2	5.8		
Spotters	2	2.5	2.4	5.9	2.5	2.4		
Sorters	11	6.2	11.4	7.9	6.2	11.4		
Other	1	1.3		0.3	1.3			
Transfer Drivers	**24**	**28.9**	**25.1**	**28.7**	**28.9**	**25.1**		
Drivers	24	28.9	25.1	28.7	28.9	25.1		
Other								
MRF Operations	**25**	**31.2**	**31.3**	**41.3**	**31.2**	**31.3**		
Leads			3.0	2.3		3.0		
Operators	8	7.5	7.7	9.1	7.5	7.7		
Spotters	2	1.3		2.6	1.3			
Sorters	15	22.4	18.6	27.4	22.4	18.6		
Other			2.0	0.4		2.0		
Buyback	2	6.0	3.0	3.3	6.0	3.0		
Maintenance	1	3.7	2.0	4.9	3.7	4.0		2.0
Management/Administration	**1**	**7.0**	**4.0**	**6.1**	**8.0**	**4.0**	1.0	
Managers	1	4.0	1.0	2.5	4.0	1.0		
Marketing				0.1	1.0		1.0	
Administrative		3.0	3.0	3.2	3.0	3.0		
Safety Manager				0.5				
Others	2	**2.0**	**2.0**	**2.9**	**2.0**	**3.0**		1.0
1 Ops. Supervisors	2	2.0	2.0	2.9	2.0	3.0		1.0
2								
3								
Total Facility Staffing	**78**	**103.7**	**91.8**	**113.4**	**104.7**	**94.8**	**1.0**	**3.0**

OPERATING COST DETAIL

Table 7 Transfer Station - Fee Component	Source	Hudson Baylor Cost	South Bay Cost	Average Cost	revised Hudson Baylor Cost	revised South Bay Cost	Delta from Prior Hudson Baylor Cost	Delta from Prior South Bay Cost
Labor Component	Form 3-H	$2,308,739	$2,110,962	$2,296,823	$2,308,739	$2,110,962	($0)	$0
Fuel & Power Component	Form 3-H	$525,369	$317,000	$295,568	$273,594	$333,200	($251,775)	$16,200
Depreciation on Equipment	Form 3-H	$193,000	$94,390	$154,768	$193,000	$99,362	$0	$4,972
Other O&M	Form 3-H	$691,250	$404,787	$851,481	$941,950	$886,937	$250,700	$482,150
A. T Profit	Form 3-H	$379,273	$225,000	$655,495	$379,163	$225,000	($110)	$0
B. A **Total Transfer Station Fee**	Form 3-H	$4,097,631	$3,152,139	$4,254,135	$4,096,446	$3,655,461	($1,185)	$503,322
Annual Cost / Ton		$ 9.84	$ 7.57	$10.21	$ 9.84	$ 8.78	($0)	$1

Table 8 MRF Operations - Fee Component		Hudson Baylor Cost	South Bay Cost	Average Cost	Hudson Baylor Cost	South Bay Cost	Hudson Baylor Cost	South Bay Cost
Labor Component	Form 3 - I	$3,112,424	$2,570,337	$2,946,155	$3,025,775	$2,570,337	($86,648)	$0
Fuel & Power Component	Form 3 - I	$337,850	$237,500	$395,826	$337,850	$270,500	$0	$33,000
Depreciation on Equipment	Form 3 - I	$105,900	$126,666	$110,113	$105,900	$134,599	$0	$7,933
Other O&M	Form 3 - I	$1,329,723	$587,567	$1,161,033	$1,417,886	$1,092,717	$88,163	$505,150
Ope Profit	Form 3 - I	$650,000	$335,000	$856,377	$650,000	$335,000	$0	$0
Annual Costs w/ out residue		$5,535,896	$3,857,070	$5,469,504	$5,537,411	$4,403,153	$1,515	$546,083
Buyback Payments [2]		$906,000	$906,000	$729,182	$1,111,500	$906,000	$205,500	$0

Table 9 Transportation Fee Proposal		Hudson Baylor Cost	South Bay Cost	Average Cost	Hudson Baylor Cost	South Bay Cost	Hudson Baylor Cost	South Bay Cost
Solid Waste	Form 3 - J	$3,387,677	$2,766,434	$3,545,144	$3,470,381	$3,339,576	$82,704	$573,142
Inerts	Form 3 - J	$82,243	$67,198	$107,665	$84,143	$86,497	$1,900	$19,299
C&D Material	Form 3 - J	$293,144	$248,437	$461,037	$274,728	$262,802	($18,416)	$14,365
Plant Material	Form 3 - J	$924,168	$777,169	$1,042,011	$879,084	$871,204	($45,084)	$94,035
Food Waste	Form 3 - J	$161,471	$153,755	$242,455	$149,747	$150,061	($11,724)	($3,694)
Profit		$494,568	$400,000	$617,429	$495,524	$400,000	$956	$0
Total Annual Cost		$5,343,271	$4,412,993	$6,015,740	$5,353,607	$5,110,140	$10,336	$697,147
Total Cost per Mile		$ 0.74	$ 0.63	$ 0.96	$ 0.00		($1)	($1)

[2] Buyback Payments are included in Other O&M on Form 3 - I but broken out separately for better comparison:
BEST is offsetting Buyback Payments with their 25% revenue sharing

Table 10
Contractor Proposed Capital and Equipment (2008 dollars)

