



FINANCIAL QUALIFICATIONS

*We can always count on Waste Management and its employees to volunteer and donate to the Food Bank. Their support extends to the little extras – donated services and materials – that mean so much to our efforts. Waste Management is more than a local employer, it is a friend of our community.*

– Sue Bateson, Executive Director  
Alameda County Food Bank





*Thanks to their generous donation of trucks, services, volunteers and financial sponsorship, Waste Management has helped Keep Oakland Beautiful achieve many of our goals and serve the community through beautification, litter removal, planting and community-building.*

– Christopher Waters, Board Chair  
Keep Oakland Beautiful



## 4. STATEMENT OF FINANCIAL QUALIFICATIONS

*The proposer must provide copies of audited financial statements for the entity that is proposed to sign the RR Collection Services Contract for the most recent three (3) fiscal years. Audited financial statements should include: balance sheet, income statement, cash flow statement, footnotes, and subsidiary schedules. In the event that a proposer does not have audited financial statements, three (3) years of business tax returns, with supporting schedules, may be provided on an exception basis. However, tax returns are not an alternative to providing audited financial statements; if the proposer has audited financial statements, those must be provided.*

- *If the entity that will sign the RR Collection Services Contract has a parent company or is proposing a joint venture, the parent company or joint venture company(ies) must also provide audited financial statements for the most recent three (3) fiscal years. The parent company must provide a statement indicating its intent and means to provide financial assurance of performance.*
- *If the entity that will sign the RR Collection Services Contract has been in existence less than three (3) years, the proposer must provide sufficient financial data to substantiate, to the satisfaction of the City, the proposer's financial capability and viability of the entity.*
- *In addition to the audited financial statements, the proposer must provide a statement from the Chief Financial Officer indicating that there has been no material change in the financial circumstances of the proposing entity (or its parent company or owners if they are providing financial assurance of performance) since the date of the last audited financial statements.*
- *Financing of the services and equipment will be the sole responsibility of the successful proposer. Each proposer must demonstrate that it can provide the required financing from either 1) internally generated funds, or 2) commitments from external sources.*

*The City reserves the right to require submission by the proposer, at no cost to the City, of an opinion by a Certified Public Accountant with regard to the financial status of such proposer, including ownership of, or interest in, equipment and facilities prior to award of an RR Collection Services Contract. As is set forth in this RFP, the City will make reasonable efforts, but makes no representation that it will be able to maintain total confidentiality of proposer's financial information. A proposer that submits financial information that it asks to have treated as confidential should submit a statement justifying the request, cross reference it in the proposal and label it as a separate attachment, clearly identifying it as confidential. At all times, the City will comply with the provisions of the California Public Records Act.*

Waste Management's financial strength and security ensure that we are the partner who can make the City of Oakland's diversion goals become a reality. WMAC does not require public financing or bonds, and our strong foundation allows us to focus our resources locally to increase Oakland's resource recovery, develop green technology, and expand the infrastructure required to provide the necessary services to the City. We will continue to put our community first, supporting organizations such as Keep Oakland Beautiful, City Slicker Farms, Acta Non Verba and Youth Uprising to name just a few.

Our Corporate Board of Directors has adopted a resolution to ensure we have the financial backing to build the necessary infrastructure required to reduce the City of Oakland's landfill volumes. They share

the enthusiasm of our Oakland team to partner with the City, achieve Oakland's zero waste goals, and establish the City as a beacon for green communities.

All facilities outlined in this proposal are fully permitted. Some will be completed prior to the start date of this contract. All have been fully capitalized through Waste Management without public funds.

Waste Management's strong income statement, balance sheet, free cash flow, and strong financial metrics will enable WMAC, to provide the City with new technologies and programs designed to reduce volumes into the landfill. The City of Oakland can expect expanded, state-of-the-art processing and organics facilities; new trucks, carts and bins; as well as outreach programs and ancillary services required to bring to life the zero waste goal outlined in the City of Oakland's Zero Waste RFP.

Moreover, Oakland has the opportunity to partner with a company that has a proven record of directing capital toward projects in the Bay Area's Green Corridor. For example, in 2010, WMAC began construction on its organics processing facilities at Davis Street Transfer Station, a local project that enabled us to employ Alameda County union contractors and resulted in a \$150M investment in our community infrastructure.

Throughout the economic downturn of the last four years, WMAC has continued to invest and innovate. We have directed capital toward projects in the Bay Area's Green Corridor, in particular the facilities at 98<sup>th</sup> Avenue in Oakland, our facilities at Davis Street in San Leandro, and the Altamont Landfill located in unincorporated Alameda County, near Livermore. The table below illustrates our recent investments.

