CALIFORNIA WASTE
SOLUTIONS

July 29, 2104

The Honorable Mayor Jean Quan
Members of the City Council
1 Frank H. Ogawa Plaza 3rd floor
Oakland California, 94612

Re: False Allegations of Risk

Dear Mayor and Members of the City Council:

There is no "risk" associated with selecting CWS as the Zero Waste contractor. WM's and City Staff's fear mongering is untrue. Attached to this letter you will find copies of:

A. CWS' Memorandum of Agreement (MOA) with EBMUD
B. Correspondence from Verdis
C. Correspondence from McNeilus Truck and Manufacturing Company
D. Correspondence from Toter, LLC
E. Correspondence from Civicorps
F. Correspondence from Republic Services Group
G. Correspondence from San Jose Mayor Chuck Reed

These documents debunk the alleged risks described in City Staff's report.

CWS has an arrangement with EBMUD for the interim transfer facility and organics processing. The Virdis Site (at EBMUD) meets all of the requirements for CWS for both RR and MMO truck operations regardless of the availability of the OMSS site.

McNeilus Truck and Manufacturing Company will deliver all of the trucks required by CWS to serve Oakland by May of 2015, months in advance of the July 1 start date. CWS has also secured a commitment for timely delivery of trash carts from Toter, LLC.

Civicorps has expressed its willingness to work with CWS and its disappointment that WM refused to respond or reach out to Civicorps.

Republic Services Group (RSG) confirms its three roles in CWS' proposal with regard to (1) disposal at Vasco Road and Keller; (2) the "belt and suspender" transfer back up if the EBMUD Interim Facility is not ready on July 1; and (3) RSG's commitment to share its knowledge and experience. RSG's Area President states: "RSG has complete faith in the skill and ability of CWS to be fully operational on July 1, 2015. CWS is a talented, experienced local company. We have enjoyed long standing business relationships with

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CITY OF OAKLAND

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them for processing of recyclables and management of solid waste and found them to be reputable and true to their word."

The commitments of each member of the CWS team are not bundled or conditioned. RSG does not condition its back up transfer services on the City electing to dispose of waste at its landfills – though the very fact that RSG has not bullied CWS or Oakland like WM is a powerful reason to select CWS for disposal – that, and the lower rate offered by CWS and RSG.

Finally, City Staff raises CWS' recycling in San Jose. Of course, City Staff ignores the fact that CWS has performed year out and year in in Oakland for 22 years. Mayor Reed's letter acknowledges that CWS and the City are working together and concludes saying: "I offer my strong recommendation for California Waste Solutions, Inc.

The evidence is that City Staff's recommendation of WM over CWS is based on fear mongering and not facts. The "risks" identified by Clements Environmental were addressed and resolved before Clements issued its report. The attachments to this letter confirm that, on July 1, 2015, CWS will have trucks and will be able to either use its interim facility at EBMUD or the RSG facility if the EBMUD facility is delayed – a belt and suspenders approach. City Staff's and WM's repeated suggestions that there will be garbage piled in the streets if the contracts are awarded to CWS are nothing more than fear mongering disinformation. Indeed, WM is the bidder who allowed garbage to pile up in the streets with its lock out in 2007 – not CWS.

I implore you not to base your decision on the false allegations of WM and City Staff that selecting CWS will result in garbage piling up in the streets. As you can see from the attachments to this letter (all of which were known to City Staff before issuance of its report) CWS will have trucks and facilities to meet the needs of Oakland starting July 1, 2015. Fear mongering should not drive the City's decision. CWS offers the best price for the best service.

Sincerely,

David Duong
President & CEO

A. CWS' Memorandum of Agreement (MOA) with EBMUD

# MEMORANDUM OF AGREEMENT FOR DELIVERY OF ORGANIC WASTE AND GROUND LEASE FOR TRANSFER STATION

## Introduction.

**A. General Purpose of Agreement.** California Waste Solutions, Inc., a California corporation ("CWS"), proposes to East Bay Municipal Utility District, a political subdivision of the State of California ("EBMUD") that CWS and EBMUD enter into agreements that will provide for long term cooperation between EBMUD and CWS (collectively, the "Parties") towards the end of i) bringing organic waste suitable for EBMUD's digesters ("Covered Material") to EBMUD's West Oakland Waste Water Facility; and ii) locating a transfer and waste processing facility to serve the residents of the City of Oakland and the East Bay, to be built and operated by CWS on EBMUD property known as the "West End Property" adjacent to EBMUD's Municipal Waste Water Treatment Plant in West Oakland (Assessor's Parcel Number 000-0305-003-16) (hereafter referred to as the "Permitted Property").