Capital Equipment & Debt Services		Hudson Baylor Amount	South Bay Amount	Average Amount	Hudson Baylor Amount	South Bay Amount	Hudson Baylor Cost	South Bay Cost
Transfer Station	Form 3 - C	$1,735,000	$591,250	$1,285,977	$1,735,000	$637,140	$0	$45,890
Trucks & Trailers	Form 3 - C	$3,425,000	$3,530,717	$3,858,454	$3,425,000	$3,804,777	$0	$274,060
MRF Equipment (non-processing)	Form 3 - C	$924,000	$882,306	$774,276	$924,000	$950,788	$0	$68,482
Buyback Center	Form 3 - C	$0	$101,724	$38,969	$0	$109,620	$0	$7,896
Other vehicles	Form 3 - C	$160,000	$150,000	$124,369	$160,000	$161,642	$0	$11,642
Sweepers	Form 3 - C	$60,000	$225,155	$105,736	$60,000	$242,631	$0	$17,476
Field Service Vehicles	Form 3 - C	$40,000	$23,110	$32,301	$40,000	$24,904	$0	$1,794
Maintenance Equipment	Form 3 - C	$45,000	$85,000	$35,714	$45,000	$91,597	$0	$6,597
Other	Form 3 - C	$0	$25,119	$187,888	$0	$27,069	$0	$1,950
Total Operating Equipment Costs		**$6,389,000**	**$5,614,381**	**$6,443,685**	**$6,389,000**	**$6,050,168**	**$0**	**$435,787**
Interest								
Purchased Equipment - Interest Rate		7.5%	5.0%	7.3%	7.5%	5.0%	$0	$0
Leased Equipment - Interest Rate		0%	0%	0%	0%	0%	$0	$0
Year One Interest	Form 3 - L	**$455,216**	**$280,719**	**$422,858**	**$455,216**	**$291,644**	**($0)**	**$10,925**
10 Year Total Interest	Form 3 - M	**$2,395,875**	**$1,659,029**	**$2,782,647**	**$2,380,524**	**$1,650,402**	**($15,351)**	**($8,627)**
10 Year AVERAGE Interest		**$239,588**	**$165,903**	**$278,265**	**$238,052**	**$165,040**	**($1,535)**	**($863)**

APPENDIX B

KEY DATES

Table 1: KEY MILESTONES IN DEVELOPMENT OF THE COLLECTION SERVICES RFP AND FACILITY OPERATIONS RFP		
1	SBWMA Board Votes to Initiate RFP Development Process for Collection Services and Facility Operations.	**April 2005**
2	SBWMA hires Kevin McCarthy as their 1st Executive Director.	**September 5, 2006**
3	SBWMA Board adopts PAF and PAC Committee recommendations re: scope of services and contract terms. Recommendations developed thru a series of 16 public meetings during 2005/2006.	**October 2006**
4	All member agencies voted to participate in the two RFP processes (i.e., collection services and facility operations). **Belmont's approval included a provision that they would also conduct a parallel RFP process for Collection Services.**	**December 2006 - March 2007**
5	RFP drafts circulated for review by potential proposers, including Allied Waste.	**Spring 2007**
6	SBWMA Board approves contracts with R3 Consulting (Collection) and Sloan/Vasquez Consulting (Facility) for technical consulting services following a competitive procurement process. Key attributes of the R3 Consulting team included work on San Jose's prior two RFP processes for collection services. Key attributes of Sloan/Vasquez included extensive facility operations experience, including single stream operations.	**July 26, 2007**
7	All member agencies approve two RFPs and model Agreements.	**August - October 2007**
8	Collection Services RFP and Facility Operations RFP released.	**November 1, 2007**
9	Mandatory RFP pre-proposal meetings.	**December 14, 2007**
10	Collection Services and Facility Operations RFP addendums issued. Facility Operations RFP Addendum #1: Facility Operations Agreement. Collection Services RFP Addendum #1: SBWMA response to questions (141 questions) submitted by Proposers on 12/7/07	**December 2007 – Feb. 2008** **December 1, 2007** **January 4, 2008**

Table 1: KEY MILESTONES IN DEVELOPMENT OF THE COLLECTION SERVICES RFP AND FACILITY OPERATIONS RFP		
	Facility Operations RFP Addendum #2: SBWMA response to questions.	**January 9, 2008**
	Facility Operations Addendum #3: Contained responses to 27 questions submitted by proposers by January 9, 2008.	**January 25, 2008**
	Collection Services RFP Addendum #2: SBWMA response to questions (33 questions) submitted by Proposers on 1/9/08.	**January 25, 2008**
	Collection Services RFP Addendum #3: Collection Agreement Attachment C – Member Agency Community Events; Updated RFP Attachment 8 – Collection Route Data.	**January 28, 2008**
	Facility Operations RFP Addendum #4: Key items included revisions to Facility drawings and revisions (due to restated Allied tonnage data) to the tonnage information that was originally supplied in the RFP.	**January 29, 2008**
	Facility Operations RFP Addendum #5: Key items included revisions to the Agreement to reflect changes to the incentive/disincentive programs and pass-through costs (that were discussed at the January 25th Board meeting) and new Compensation Adjustment forms that provide a detailed protocol for rate adjustments in the initial year and subsequent years of the Agreement.	**February 1, 2008**
	Collection Services RFP Addendum #4: RFP - Attachment 2 – Collection Agreement (redline); RFP - Attachment 10 – Cost Proposal Forms (revised).	**February 3, 2008**
	Collection Services RFP Addendum #5: Collection Services RFP (redlined); Current Demographic and Service Summary (redlined); Cost Proposal Forms (updated); Proposer's Code of Conduct (redlined); Contractor's Compensation and Rate Setting Process (redlined); Collection Agreement – Attachment K – Contractor Compensation and Rate Setting (redlined); Example of Contractor's Monthly and Annual Compensation Calculations	**February 15, 2008**
	Collection Services RFP Addendum #6: Cost Forms, Modifications to Form 26 – Town of Hillsborough, Collection RFP submittal requirements.	**February 29, 2008**
11	SBWMA Board approved evaluation and selection committees for the two RFPs.	**January 24, 2008**

Table 2: SBWMA Evaluation and Selection Committee Proposals Evaluation Process			
	Activity	**Facility Operations**	**Collection Services**
Proposals Evaluation and Scoring **Step #1: Proposals Submitted to the SBWMA**			
1	Proposals Due (mailed to R3 Consulting & Sloan/Vasquez Consulting)	Tue 3/4/08. **Received 7 proposals:** Allied Waste Services of San Mateo County (**"Allied"**). Bayside Environmental Services & Transfer (**"BEST"** is a joint venture of Peninsula Sanitary Group, South San Francisco Scavenger Company, Green Waste Recovery and Zanker Road Resource Management). Greenstar, LLC (**"Greenstar"**). Hudson Baylor Corp with Waste Solutions Group (**"Hudson Baylor"**). Norcal Waste Systems of San Mateo County (**"Norcal"**). Republic Services, Inc. (**"Republic"**). South Bay Recycling, LLC (**"South Bay"** is a joint venture of Community Recycling & Resource Recovery and Potential Industries).	Tue 3/11/08. **Received 4 proposals:** Allied Waste Services of San Mateo County (**"Allied"**). Bayside Environmental Services & Transfer (**"BEST"**) Norcal Waste Systems of San Mateo County (**"Norcal"**). Republic Services, Inc. (**"Republic"**).

