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January 30, 2019

Ms. Anna Luke-Jones
City of Manhattan Beach
1400 Highland Avenue
Manhattan Beach, CA 90266

Subject: **Additional Information Regarding WRT Proposal for RFP 1167-18: Integrated Solid Waste Management Services**

Dear Ms. Luke-Jones:

Thank you again for the opportunity to participate as a finalist for the City of Manhattan Beach's award of a long-term waste and recycling franchise. This letter is intended to provide additional information and clarification for the City's consideration in advance of the City Council's next meeting in early February.

Waste Resource Technologies, Inc. ("WRT") provides the most environmentally-sustainable and economically-valuable solution based, in part, on the following:

1. We will meet CalRecycle Waste Diversion mandates and exceed Waste Management ("WM") and Athens proposals by **guaranteeing 60% Diversion** of all waste material we collect in Manhattan Beach.
2. Our entire business model is designed to convert as much waste as possible into value-added products, and to **reduce and eliminate landfills**. Unlike Waste Management ("WM"), and even Athens, we do not own or operate landfills. A recent WM annual report states, "Our landfills currently provide our highest income from operations." (WM Annual Report, 2/15/17). Thus, WM has a financial incentive to NOT reduce or eliminate landfills. Similarly, Athens is a long-term operator of the San Bernardino Landfills and as such, receives significant discounts for the waste they deposit in those landfills, economically benefitting from LESS diversion.
3. Most of the waste we collect in Manhattan Beach will be converted into eco-friendly fuel pellets and other eco-friendly products at our Materials Recovery Facility in Gardena. While we will recycle a significant portion of waste we collect, **we are not dependent on the fluctuating recycling market to achieve our diversion targets nor the pending closure of the SERRF Waste to Energy plant**. We invite staff and members of the City Council to visit our conversion facility, which will be fully re-built and modernized in the next couple of years, and observe our state-of-the-art conversion equipment which will be fully operational this March and used to service Manhattan Beach.

4. Our **pricing is significantly lower** across the board than Athens' pricing; and, in some important areas is lower than WM's pricing. (For example, WRT's proposal offers the lowest monthly commercial service rates of \$148.30 for a 3 Cubic Yard Trash Bin, collected 1x per week, compared to \$174.30 for WM and \$247.47 for Athens).
5. Our **residential service provides higher value**, with all new equipment, including collection vehicles and carts. Although the RFP allows for use of existing carts, WRT knows from experience that new carts furnished in connection with a new service provider tend to reinvigorate the community to achieve higher levels of source-separated recycling and can help to beautify the City.
6. Unlike WM and Athens, which will use older trucks, WRT will deploy a fleet of newer, near-zero CNG and electric vehicles, placing Manhattan Beach at the forefront of California (and U.S.) cities with quiet, environmentally-friendly, **electric waste collection vehicles** operating daily. (Notwithstanding the foregoing, should the City of Manhattan Beach not desire all new equipment -- i.e. trucks and containers -- WRT would be amenable to adjusting its residential pricing to reflect these cost savings).
7. WRT has **direct experience servicing Manhattan Beach**. WRT's CEO, COO and several managers and employees founded, managed and operated Western Waste Industries (the fourth largest waste company in the U.S. at the time), which was awarded an exclusive franchise with Manhattan Beach 33 years ago. These same management personnel implemented the City's current waste collection and recycling routes and have the knowledge and experience to ensure a seamless transition.
8. WRT provides **locally-based, high-quality service**. WRT's senior management will be the City's primary point of contact. Our CEO, COO, and CFO/EVP personally participated in the RFP process and attended the recent City Council meeting. All customer service is provided by local employees; calls are not routed through Houston, or to overseas call centers.
9. At the City Council meeting of January 15th, the current contract with WM was extended for one additional year, with an effective date for the start of service with the City's new waste services provider on July 1, 2020. As a benefit to rate payers, WRT will honor the prices contained in its original proposal, effectively **freezing our proposed rates** through June 30, 2021. Should the City wish to accelerate the transition in advance of July 2020, WRT is prepared to deploy services on 120 days' notice, and could meet the original start date of July 1, 2019.
10. WRT is willing to provide **customer-billing at no additional cost**, on the conditions that the initial contract term be increased to the full 10 years, plus extension option, as opposed to the initial seven-year period, and 3-year extension option currently in the RFP. Additionally, the commitment by WRT to undertake the billing function also assumes that residential 90+ day delinquencies will be placed on the tax rolls so as to ensure payments to WRT for service provided, as is customary in many cities with direct contractor billing.

Based on the above, and as a further demonstration of our confidence in the efficacy of our proprietary waste recovery technology, WRT reiterates that we are prepared to increase our waste diversion guaranty to the City as stipulated in the franchise agreement **12 percentage points to 60% from the original 48% for all material collected in Manhattan Beach by WRT.**

Omission of Disclosure of Outstanding Litigation by Incumbent Against Local City

As the City may know, WRT was the successful bidder with the City of Carson and commenced servicing their community on July 1, 2018. The previous incumbent hauler in Carson was WM, as is the case in Manhattan Beach.