**B. Oakland Zero Waste Program.** CWS is one of two finalists involved in the City of Oakland's Zero Waste Program procurement. CWS' proposal to EBMUD is contingent upon the City of Oakland electing to award contracts to CWS for the collection and processing of Mixed Material, Organics and Residential Recycling and on CWS securing entitlements for development of the facilities described below.

**C. Agreement and Lease.** This Memorandum of Agreement is intended to express the initial understanding of the Parties as to terms of an agreement for the use of Permitted Property. The final terms for the use of the property shall be set forth in a detailed agreement between the Parties for the use of the permitted property and an accompanying Ground Lease for the Permitted Property. The final agreement and ground lease shall be subject to approval by the EBMUD Board of Directors.

## 1. Collaboration on Organics

**1.01 Delivery of Organics by CWS.** CWS will deliver all of the Covered Material collected within the City of Oakland that is suitable for processing at EBMUD's digestion facilities to the Recology facility located on the Permitted Property, adjacent to the Leased Property and, as may be directed by EBMUD and pay a tipping fee to Recology (which includes the tipping fee to be received by EBMUD from Recology after processing). The rates and specifications for material will be generally as set forth on Exhibit A to this Memorandum of Agreement.

**1.02 Cooperation to Expand Multi-Family Residential Organics Collections.** CWS and EBMUD will cooperate in encouraging the City of Oakland to maximize the collection of organics from commercial and multi-family customers suitable for EBMUD's digestion facilities.

**1.03 Collaboration of Increase in Organics Collections, Generally.** CWS and EBMUD will collaborate on increasing the collection and utilization of organics from Oakland. The parties will each be obligated to the other to work together in good faith to increase the tonnage of appropriate organics from the City of Oakland coming to EBMUD for digestion. The initial goal will be to increase the volume of incoming organics suitable for digestion to 100 TPD.

**1.04 Collaboration among EBMUD, Recology and CWS.** EBMUD will invite Recology to participate with EBMUD and CWS in expanding collection (by CWS) and processing (by Recology) of organics suitable for digestion at EBMUD's digestion facility ("Covered Organics"). Other organics, especially single family source separated green waste, would be transferred off site, but the parties would collaborate on other potential organics processing in the future. CWS will work with EBMUD to bring fines from mixed materials processing to EBMUD.

**1.05 Residuals Recycling.** At the time EBMUD begins accepting Covered Organics generated in Alameda County (including City of Oakland organics) for processing, all digestate will be land applied as an agricultural soil amendment for growing crops. This method of recycling residuals is in compliance with City policy and Alameda County Waste Management Authority Ordinance 2012-1.

## 2. Lease of Real Property

**2.01 Ground Lease For Transfer Station Site.** Working with EBMUD, CWS has identified a parcel that is adequate for the siting of a Transfer Station with limited processing capabilities within the Permitted Property (the "Transfer Station Site"). The parcel is approximately three acres and is identified as Parcel X on Exhibit B to this Memorandum of Agreement.

**2.02 Rent.** CWS will pay fair market rent for a ground lease for the Transfer Station Site. Rent for the Transfer Station Site is estimated to be $22,000/month once the property is available to CWS. This rate would be adjusted annually by CPI or fixed amount. CWS would be expected to pay a security deposit, amount to be agreed.

**2.03 Term.** The term of the ground lease for the Transfer Station Site is proposed to be five years with five, five year options exercisable by CWS (for a total of up to thirty years). Notwithstanding the foregoing, each option that comes due on a date after the later of i) fifteen years from the execution of the ground lease; and ii) the date on which CWS shall have acquired and completed development of its planned solid waste facility on the North Gateway site shall be exercisable only upon the mutual consent of both parties.

**2.04 Demolition.** CWS will demolish, at its sole cost, any of the existing structures on the Transfer Station Site that CWS desires to remove and as to which EBMUD authorizes demolition in writing.