Table 2: SBWMA Evaluation and Selection Committee Proposals Evaluation Process			
	Activity	**Facility Operations**	**Collection Services**
	Proposals Evaluation and Scoring **Step #2: Proposals Review and Evaluation**		
2.1	**Evaluation Committee Meetings**		
	Evaluation Committee. Conf. Call	3/6/08	3/12/08
	Evaluation Committee Meeting #1	3/26/08	4/3/08
	Evaluation Committee Meeting #2	4/9/08	4/17/08
	Evaluation Committee Meeting #3	4/16/08	4/22/08
	Evaluation Committee Meeting #4	5/7/08	5/14/08
	Evaluation Committee Meeting #5	5/12/08	5/19/08
	Evaluation Committee Meeting #6		6/10/08

Table 2: SBWMA Evaluation and Selection Committee Proposals Evaluation Process			
	Activity	**Facility Operations**	**Collection Services**
2.2	**SBWMA Issues Correspondence to Proposers**		
	o SBWMA issues correspondence to Proposers requesting general clarifications and revisions to the cost proposal forms submitted with responses.	o March 13, 2008 letter with responses due back March 19, 2008	o March 14, 2008 letter with responses due back March 21, 2008
	o SBWMA issues correspondence to Proposers requesting specific clarifications and revisions to the cost proposal forms submitted with responses.	o April 1, 2008 letter with responses due back April 7, 2008	o March 27, 2008 letter with responses due back April 1, 2008
	o SBWMA issues correspondence to the Proposers requesting clarifications and information on the technical proposal and cost proposal forms.	o N/A	o April 9, 2008 letter with responses due back April 15, 2008
	o SBWMA issues correspondence to Proposers requesting clarifications and information pertaining to the technical interview conducted and the cost proposal forms (i.e., each proposer was provided the opportunity to make any changes to the cost proposals submitted) due back by May 12, 2008.	o April 25, 2008 letter with responses due back May 12, 2008	o April 25, 2008 letter with responses due back May 12, 2008
	o SBWMA issues final correspondence to Proposers requesting clarifications and information pertaining to the company's litigation history.	o June 13, 2008 letter with responses due back June 20, 2008	o June 12, 2008 letter with responses due back June 19, 2008
		o N/A	

Table 2: SBWMA Evaluation and Selection Committee Proposals Evaluation Process			
	Activity	**Facility Operations**	**Collection Services**
2.3	**Interviews of Proposers**	Mon 4/14/08 1:00-5:00pm • San Carlos Library o 1:00-2:00 **Allied** o 2:30-3:30 **BEST** o 4:00-5:00 **Greenstar** Tue 4/15/08[1] 9 am-5:00pm • San Carlos Library o 9:00-10:00 **HBC** o 10:30-11:30 **Norcal** o 1:00-2:00 **Republic** o 2:30-3:30 **SBR**	Mon 4/21/08 12:30-4:30pm • San Carlos Library o 12:30-1:30 **Allied** o 2:00-3:00 **BEST** o 3:30-4:30 **Republic** Tue 4/22/08[3] 9:30-10:30 am • [3]San Carlos City Hall 9:30-10:30 **Norcal**

Table 2: SBWMA Evaluation and Selection Committee Proposals Evaluation Process			
	Activity	**Facility Operations**	**Collection Services**
2.4	**Evaluation Committee Conducts Site Visits of Proposers**	o April 18, 2008 at **Norcal Waste Systems** in San Francisco and South San Francisco Scavenger Company's Blue Line Transfer Station (part of **BEST**). o April 23, 2008 at Green Waste Recovery/Charles Street (part of **BEST**) and **Allied Waste's** Newby Island MRF and Composting Facility. o April 28, 2008 at Potential Industries and Community Recycling (**South Bay Recycling**) sites in Wilmington (near Long Beach) and Sun Valley, respectively. o April 29, 2009 at **Hudson Baylor** (three MRF sites in Phoenix). o Additional site visits were conducted of MRF equipment installations in Seattle on April 30th at SP Recycling (CP Manufacturing equipment); and on May 2nd in San Diego at EDCO Disposal MRF operations in Lemon Grove (Van Dyk/Bollegraaf equipment) and Escondido (Machinex).	o May 19, 2008 at **Norcal Waste Systems** in San Bruno o May 21, 2008 at **Republic** in Richmond (Richmond Sanitary Service) o May 21, 2008 at **BEST** in Santa Clara (Garden City Sanitation) o June 5, 2008 at **Allied Waste** in Phoenix, Arizona

Table 2: SBWMA Evaluation and Selection Committee Proposals Evaluation Process			
	Activity	**Facility Operations**	**Collection Services**
2.5	**SBWMA Board Meeting and Workshop – Proposer Presentations** • Location: Foster City Council Chambers • **Staff-led Workshop: Proposer Presentations. Each Proposer given 30 minutes. Presentations were videotaped.**	**Thu 5/22/08** Facility Operations Presentations: 10:00 am **Allied Waste** 10:45 am **BEST** 11:30 am **Greenstar** **Lunch break** 1:00 pm **Hudson Baylor with Waste Solutions** 1:45 pm **Norcal Waste** 2:30 pm **Republic Services** 3:15 pm **South Bay Recycling**	**Thu 5/29/08** Collection Services Presentations: 9:15-9:45am **Allied Waste** 10:00-10:30 **BEST** 10:45-11:15 **Norcal Waste** 11:30-12:00 **Republic Services**
2.6	**SBWMA Publicly Releases Proposal Summaries** **Summaries of both the Collection Services and Facility Operation Proposals were developed and released to the public.** Collection Services RFP Proposal Summary Facility Operations RFP Proposal Summary Revised Collection Services RFP Proposals Summary	N/A 6/19/08 N/A	6/19/08 N/A 6/24/08

Table 2: SBWMA Evaluation and Selection Committee Proposals Evaluation Process			
	Activity	**Facility Operations**	**Collection Services**
2.7	**Evaluation Committee Commences Scoring of Proposals** **Once various activities were complete, the Evaluation Committee proceeded with scoring the proposals per the criteria prescribed in the RFP. The activities are described in steps #2.1-2.6 above and include:** o Receipt of Proposals o Compliance Review of Proposals o Evaluation of Qualifications, Experience, Client Examples, Assessment of Proposed Equipment, Reporting Forms, etc. o Evaluation of Technical Proposals o Several Rounds of Question and Answer with the Proposers o Evaluation Committee Site Visits of Proposers o Public Presentations made by Proposers o Analysis of the Cost Proposal Information		

