



Mr. Garrett Fitzgerald
Zero Waste Services RFP Process Coordinator
250 Frank H Ogawa Plaza, Suite 5301
Oakland, CA 94612-2034

Re: Municipal Ownership of Facilities

Dear Garrett:

We at Recology are very excited about the City of Oakland's RFP for Zero Waste Services. As the exclusive waste service provider for the City of San Francisco since 1932, we have developed unique programs and services that have assisted San Francisco in achieving its nation leading 80% diversion rate. We know that we can help Oakland be an even greener city than it is.

In reviewing your Request for Proposals, we understand several of the City's goals to be very clear. The City is intent on achieving Zero Waste. The City would like to see a local facility to accomplish this end. In pursuing this goal, local jobs are critical, in construction, in supplying materials, in providing long-term operations of the facility, and in the multiplier effect all of these jobs will provide. Further, rates should be kept as reasonable as possible so services are affordable to the City's residents.

The RFP for Collection Services – Service Groups 1 and 2 indicates in section 3.3.2.4 that financing of the services and the equipment will be the sole responsibility of the successful proposer. While we can do that, we believe that there is a better option for the City. The facilities required to achieve Zero Waste will have economic lives much longer than the ten year term of the collection agreements, and will require permitting and construction periods that extend past the beginning of service under those agreements. We believe the City of Oakland would be best served by owning these facilities. This can be accomplished through the current RFP if the City would allow this type of financing to qualify as responsive.

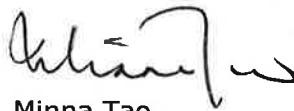
Our proposal to the City of Oakland would be to identify land for these facilities, design, permit, construct, equip and operate processing facilities designed to maximize environmental protections for the community that hosts them and minimize the amount of material leaving them that are destined for landfill. We would also assist the City to arrange financing, through the use of municipal bonds or some other form of project finance, that has a tenure similar to the economic lives of the facilities.

In this way, a portion of the collection fees could be identified to provide the funds necessary to repay the debt incurred for the construction. With municipal ownership, the City can invoke flow control and direct future contractors, if any, to continue to use the facilities until the economic usefulness has been consumed, and the bonds repaid. We have direct experience with this type of arrangement in San Mateo County, where the South Bayside Waste Management Authority used municipal financing to construct a new material recovery facility.

Recology believes this approach is best for all parties to the collection agreements. We will likely not propose in response to the RFP if the City does not approve this approach. We request that you respond affirmatively to this concept at your earliest opportunity.

As always, we are available to speak with you about these ideas at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Minna Tao", written in a cursive style.

Minna Tao
General Manager