**2.05 Development of Facilities.** CWS will build, at its sole cost and expense, a solid waste transfer and processing facility on the Transfer Station Site. CWS shall be responsible, at its sole

cost and expense, for all CEQA and permitting requirements for the development, construction and operation of any improvements on the Transfer Station Site.

**2.06 Entitlements.** CWS will, at its sole cost and expense, secure entitlements, including but not limited to a Solid Waste Facilities Permit, for receiving and transferring the volume of organics and MSW generated in Oakland and meeting EBMUD's other requirements for organics (up to approx. 950 TPD). Nothing in this Memorandum of Agreement limits the sole discretion of EBMUD with respect to its compliance with applicable law.

In witness thereof, the Parties subscribed below have entered into this Memorandum of Agreement on the date first written above:

**EAST BAY MUNICIPAL UTILITY DISTRICT:**

By _____ 6·12·14
Alexander R. Coate, General Manager Date

**Approved as to form and legality:**

_____ 6/12/14
Derek McDonald, Attorney Date

**CALIFORNIA WASTE SOLUTIONS, INC.:**

By _____ 6/12/14
David Duong, President Date

B. Correspondence from Verdis

viridisfuels
a bio-diesel company

June 26, 2014

SENT VIA EMAIL & U.S MAIL

Kristina Duong
California Waste Solutions
1820 10th Street
Oakland, California 94607

Dear Ms. Duong:

Viridis Fuels (VF) is pleased to acknowledge our proposed support of California Waste Solutions' (CWS) expansion and operations. We appreciate the opportunity to work with your team as your reputation is exemplary.

As you are aware, our company has site control of a 6 acre parcel in the North Gateway Area of the former Army Base. The site is fully CEQA approved and would provide a complimentary co-location of our development with your operations. We clearly understand your needs and concur with your request to secure a portion of this site. VF is willing to provide to you adequate land to accommodate at least 130 collection trucks; employee rest, meals, meetings, locker room and bath and wash room areas; and, operational offices. Further, the subject site is fully capable of accommodating maintenance and compressed natural gas (CNG) fuelling stations for up to nine (9) trucks at the time and related compressor and storage tanks. Finally adequate space is available to provide storage for the containers that will be required. The site would be a fully secure location with armed guard service 24 hours per day, 7 days per week. Access to the site would be subject to our agreed upon security protocols.

As we shared, our project construction will be done under an already in-place Community Benefits Agreement with the Building and Constructions Trades of Alameda County. Any construction activities would require adherence to the terms of that agreement.

Attached is a conceptual layout clearly demonstrating and confirming the ability of the subject area to more than adequately accommodate your parking, operations and storage requirements.

CWS project will complement of the environmental and sustainable ecosystem of new developments in the EBMUD / OAB area. This collaboration greatly benefits the City of Oakland and its citizens by bringing good union jobs and state-of-art construction, operation and innovation to Oakland.

We look forward to formalizing our agreement and providing CWS with our full support for the period of time that you may require.

In service,

Mario Juarez
President

P. 510-821-6699 / e. mjuarez@viridisfuels.com

C. Correspondence from McNeilus Truck and Manufacturing Company

McNeilus

An Oshkosh Corporation Company

McNeilus Truck and Manufacturing Co.

July 23, 2014

Mr. Joel Corona, COO
California Waste Solutions
1820 10th Street, Oakland California 94607

Dear Mr. Corona,

McNeilus appreciates CWS' continuous business and are glad that your firm is pleased with the performance and productivity of the McNeilus trucks that we have sold to CWS during the past fifteen years. McNeilus remains a leader in the solid waste collection industry. Together we have made improvement to the material handling, application and efficiency of collection trucks for the industry.

We look forward to partnering with CWS and provide you collection trucks for the City of Oakland. This letter reaffirms McNeilus commitment to you for truck production, completion, transport, delivery to CWS so you are able to comfortably begin collection on July 1, 2015.

McNeilus employs its shared and common digital engineering platform with chassis producer Peterbilt. The platform ensures seamless design process and improves production efficiency, precision and timing. McNeilus invites CWS executives to our production facility to participate in the production and delivery process. As with your San Jose order of McNeilus trucks, we provided you regular delivery dates for each truck months-in-advance.