Table 2: SBWMA Evaluation and Selection Committee Proposals Evaluation Process			
	Activity	**Facility Operations**	**Collection Services**
	o Completion of Reference Checks o Completion of Proposal Summaries and Released to the Public o Completion of Proposed Information Technology (IT) Systems Analysis (N/A for facility ops) o Initial Litigation Review and Analysis		
	Scoring Results Provided to the Selection Committee	6/4/08	6/4/08
	Scoring Discussed with the Selection Committee	Meetings held on: 6/11/08, 6/25/08.	Meetings held on: 6/11/08, 6/25/08
Proposals Evaluation and Recommendation **Step #3: Selection Committee Evaluation of Proposals, Scoring and Recommendation**			
3.1	**Selection Committee Meetings**		
	Selection Committee Conf. Call Selection Committee Meeting #1 Selection Committee Meeting #2 Selection Committee Meeting #3	3/24/08 5/13/08 Wed 6/11/08 Wed 6/25/08	3/24/08 Tue 5/13/08 Wed 6/11/08 Wed 6/25/08

Table 2: SBWMA Evaluation and Selection Committee Proposals Evaluation Process			
	Activity	**Facility Operations**	**Collection Services**
3.2	**Selection Committee Review of Proposals, Staff Reports and Other Information**		
	Commence Review of Technical Proposals	5/8/08	5/8/08
	Commence Review of Technical Proposal Summaries	5/8/08	5/8/08
	Commence Review of Cost Proposal Information	6/4/08	6/4/08
	Review of Evaluation Committee Scoring, Cost Proposal Summary and Recommendation Report	6/4/08	6/4/08
	Meeting to Discuss Evaluation Committee Recommendation Report	6/11/08	6/11/08
	Meeting to Discuss Final Selection Committee Recommendation Report	6/25/08	6/25/08

Table 2: SBWMA Evaluation and Selection Committee Proposals Evaluation Process			
	Activity	**Facility Operations**	**Collection Services**
3.3	**Selection Committee Recommendation Presented to the SBWMA Board of Directors**		
	Staff Report Issued to the SBWMA Board – **Recommendation: Approval of Selection Committee Recommendation to Shortlist HBC and SBR.**	Thu 7/17/08	N/A
	Staff Presentation to SBWMA Board for Vote - **Board Approval (by 10-0) of Selection Committee Recommendation to Shortlist HBC and SBR.**	Thu 7/24/08	N/A
	Staff Report Issued to the SBWMA Board – **Recommendation: Approval of Selection Committee Recommendation to Select Norcal for Collection Services.**	N/A	Thu 8/21/08
	Staff Presentation to SBWMA Board - Recommendation to SBWMA Board for Vote - **Board Approval (by 9-0 vote) of Selection Committee Recommendation to Select Norcal for Collection Services.**	N/A	Thu 8/28/08

APPENDIX C

SBWMA LETTER TO PROPOSERS REGARDING CBA

RethinkWaste
South Bayside Waste Management Authority

December 8, 2008

John Richardson and Dan Domonoske
South Bay Recycling, LLC
9189 Degarmo Avenue
Sun Valley, CA 91352

Subject: Response to November 28 question by shortlisted proposer.

Dear Mr. Richardson and Mr. Domonoske,

On November 28, 2008 the SBWMA received a request from a shortlisted proposer requesting clarification on how a change in MRF sorter labor cost would be treated by the SBWMA, should these employees be included in a new collective bargaining agreement (CBA). Since the current CBA is due to expire on December 31, 2009, it is anticipated that a new labor agreement will be in-place prior to the start of the new facility operator. The sorters at the MRF are not included in the current CBA, but there is potential for these employees to be included in a new bargaining unit or otherwise covered by a new CBA in effect on January 1, 2011. As a result, the costs for MRF sorter labor could be higher than anticipated by proposers in their response to the RFP. For clarification on this matter I refer proposers to Addenda 3 and 5 to the RFP which state the following:

ADDENDUM #3,
SBWMA Operations RFP - Response to 1/09/08 Proposer Questions
"The current operator (Allied Waste Services) will most likely negotiate an extension of the current CBA, or a new CBA, to commence January 1, 2010. The draft agreement between SBWMA and the new operator requires the operator to provide wages and benefits to represented employees equivalent to those contained in the CBA in place when the new operator commences operations (January 1, 2011). It does not require the new operator to exactly match the benefit provisions in that CBA. The new operator will also have obligations under the National Labor Relations Act, as a successor to Allied, which it will be required to fulfill.

ADDENDUM #5,

SBWMA Operations RFP - ATTACHMENT 12-A to DRAFT SRDC OPERATING AGREEMENT (Revised)

ADJUSTMENT OF CONTRACTOR'S COMPENSATION FOR RATE YEAR ONE.

"The three elements of compensation described in Section 7.03 (the Transfer Station Receipt and Handling Fee, the MRF Recyclables Processing Fee, and the Transportation Fee) each comprise three distinct cost components (and associated profit):

- *Labor costs*
- *Fuel and power costs*
- *Depreciation / Principal Lease Payment*
- *Other operating and maintenance costs*

And...

The Adjustment Factor for labor will be determined separately for the Transfer Station, for the MRF and for Transportation. In each case, the 2008 wages for represented employees ("direct" labor) will be based on the amounts shown in Contractor's Proposal (Form 3-G). Updated wages will be prepared by revising Form 3-G to input 2011 wage rates payable under the collective bargaining agreements then in effect. There will be no increase in the number of standard or overtime hours used in the calculation. The 2008 benefits will be based on the pension, health and welfare, and vacation/sick leave and holiday costs in Form 3-G monetized to an hourly dollar amount. The 2011 benefits, similarly expressed, will be based on the collective bargaining agreements then in place".

To provide additional clarification , it is the SBWMA's intent to include a commercially reasonable change in direct-labor cost, that results from a change in MRF sorter status, in the adjustment to contractor's compensation for rate year one. More specifically, should the MRF sorters change from their current status as non-represented employees to bargaining unit employees, increased costs associated with this change in status would be reflected in the *collective bargaining agreements then in effect* at the time of the year-one rate adjustment (October 2010). Therefore, a commercially reasonable cost increase resulting from this change in the MRF sorter status would be captured in the rate adjustment process for rate year one.