After the award of the franchise, WM filed multiple legal complaints against the City, one of which cites RFP process violations on the part of the City of Carson (case #BS172744). Another case cites non-compliance with Public Resources Code 49520, requiring a five (5) year notice be given to commercial haulers with non-exclusive contracts (which scenario would not apply to Manhattan Beach).

Although the City of Carson is named as the defendant in these cases, WRT has borne the burden of defending its customer and partner, Carson, against WM's specious litigation. Should such an attempt to circumvent a fair and legal process arise against the City of Manhattan Beach by its former service provider, WM, we would again join with you to defeat such a tactic, which we understand has been used elsewhere in an attempt to secure municipal contract extensions.


In conclusion, the City Staff and its consultant, HF&H, have done an exemplary job conducting this RFP process and we are honored to be among the finalists under consideration for the award of a long-term waste and recycling franchise to serve the City of Manhattan Beach.

Should City staff or individual members of the City Council have any additional questions regarding our proposal, or need any additional information, please do not hesitate to contact me at tgendal@wasteresources.com or Michelle Nicholls at mnicholls@wasteresources.com; or by phone at 310-366-7600.

Ms. Luke-Jones, thank you again for this valuable opportunity to serve Manhattan Beach and work together toward building and more environmentally-sustainable community for current and future residents—and ultimately, a better planet.

Indeed, ***"Today's Waste is Tomorrow's Resource."***

Respectfully,



Tommy Gendal
Chief Operations Officer and Executive Vice President

Cc: Manhattan Beach City Council
Kosti Shirvanian, CEO
Robert Webber, CFO/EVP

Appendix: Additional Clarification to Consultant's Evaluation

We would also like to further clarify a few items from HF&H's report, dated December 28, 2018, so that the City has the most accurate data available on which the City Council can ultimately make a sound decision.

Recyclable Materials, Table 11 (HFH report, p. 10) - Despite the changes in recycling markets, we like to keep the message consistent to our customers; therefore, WRT propose no changes to the list of recyclables noted in the Agreement during the life of the contract.

Downtown Maintenance Enhancements (HFH, p. 11) - To reiterate, WRT will provide a 2-person "sweep" crew to service the downtown area during peak times **at no additional cost to the City**. This crew is already included in our rates.

Unique Proposal Features (p. 13) - Given the number of community outreach hours prescribed in the Agreement, please note that WRT will hire a full-time coordinator dedicated to Manhattan Beach. This is not necessarily an enhancement proposed by the other finalists.

Proposal Enhancements Detail (p. 13) - WRT offers a number of enhancements within the proposal text that it considers unique. HF&H did not call these out in their review.

These include:

- Near Zero CNG and electric collection vehicles (WRT proposal, p. 33).
- Compostable bags for purchase to support the residential organics program (WRT proposal, p. 37).
- Green "Slim Jim" containers for purchase to support commercial organics program (WRT proposal, p. 38).
- Preparation of City's Annual Report (WRT proposal, p. 41).
- Specialized collection containers for large events (WRT proposal, p. 42).
- Manage disaster debris (WRT proposal, p. 42).
- Targeted recycling of carpet, mattresses, and Styrofoam (WRT proposal, p. 43).
- In-unit recycling containers for multi-family complexes (WRT proposal, p. 43).
- Employee and resident recognition program and coordination with SBEC (WRT proposal, p. 44).
- Large list of recyclables that will not change during the duration of the contract, despite market disruptions (WRT proposal, p. 47).
- Coordinate with charitable organizations to provide bags for clothing/shoe donations (WRT proposal, p. 48).
- Enhanced plastic bag drop-off program (WRT proposal, p. 48).
- Enhanced scavenger and illegal dumping monitoring with dedicated service (WRT proposal, p. 49)
- Assumption of Billing function and no increase to residential rates if 36-month extension of contract term is guaranteed and delinquencies are placed annually on the property tax roll

Additional Recyclable Materials (p. 6-8) - To reiterate, WRT has proposed targeted programs for carpet, mattresses, and Styrofoam (for large generators) and will canvas and recommend locations for plastic bag recycling drop-off and textile/clothing/shoe drop-off kiosks to enhance the current programs. In addition, WRT will work with charitable organizations to make bags available for residents to fill with clothing and shoes, then the organization would pick up those bags. WRT will sell compostable bags for the organic waste collection program and "Slim Jims" for the commercial organics program.

Another distinct advantage to the WRT proposal is that "ZERO" exceptions were claimed to the Draft Franchise Agreement. However, WM claimed 20 (later modifying the count to 11) exceptions and Athens claimed two exceptions. These exceptions are not insignificant, as casually discussed at the January 15th City Council meeting; rather, they are mechanisms for reopening and increasing rates post-award of the franchise.

Local processing of Recyclables and Organics. In contrast to the operational plan of the incumbent, WM, which involves trucking organics out of county for processing, just to be brought back to Carson for digestion, WRT's proposal eliminates all those extra truck miles, thereby reducing the carbon footprint associated with waste hauling and recycling in Manhattan Beach.

With the startup of our facility's organics processing technology, all of the organics collected by WRT will be managed locally... Additionally, when the facility's expansion is complete, all "black bin" material will be processed for recyclables and organics to dramatically reduce the amount of material landfilled each year.