To provide you greater convenience, fit and finish, McNeilus offers our turn-key accessory component installation service. This service enables the installation of safety and customer service connectivity, telemetry, GPS, 360-video camera component installation, and even graphics application, such as you selected. Installation, testing and application occurs during the trucks production process and within our production facility. The result is spectacular.

When McNeilus is able to receive a commitment from CWS after the City award in August, 2014, we plan the following schedule:

1) CWS orders for up to 135 collection trucks. The overall mix of the type of collection vehicle to be determined.
2) Conservative production rate: 12 trucks per week allocated for CWS (McNeilus' capacity is 40-50 trucks per week)
3) Based on the above rate, the production spots allocated for CWS will exceed the 135 truck requirement.
4) Conservative delivery schedule for complete truck order: March through May 2015
5) Production and delivery of completed trucks may be earlier if opening become available in the production Queue.

If the Peterbilt chassis are delivered earlier, this will enable McNeilus to proactively produce the bodies for an expedited delivery to CWS. McNeilus production specifically relies on the receipt of the chassis to our location on the specific date given by provider and that the chassis conforms to specifications upon receipt. The chassis required for the "drop frame" manual / automated bodies will require longer production times and should be the initial chassis provided to us. We would require these chassis a minimum of 90 days prior to scheduled completion. We will require chassis for other body types 60 days prior. Peterbilt provides McNeilus the majority of the solid waste chassis used in the Western region and their reliability for delivery is excellent. Additionally, we and Peterbilt began a nationwide search to identify available Peterbilt chassis that conform to CWS specifications. These can contribute to your order and provide you flexibility. We will continue to coordinate our effort with Peterbilt.

Please contact me if you have any questions and when you are ready to order your new McNeilus trucks.

Sincerely,

Dale H. Matsumoto

Dale Matsumoto, Regional Sales Manager for McNeilus Truck and Manufacturing

CC: Mr. Tim Lopez and Mr. Craig Archer – Coast Counties Peterbilt

D. Correspondence from Toter, LLC

841 Meacham Road, Statesville, NC 28677 | **Phone:** 704.872.8171 | www.toter.com

July 23, 2014

Mr. David Duong
California Waste Solutions
1820 10th Street
Oakland, CA 94607

Mr. Duong,

Thank you for the opportunity to supply containers for your City of Oakland project.

This letter will serve as our commitment to manufacture and supply California Waste Solutions, of various size carts and dumpsters for their new contract with the City of Oakland. Specific to your request to manufacture up to 400,000 residential carts and front load containers (count to be determined), subject to timely notification and contract award, Toter maintains manufacturing capacity to implement this project. All containers would deliver prior to March 1st, 2015, in preparation for a July 1st, 2015 start date.

Based on the information provided to Toter, at the request of California Waste Solutions, we can meet the need to manufacture, assemble, and delivery the estimated cart count.

A few of our rollouts to highlight our experience and capabilities:

San Francisco: 600,000 units manufactured and delivered in 2000
San Mateo, CA: 300,000 units manufactured and delivered in 2010
Washington, DC: 200,000 units manufactured and delivered in July, 2014

Enclosed is information including:

- Toter LLC, Company
- Assembly and Distribution Plan

Thank you for considering Toter on this project and look forward to a successful rollout.

Sincerely,

Pedrito Gella
Regional Sales Manager
Toter, LLC

E. Correspondence from Civicorps

**CIVICORPS SCHOOLS**

101 Myrtle Street
Oakland, California 94607

Tel: 510 992 7800
Fax: 510 992 7950
www.cvcorps.org

24 July 2014

Oakland City Council
Oakland City Hall
Oakland, CA 94612

To the esteemed Oakland City Council Members:

For the last year, Civicorps has successfully collected and diverted about 25 tons/day of commercial source-separated food scraps in the City of Oakland. This enterprise was built on our commercial single-stream recycling collections, processing and sales since 2005.

After reviewing the current proposals for the franchise agreements, we saw that there was a significant role we could play with the inclusion of Oakland's unemployed young adults for providing a cost-effective services with greater environmental. Thus we submitted a proposal to Council and Public Works Department on June 25 and made presentation to the City Council Public Works Committee on July 22. Our proposal will collect more organics, provide a better environmental alternative and expand our training and development of local Oakland youth to enable their transition into good paying, high demand skilled employment.