Please contact me if there is additional information that you may need.

Regards,

Hilary Gans
SBWMA

APPENDIX D

SOUTH BAY RECYCLING & HUDSON BAYLOR TEAMSTER MOU'S

MEMORANDUM OF UNDERSTANDING

BETWEEN

HUDSON BAYLOR CORP WITH WASTE SOLUTIONS GROUP

AND

SANITARY TRUCK DRIVERS AND HELPERS

TEAMSTERS LOCAL UNION 350

This Memorandum of Understanding is entered into between Hudson Baylor Corp with Waste Solutions Group (Hudson Baylor) and Sanitary Truck Drivers and Helpers, Teamsters Local Union 350 (Union) in anticipation of an award to Hudson Baylor by South Bayside Waste Management Authority (SBWMA) of a service contract for the operation of transfer station and MRF facilities for the handling, processing and disposition of recyclable materials and garbage/trash within the areas for which SBWMA has responsibility. The purpose of the parties in entering into this Memorandum of Understanding is to record in writing their agreement with respect to the labor relations issues affected by such an award and thereby avoid problems or disputes that might otherwise affect the stability and continuity of the services provided for in the event the aforesaid award is made to Hudson Baylor.

It is accordingly understood and agreed as follows:

1. The work covered by this Memorandum is coterminous with that covered by the anticipated award, except work performed by supervisors, management, office clerical and guards as defined in the National Labor Relations Act. More specifically, the work classifications involved include Sorters, Buyback Attendant, Spotter, Utility, Recyclery Operator, Scale Operator, Transfer Station Operator, Maintenance and Semi-Drivers. The parties are in agreement that these classifications, and any additional related classifications

hereafter created that are incidental to the work covered by the award constitute an appropriate bargaining unit.

2. In the event Hudson Baylor is awarded the franchise for the aforesaid services, it will offer employment to the number of employees currently performing the work it determines it needs, as follows: Hudson Baylor will offer employment according to the seniority lists in effect at the existing provider to employees it needs who are currently working in the above described bargaining unit, who have been on the job for at least 120 days as of Hudson Baylor's start-up date. Hudson Baylor shall only be required to offer employment to those employees who are fully capable of performing work in their regular classification on the start-up date. Following the start-up date and continuing for one (1) year thereafter, should any of the existing provider's employees who were not hired by Hudson Baylor on the start-up date because they were temporarily disabled, provide medical certification demonstrating that said employee is able to return to active duty in his or her regular classification, Hudson Baylor shall return that employee to active duty and displace the least senior employee in his/her regular classification. Nothing in this paragraph shall require Hudson Baylor to employ more persons than it deems are needed. It is also understood no individual shall be hired from any other source prior to one (1) year from the start-up date for work within the above stated work classifications, until all displaced workers holding seniority under the previous provider shall have been offered employment.

3. It is recognized by the parties that most, if not all employees now performing the work covered by this Memorandum are currently represented by the Union and are working under collective bargaining agreements between the Union and Allied Waste, the current provider.

a) In the event Hudson Baylor becomes the successor to Allied Waste, Hudson Baylor will, upon evidence that the Union continues to represent a majority of such employees in the bargaining unit hereinbefore described, Hudson Baylor will formally recognize the Union as their bargaining representative.

b) Such evidence shall consist of a showing that a majority of the employees are members of the Union, and/or have signed cards designating the Union as the signatory's bargaining representative.

c) Hudson Baylor shall, upon the presentation of such evidence and recognition, enter into and adopt the collective bargaining agreements for the remainder of its term then in effect between the Union and Allied Waste. In the event the most recent collective bargaining agreements covering such employees has expired, the Company shall initially apply and be bound by the terms and conditions of the expired agreements, but shall concurrently meet with the Union for the purpose of negotiating in good faith to agree upon a successor agreement, which will be retroactive for wages and economic benefits to the date on which the Company begins operations under its franchise.

4. All employees hired in accordance with this Memorandum shall retain their seniority held as of Hudson Baylor's start-up date.

Executed this 8th day of August, 2008, in the County of San Mateo, California.

HUDSON BAYLOR CORP WITH
WASTE SOLUTIONS GROUP

By: Scott ___, President
Hudson Baylor Corporation

SANITARY DRIVERS AND HELPERS
TEAMSTERS LOCAL UNION 350

By: _____

South Bay
RECYCLING, LLC

August 22, 2008

Mr. Larry Daugherty, President
Sanitary Truck Drivers and Helpers
Local Union 350
295 89th Street, Suite 304
Daly City, CA 94015

RE: **Memorandum of Understanding**

Dear Mr. Daugherty:

We have modified the MOU that you provided to make it consistent with the RFP issued by the SBWMA document. This modification says we will comply with the obligation stated in the RFP to assume all collective bargaining agreements in effect at the SBWMA facility on January 1, 2011, if we are awarded the contract by the SBWMA.

Please review and let me know your comments.

Sincerely,

John Richardson
Senior Vice President

South Bay Recycling, LLC
9189 De Garmo Avenue • Sun Valley, CA 91352 • 818-504-1431

MEMORANDUM OF UNDERSTANDING

BETWEEN

SOUTH BAY RECYCLING, LLC

AND

SANITARY TRUCK DRIVERS AND HELPERS

TEAMSTERS LOCAL UNION 350

This Memorandum of Understanding is entered into between South Bay Recycling, LLC (South Bay) and Sanitary Truck Drivers and Helpers, Teamsters Local Union 350 (Union) in anticipation of an award to South Bay by South Bayside Waste Management Authority (SBWMA) of a service contract for the operation of transfer station and MRF facilities for the handling, processing and disposition of recyclable materials and garbage/trash within the areas for which SBWMA has responsibility. The purpose of the parties in entering into this Memorandum of Understanding is to record in writing their agreement with respect to the labor relations issues affected by such an award and thereby avoid problems or disputes that might otherwise affect the stability and continuity of the services provided for in the event the aforesaid award is made to South Bay.

It is accordingly understood and agreed as follows:

1. The work covered by this Memorandum is consistent with the RFP issued by the SBWMA for operation of the MRF and transfer station, and as stated in the RFP, South Bay will comply with the obligation to assume all collective bargaining agreements in effect at January 1, 2011.

2. In the event South Bay is awarded the contract for the aforesaid services, it will offer employment to the number of employees currently performing

the work it determines it needs, as follows: South Bay will offer employment according to the seniority lists in effect at the existing provider to employees it needs who are currently working in the above described bargaining unit, who have been on the job for at least 120 days as of South Bay's start-up date. South Bay shall only be required to offer employment to those employees who are fully capable of performing work in their regular classification on the start-up date. Following the start-up date and continuing for one (1) year thereafter, should any of the existing provider's employees who were not hired by South Bay on the start-up date because they were temporarily disabled, provide medical certification demonstrating that said employee is able to return to active duty in his or her regular classification, South Bay shall return that employee to active duty and displace the least senior employee in his/her regular classification. Nothing in this paragraph shall require South Bay to employ more persons than it deems are needed. It is also understood no individual shall be hired from any other source prior to one (1) year from the start-up date for work within the above stated work classifications, until all displaced workers holding seniority under the previous provider shall have been offered employment.

3. It is recognized by the parties that most employees now performing the work covered by this Memorandum are currently represented by the Union and are working under collective bargaining agreements between the Union and Allied Waste, the current provider.

   a) In the event South Bay becomes the successor to Allied Waste, South Bay will, upon evidence that the Union continues to represent a majority of such employees in the bargaining unit hereinbefore described, South Bay will formally recognize the Union as their bargaining representative.

b) Such evidence shall consist of a showing that a majority of the employees are members of the Union, and/or have signed cards designating the Union as the signatory's bargaining representative.

c) South Bay shall, upon the presentation of such evidence and recognition, enter into and adopt the collective bargaining agreements for the remainder of its term then in effect between the Union and Allied Waste. In the event the most recent collective bargaining agreements covering such employees has expired, the Company shall initially apply and be bound by the terms and conditions of the expired agreements, but shall concurrently meet with the Union for the purpose of negotiating in good faith to agree upon a successor agreement, which will be retroactive for wages and economic benefits to the date on which the Company begins operations under its franchise.

4) All employees hired in accordance with this Memorandum shall retain their seniority held as of the South Bay's start-up date.

Executive this 22 day of August, 2008, in the County of San Mateo, California.

SOUTH BAY RECYCLING, LLC

BY_____

SANITARY DRIVERS AND HELPERS
TEAMSTERS LOCAL UNION 350

BY_____

APPENDIX E

FACILITIES OPERATING WITH TI-TECH EQUIPMENT

The following is a selected list of MRF facilities in North America which have added or integrated as a turnkey solution, optical equipment in their operations for the purposes of increased recovery and labor savings. Ti-tech has manufactured over 2000 optical sorting units since 1996, this list represents US installations since 2004. All Ti-Tech GmbH Equipment is distributed, installed and maintained by Van Dyk Baler & Lubo USA.

Customer References	Type of Unit(s)
1. Allied Waste Industries - Brockton 190 Mulberry Street Brockton, MA 02302 Tel: (508) 580-1511 Contact: Mr. Fred Morrow	PolySort 700 PolySort 1000
2. City Fibers Downtown LA 2500 South Santa Fe Avenue Los Angeles, CA 90058 Tel: (323) 583-1013 Contact: Mr. David T. Jones	PolySort 1400 PaperSort CN 2000
3. City Fibers West Valley 16714 Schoenborn North Hills, CA 91343 Tel: (818) 895-7203 Contact: Mr. Todd Jones	PolySort 700
4. Colgate Paper Stock 12 Industrial Drive New Brunswick, NJ 08901 Tel: (732) 246-0500 x105 Contact: Joe DiNardi	PolySort 700 DV PolySort 1000 DV PaperSort CN 2000
5. EDCO Disposal 6700 Federal Blvd. Lemon Grove, CA 91945 Tel: (619) 287-5696 Contact: Mr. Don Harris	PolySort 1000
6. FCR, Inc Charlotte, NC	PolySort 1400 PolySort 1000

7. FCR, Inc. — PolySort 1400
   2201 Mount Ephrian Avenue, Bldg. 10
   Camden, NJ 08104
   Tel: (856) 342-7503
   Contact: Mr. Steve Gray or Mr. Tim Driscoll

8. Gulf Coast Recycling — PolySort 1400
   9590 Clay Road
   Houston, TX 77080
   Tel: (713) 772-9100
   Contact: Mr. Alan Stein

9. Automated Material Handling — PolySort 1000
   655 Christian Lane
   Kensington, CT 06037
   Tel: (860) 223-3601
   Contact: Mr. Bill Petrone

10. WMRA - Minneapolis — (2) PolySort 2000
    1800 NE Broadway
    Minneapolis, MN 55413
    Tel: (413) 427-5865
    Contact: Mr. Mike Lunow

11. WMRA - York — PolySort 1400
    4555 Mt. Pisgah Road
    York, PA 17402
    Tel: (717) 246-0262
    Contact: Mr. Bob Torriere

12. Integrated Paper Recyclers, Inc. — (2) PolySort 700
    21 North Clark Street — Polysort 2000 MD
    North Andover, MA 01801
    Tel: (781) 933-3013
    Contact: Mr. Charlie DeRosa

13. Guangyi Group — (4) ColourSort R 1400 DV
    4051 Via Oro Ave
    Long Beach, CA 90810
    Tel: (310) 233-3888
    Contact: Mr. David Lee

14. Deffenbaugh Recycling Company — PolySort 1000
    8905 Kaw Drive
    Kansas City, KS 66111
    Tel: (913) 631-3300
    Contact: Mr. Mike Clagett

15. WMRA Liverpool
    4550 Steelway Blvd. South
    Liverpool, NY 13090
    Tel: (413) 427-5865
    Contact: Mr. Bob Torriere

    PolySort 1000 DV
    PolySort 1400

16. TFC Recycling
    1958 Diamond Hill Road
    Chesapeake, VA 23324
    Tel: (757) 543-5766
    Contact: Mr. Michael Benedetto or Mr. Don August

    (3) PaperSort CN 2800 MD
    (2) PolySort 2000 MD
    PolySort 2000
    ColourSort T 1400 DV

17. CAMCO Recycling, Inc (Tomra Canada)
    20500 Clark Graham Ave
    Baie d'Urfe, Quebec H9X 4B6
    Canada
    Tel: (514) 457-0499
    Contact: Mr. Jonathan Boisvert