In addition, Civicorps has uniquely developed relationships with California Waste Solutions (CWS) and with Teamsters Local 70. WE discussed ways of collaborating on training and work experiences for out trainees. On July 22, 2014 CWS provided the Mayor, City Counsel and Administrator a letter and made a presentation in support for Civicorps operations. Waste Management of Alameda County has not reached out to us.

California Waste Solutions has offered to work with Civicorps in the areas of training of our interns and in helping them to transition into union jobs, as operators and drivers. CWS also offered to provide similar development of our customer service representative interns, especially as they plan a local call center in Oakland.

In the next years, we look forward working with California Waste Solutions and Teamsters Local 70 to create family sustaining careers for the youth of Oakland.

Sincerely,

Alan Lessik
Executive Director

F. Correspondence from Republic Services Group

July 28, 2014

The Honorable Mayor Jean Quan
Members of the City Council
1 Frank H. Ogawa Plaza
Oakland California, 94612

RE: Selection of Contractor for Zero Waste Request for Proposals

Dear Honorable Mayor Quan and Distinguished Councilmembers,

Republic Services Group (RSG) is the largest provider of solid waste services in the greater Bay Area including collection, disposal and processing of refuse, mixed waste and recyclables. Our Company has been involved in many situations where we have replaced incumbent operators similar to the scenario represented by California Waste Solutions (CWS) potentially replacing Waste Management in Oakland if the City awards the Zero Waste contracts to CWS.

In each case, RSG has successfully transitioned the services to our company in a manner nearly transparent to the customer. While we firmly believe CWS has the experience and expertise to assure a smooth transition, RSG staff will be made available as necessary to provide support in terms of expertise and physical resources to ensure a smooth transition for the customers and the City of Oakland.

Republic Services Group has worked closely with the CWS team on its best and final Zero Waste proposal and will receive City of Oakland waste at our Vasco and Keller Canyon Landfills if the contract is awarded to CWS. While we fully expect that CWS' EBMUD Interim Transfer Facility will be up and running before July 1, 2015, Republic Services is also fully prepared to receive City of Oakland refuse and yard waste at its Richmond Golden Bear Transfer facility if there are any delays in commencement of operations at the EBMUD Interim Transfer Facility.

As interested participants in the Zero Waste procurement process, and especially in the preparation of CWS' most recent offer, RSG has viewed with disappointment the often repeated contention that selecting CWS as the City's Zero Waste contractor for Residential Recycling (RR), Mixed Material and Organics (MM&O), and disposal presents a "risk" to the City.

The purpose of this letter is to communicate RSG's complete faith in the skill and ability of CWS to be fully operational on July 1, 2015, performing all of the services required for the collection, processing and disposal of solid waste and recyclable material in Oakland. CWS is a

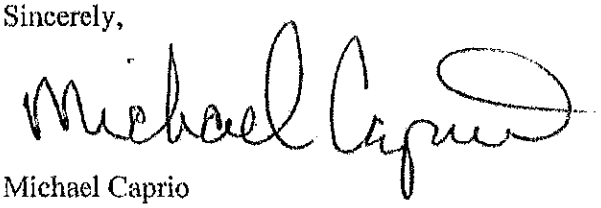
talented, experienced and competent local company. We have enjoyed long standing business relationships with them for processing of recyclables and management of solid waste and found them to be reputable and true to their word on all fronts.

Our company has offered support to CWS on a number of transition tasks including permitting and development of infrastructure, routing, equipment procurement, billing, public education and overall project coordination. While we believe it to be highly unlikely that CWS will need our assistance in this regard, RSG has extensive experience locally and nationally in management of transitions and possesses the resources that can be of great assistance to CWS should it be necessary.

CWS has included EBMUD and RSG in its service provider team. The assertion that the City of Oakland would face a risk of garbage piling up in the streets by selecting CWS as its Zero Waste contractor is incorrect. If the City finds, as RSG does, that CWS presents the best price and service options, then the City should select CWS. Claims by competitors that CWS is a risky choice are unfounded and put forth by competitors who have not been as creative and prudent in preparation of their responses to the procurement process.