    ColourSort R 1400 DV

18. WMRA Spiegel
    40 Ledin Drive
    Avon, MA 02322
    Tel: (413) 427-5865
    Contact: Mr. Bob Torriere

    (3) PolySort 1400
    PaperSort CN 1400
    AutoSort MF 1000
    PolySort 1000

19. Sims Recycling Group
    One Linden Ave East
    Jersey City, NJ 07305
    Tel: 201-577-3231
    Contact: Mr. Tom Outerbridge

    PolySort 1400
    (2) PolySort 2000
    ColourSort T 1400

20. WMRA Raleigh
    1815 Capitol Blvd
    Raleigh, NC 27604
    Tel: (919) 838-4417
    Contact: Dwight King

    ColourSort R 1000 (*)
    PolySort 500

21. WMRA Kit Kat Road
    7170 Kit Kat Road
    Elkridge, MD 21075
    Tel: (443) 755-9497
    Contact: Mr. Dave Taylor

    PolySort 1400
    Papersort CN 1400

22. Sunset Waste Paper
    2721 South Elm Avenue
    Fresno, CA93706
    Tel: (559) 499-1595
    Contact: Mr. John Mohoff

    PaperSort CN 2800
    PolySort HR 1000 glass

23. Schupan Recycling 2619 Miller Road Kalamazoo, MI 49001 Tel: (269) 382-0000 Contact: Rick Hart	ColourSort R 1400 DV
24. EcoMaine 64 Blueberry Road Portland, ME 04102 Tel: (207) 773-6465 Contact: Kevin Roche	PolySort 1000
25. Allied Waste Industries 4200 East 14th Street Plano, TX 75074 Tel: 972-422-2341 Contact: Reid Donaldson	Polysort 1000
26. FCR, Inc 6550 North Jog Road West Palm Beach, FL 33412 Tel: 561-640-3237 Contact: Matt Streit	PolySort 1400
27. Mid-America / Vista Fibers 9233 Denton Drive Dallas, TX 75235 Tel: 214-366-3800 Contact: Ron Geri	PolySort 1400
28. WMRA – Newark 150 St. Charles Street Newark, NJ 07105 Tel: 973-344-3003 Contact: Henry Angelini	Polysort 1000 (2) Polysort 1400
29. WMRA Prince George County 1000 Ritchie Road Capitol Heights, MD 20743 Tel: 301-499-1707 Contact: Mike Taylor	PolySort 2000 PolySort 1400
30. WMRA Ocean County 611 New Hampshire Ave Lakewood, NJ 08701 Tel: 732-905-4457 Contact: John I Sterling	PolySort 1400 PolySort 700 ColNIR T 1000

31. Abitibi Consolidated 1923 Meriden Street Arlington, TX 76011 Tel: 713-249-8098 Contact: Fred Ecoff	PolySort 1400 PaperSort CN 2800
32. Allied Waste – Minneapolis 725 44th Avenue North Minneapolis, MN 55412 Tel: 612-522-6558 Contact: Matt Auguston	Polysort 2000 DV
33. Merlin Plastics 109-917 Cliveden Ave Delta, BC V3M 5R6 Canada Tel: 604-522-6799 Contact: Evan Francis	ColourSort R 1400
34. GLR Recycling 30615 Groesbeck Highway Roseville, MI 48066 Contact: John Hawthorne Tel: (586) 779-1310	Polysort 1400
35. Greenstar Mid America / Vista Fibers 3003 Aniol Street San Antonio, TX 78219 Contact: John Rabon Tel: 210-226-6371	Polysort 1400 PaperSort CN 2000 (2) PaperSort CN 2800 Polysort 2000 SV Polysort 2000 DV Polysort 2800 AutoSort MF 1400
36. Eagle Recycling 4711 Dell Avenue North Bergen, NJ 07047 Contact: Nicholas Marangi Tel: 201-974-2962	Polysort 1400 C&D
37. Star Plastics 114 Jack D. Burlingame Drive Milwood, WV 25262 Contact: Gordon Jones Tel: 304-273-0352	Polysort 1400 HR

38. Hudson Baylor / River Recycling ONP 13602 North Beeline Highway Scottsdale, AZ 85256 Tel: 480-850-1224 Contact: Tommy van Tassel	(2) Papersort CN 2800 for Polysort 1000 for PET
39. TALCO Plastics 3270 East 70th Street Long Beach, CA 90805 Tel: 562-630-1224 Contact: Ajit Perera	AutoSort MF 1400 for PE
40. Sims Recycling Solutions 417 Sanford Road La Vergne, TN 37086 Contact: Steve Skurnac	(2) Polysort HR 2000
41. WMRA Denver 5395 Franklin Street Denver, CO 80216 Tel: 303-797-4617 Contact: Jose Herrera	PolySort 2000
42. Waste Management of Alameda County, Inc 2615 Davis Street San Leandro, CA 94577 Tel: 510-563-4245 Contact: Bill Spencer	PolySort 2000 DV PolySort 1400 PaperSort CN 2800
43. Allied Waste Industries 54 South Dawson Street Seattle, WA 98134 Tel: 206-652-8800 Contact: Don Zimmerman	Polysort 2000 MD Polysort 1400 AutoSort MF 1400 DV
44. Canada Fibers 1579 Burlington Street East. Hamilton, Ontario L8H 3L2 Tel: Contact: Mr. Jake Westerhof	Polysort 1400
45. WMRA 20701 Pembroke Road Pembroke Pines, FL 33029 Tel: (413) 427-5865 Contact: Bob Torriere	Polysort 2000

46. NURRC 5396 North Blackstock Road Spartanburg, SC 29303 Tel: 864-574-0904 Contact: Carlos Gutiérrez	ColourSort 2800 DV & MD (2) ColourSort 2000 (One with DV, MD)
47. City of Guelph Tel: 519-767-0598 Contact: Catherine Beaver Tel: 519-767-0598	Polysort 1000 HR
48. Rocky Mountain Recycling, LLC 2950 W. 900 South Salt Lake City, UT 84104 Contact: John Sasine Tel: 801-975-1820	ColourSort 2000 DV & MD
49. Canusa Hershman Recycling 7911 Notes Road Manassas, VA 20109 Tel: 410-319-0321 Contact: Jonathan Sloan	Papersort CN 2800 MD Polysort 2000 MD Polysort 1400 DV & MD
50. ERI 2860 S East Ave Fresno, CA 93725 Tel: 559-442-3960 Contact: Pete Prinz	Finder
51. Willimantic Waste 185 Recycling Way Willimantic, CT 06226 Tel: 860-423-4527 Contact: Tim DeVivo	PaperSort CN 1400 MD Polysort 1400 DV
52. JTL US International, Inc (Millennium) 11 W. Shelton Terrace Hillside, NJ 07205 Tel: Contact: Fred Zhang	ColorSort R 2000 DV
53. Recycling Foundation 4923 Tom Drive Baton Rouge, LA 70806 Tel: Contact: Scott Cheatham	Polysort 1400
54. Waste Management of Canada, Corp 13111 Meridian Street, Bldg 600 Edmonton, AB T6S 1A3 Tel: 780-231-9263	Polysort 1000 HR