Please feel free to call (510-262-7566) or e-mail me (mcaprio@republicservices.com) if you have any questions about the role of Republic Services in the CWS proposals or if you would like to further discuss our confidence in CWS' ability to manage this project.

Sincerely,



Michael Caprio
Area President
Northern California

G. Correspondence from San Jose Mayor Chuck Reed

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

*Chuck Reed*
MAYOR

July 25, 2014

Mayor Jean Quan
Oakland City Hall
1 Frank H. Ogawa Plaza, 3rd Fl
Oakland, CA 94612

RE: California Waste Solution, Inc. and Oakland's Zero Waste

RFP Dear Mayor Quan,

It has come to my attention that California Waste Solutions (CWS) is a participant in Oakland's Zero Waste RFP process. As mayor of San Jose and before that as a council member, I have been through some tough transitions with solid waste service contractors. San Jose had both smaller local solid waste contractors and very large multi-national companies. We have experienced both smooth and rocky transitions in programs and contractors.

The smoothest transition in solid waste service contractors I have seen was with CWS' start-up of city-wide residential recycling collection service for approximately 170,000 units here in San Jose. CWS executed a well-planned transition. It made substantial upgrades to its processing drivers and mechanics, and rolled out a fleet of more than 50 new collection trucks on new routes seamlessly.

In providing successful services to the City of San Jose, CWS dealt with short city schedules, high residue content in the material it receives. CWS increased public education programs, added equipment and enhanced processes. In 2013 CWS did not achieve its diversion incentive goal for a number of factors outside its control. The City is working internally with staff and CWS to solve the problem of excessive contamination of the recycling stream through possible program and contract modifications.

CWS is a locally-owned company of which Oakland can be proud. Its president and founder, David Duong, lives in Oakland and he started his first company there as a refugee in the 1980s.

I know, from our experience here in San Jose, that a small, local company, with roots in the community like CWS, can succeed in a big city with hundreds of thousands of customers. In April, 2010, as a result of excellent service to the rate payers and the City of San Jose, we unanimously voted to extend CWS' agreement for another eight years.

I offer my strong recommendation for California Waste Solutions, Inc.

Sincerely,

Chuck Reed

Chuck Reed, Mayor

200 East Santa Clara Street, 18th floor, San José, CA 95113 *tel* (408) 535-4800 *fax* (408) 292-6422 www.sjmayor.org

CALIFORNIA WASTE
SOLUTIONS

July 21, 2014

Mayor and City Council of Oakland,
City Administrator and Deputy Mayor
Oakland City Hall
1 Frank H. Ogawa Plaza
Oakland, CA 94612

RE: CWS Letter of Support – Civicorps continuing mission and success in Oakland

Dear Mayor, City Council, City Administrator and Deputy Mayor,

California Waste Solutions supports Civicorps and endorses the letter authored by councilmembers Kalb, Kaplan and McElhaney that also supports it. Civicorps has been successful and accepted an important and noble mission to help educate, train and develop young adults in Oakland. It is a "win-win" relationship.

CWS reached out Civicorps to learn ways to develop, train and transition its Interns into good union jobs in the environmental and solid waste industry and at CWS. Oakland has a proud and successful industrial environment, environmental stewardship, enthusiastic citizens, strong Labor and local companies that create a unique and sustaining ecosystem for growth and prosperity for Oakland.

CWS considers Civicorps an important community ally. Civicorps and CWS share:

- Locally founded and successful operations
- Provide the community high value and innovation
- Focus on environmental stewardship and solid waste diversion
- Contribute to local opportunity and success for Oakland citizens

Civicorps and CWS achieved an impressive Oakland local long-term hire rate of 85% and 69%, respectively. Both demonstrate unique successful legacy value and innovation; are well managed, financed and supported by our community.

CWS looks forward to continual support for Civcorps, and similar social enterprises, with City guidance, and collaboration with labor and community leaders.

Civicorps and CWS are part of the fabric our Oakland community and wish to support Civicorps continue its success.

Sincerely,

Joel Corona

Joel Corona
California Waste Solutions

CC: Alan Lessik - Civicorps

**CALIFORNIA WASTE SOLUTIONSINC.**
www.californiawastesolutions.com
1820 10th Street, Oakland, CA 94607 USA Phone: 510.832.8111 Fax: 510.832.8206