Contact: Dale Ozdoba

55. Greenstar North America
    4100 Grand Avenue
    Pittsburgh, PA 15224
    Tel:
    Contact: Steve Dunn / Guillaume Chevrette
    — PaperSort CN 2800

56. WMRA Wilmington
    255 Andover Street
    Wilmington, MA 01887
    Tel: 508-586-5385
    Contact: Larry Spiegel
    — Polysort 1400 MD
    Polysort 1400

57. GLR (Buffalo)
    — (2) Polysort 2000 MD
    Polysort 1400

58. Allied Waste Industries
    5757 Oates Road
    Houston, TX 77078
    Tel:
    Contact: Mitch Noto
    — Papersort CN 2800 MD

59. Homewood Disposal
    — (2) Papersort 2000 MD
    Papersort 2800 MD
    Polysort 2000 MD
    Polysort 2000 DV
    Polysort 2800 MD
    AutoSort MF 1400

60. WMRA El Cajon
    1001 W. Bradley Avenue
    El Cajon, CA 92020
    Tel:
    Contact: Jeremy Millington
    — Polysort 2000

61. WMRA Irvine
    16122 Construction Circle East
    Irvine, CA 92606
    Tel:
    Contact: Jason Rose
    — PaperSort 2000 MD

- WMRA-Raleigh also operates 2x ColorCT 1000, 4x PolySort 1400, 2x PolySort 1000, 1x MonoSort CR,

APPENDIX F

FACILITIES OPERATING WITH NRT EQUIPMENT

BHS/NRT MRF Optical Systems

December 2008

The following is a selected list of facilities in North America which have added or integrated optical equipment in their operations for the purposes of improving the quality of recovered materials, increasing recovery, and reducing labor costs. NRT has installed over 150 optical sorting units.

Confidential Information

GreenWaste Recovery
San Jose, CA
Model: 72" MultiSort IR

Halton Recycling
Burlington, Ontario
Model: 72" MultiSort IR
Model: 54" SpydIR Dual Eject

WCRR – Republic Service
Richmond, CA
Model: 72" MultiSort IR/ES

International Paper Industries (IPI)
Surrey, B.C.
Model: 72: MultiSort IR/ES

Rocky Mountain Recycling
Salt Lake City, UT
Model: 72" MultiSort IR/ES

Republic Services
Las Vegas, NV
Model: 54" Multi Sort IR

Clean Tech
Plymouth, MI
Model: 44” Multi Sort ES
Model: 40” Multi Sort ES

Plastrec
Joliette, Quebec, Canada
Model: 40” Multi Sort IR (3 units)
Model: 40” Multi Sort ES (3 units)
Model: 20 VinylCycle (2 units)

Systech Environmental
N. Hampton, PA
Model: 24” SpydIR

Global PET
Perris, CA
Model: 56” Multi Sort IR/ES Combo
Model: 56” MetalDirector

Global PET
Mexico City, Mexico
Model: 24” Multi Sort IR/ES Combo

Carolina Plastics
Polkton, NC
Model: 56” Multi Sort ES+/IR Combo (2 units)
Model: 56” Multi Sort IR/ES Combo (2 units)

Spectramet/wTe Corporation
Greenfield, MA
Model: Alloy Sorter XRF
Model: Metals DXRT

Global Electric Electronic Processing
Barrie, Ontario, Canada
Model: 56” Multi Sort ES Color Plus (5 units)

Siwin
Morelia, Mexico
Model: 72” Multi Sort IR/ES Combo Stainless

Marglen
Rome, GA
Model: 44” Multi Sort IR/ES Combo Stainless
Model: 44” MetalDirector

UltrePet
Albany, NY
Model: 44” Multi Sort ES (2 units)

Evergreen Plastics
Clyde, Ohio
Model: 44” Multi Sort ES
Model: 20” VinylCycle
Model: MultiSort 5000
Model: FlakeSort 3-module

Eclipse Reterra
Houston, TX
Model: 56” Multi Sort IR/ES Combo Stainless
Model: 20” VinylCycle Stainless
Model: FlakeSort 4-module w/color option

Mohawk Industries
Summerville, GA
Model: 56” Multi Sort IR w/vibratory feeder (2 units)
Model: 56” Multi Sort ES+ w/vibratory feeder (2 units)
Model: 24” Multi Sort IR PET recovery (2 units)
Model: 20” VinylCycle (3 units)
Model: MS 5000 (4 units)

SDR Technologies
Millwood, WV
Model: 24 DXRT

Camco Recycling
Quebec, Canada
Model: 20” VinylCycle

Corkery Industries
Waterloo, IA
Model: 56” Multi Sort IR/ES Combo

Western Finger Lakes
Lyons, NY
Model: MS 5000 (3 units)

Wellman USA (recently changed hands)
Johnsonville, SC
Model: 20” VinylCycle (7 units)
Model: 16” VinylCycle (4 units)

Wellman USA (recently changed hands)
Spijk, The Netherlands
Model: 20” VinylCycle (4 units)

Signode
Florence, KY
Model: 20” VinylCycle (2 units)
Model: 18” MultiSort IR (2 units)
Model: 56” MultiSort IR (2 units)
Model: IR Flake Analyzer
Model: IR On-Line Flake Analyzer
Model: 20” VinylCycle
Model: MS 5000

Signode
Mexico
Model: 44” MultiSort IR

Signode
Spenaco, Athens, AL
Model: 20” VC
Model: MS 5000

NAPCOR
Athens, AL
Model: 44” MultiSort ES

Schmalbach
Novi, MI
Model: MS 5000

Siouxland Recycling
Sioux City, IA
Model: MS 5000