Facilities	2009	2010	2011	2012
<b>WMAC Hauling</b>				
Trucks & Containers	2,000,000	2,000,000	2,000,000	2,000,000
Facility Improvements	50,000	50,000	50,000	50,000
Technology	0	0	0	0
<b>Davis Street</b>				
SS MRF Upgrades	1,500,000	250,000	250,000	400,000
Dry Waste MRF Upgrades	1,000,000	1,000,000		
New Public Area MRF			1,500,000	
Davis Street Master Plan	150,000			
Green Waste Building			11,000,000	
Heavy Equipment	350,000		350,000	350,000
Tractors & Trailers	400,000	400,000	400,000	400,000
<b>Altamont Landfill</b>				
WM-Linde LFG-LNG/CNG	15,000,000			
Landfill construction	1,000,000	1,000,000	1,000,000	1,000,000

Facilities	2009	2010	2011	2012
Facility Improvements	250,000	250,000	250,000	250,000
Equipment	250,000	250,000	250,000	250,000
Technology	250,000	250,000	250,000	250,000
Total	22,200,000	5,450,000	17,300,000	4,950,000
Total Investment: = \$50,000,000				

These investments have yielded our near-Zero Carbon Footprint LNG/CNG fuel, new low-emissions CNG trucks and tractors, CNG fueling stations, new diversion and separating equipment at Davis Street Transfer Station, and environmental improvements in managing emissions and storm water—to name just a few. Furthermore, these investments have supported local construction companies, created jobs at WMAC and other businesses in Alameda County, and provided Sales & Use taxes to our State and Local communities at a time when sales tax dollars were declining in Alameda County. During the worst economic downturn since the Great Depression, WMAC invested tens of millions of dollars in Oakland and Alameda County. We will continue to be a vital contributor to the area’s economic recovery and vibrancy.

Our financial commitment to Oakland and the Green Corridor extends beyond the numbers. We are determined to bring new job growth, additional ingenuity, and an enhanced environmental partnership to Oakland.

On the following pages, please find Waste Management’s most recent audited financial statements. The financial stability reflected in this data—paired with our unparalleled experience with the City’s unique needs—serves as the bedrock upon which WMAC will continue to build the programs and infrastructure to support the City’s goals.

#### 4.1 AUDITED FINANCIAL STATEMENTS

Waste Management of Alameda County is a wholly owned subsidiary of Waste Management, Inc. WMAC’s financial data is rolled into the Waste Management corporate statements provided on the following pages. As the largest and leading comprehensive, environmental publicly traded company in North America, reporting revenues in excess of \$13 billion dollars and income from operations in excess of \$2 billion, Waste Management offers historically consistent results to provide financial stability to customers and shareholders. With a market capitalization valuation that exceeds \$15.1 billion dollars and an approximate enterprise valuation of \$28.2 billion dollars, strong balance sheet and operating cash flows, Waste Management demonstrates superior financial capabilities in all measurements and ratios. Waste Management self-finances capital investments, thereby avoiding leveraging risks that may be associated with other, smaller competitors.

The large initial capital investment that Waste Management proposes to make for the City of Oakland’s combined proposals represents approximately 4.5% of anticipated yearly operating cash flow in 2015.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of Waste Management, Inc.

We have audited the accompanying consolidated balance sheets of Waste Management, Inc. (the "Company") as of December 31, 2011 and 2010, and the related consolidated statements of operations, cash flows, and changes in equity for each of the three years in the period ended December 31, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Waste Management, Inc. at December 31, 2011 and 2010, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2011, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 2 to the consolidated financial statements, effective January 1, 2010, the Company adopted certain provisions of ASC Topic 810, "Consolidation" related to the consolidation of variable interest entities.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Waste Management, Inc.'s internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 16, 2012 expressed an unqualified opinion thereon.

ERNST & YOUNG LLP

Houston, Texas  
February 16, 2012

**WASTE MANAGEMENT, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(In Millions, Except Share and Par Value Amounts)

	December 31,	
	2011	2010
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents .....	\$ 258	\$ 539
Accounts receivable, net of allowance for doubtful accounts of \$29 and \$26, respectively .....	1,631	1,510
Other receivables .....	144	146
Parts and supplies .....	153	130
Deferred income taxes .....	78	40
Other assets .....	115	117
Total current assets .....	2,379	2,482
Property and equipment, net of accumulated depreciation and amortization of \$15,308 and \$14,690, respectively .....	12,242	11,868
Goodwill .....	6,215	5,726
Other intangible assets, net .....	457	295
Investments in unconsolidated entities .....	637	471
Other assets .....	639	634
Total assets .....	\$22,569	\$21,476
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable .....	\$ 838	\$ 692
Accrued liabilities .....	1,129	1,100
Deferred revenues .....	470	460
Current portion of long-term debt .....	631	233
Total current liabilities .....	3,068	2,485
Long-term debt, less current portion .....	9,125	8,674
Deferred income taxes .....	1,884	1,662
Landfill and environmental remediation liabilities .....	1,404	1,402
Other liabilities .....	698	662
Total liabilities .....	16,179	14,885
Commitments and contingencies		
Equity:		
Waste Management, Inc. stockholders' equity:		
Common stock, \$0.01 par value; 1,500,000,000 shares authorized; 630,282,461 shares issued ...	6	6
Additional paid-in capital .....	4,561	4,528
Retained earnings .....	6,721	6,400
Accumulated other comprehensive income .....	172	230
Treasury stock at cost, 169,749,709 and 155,235,711 shares, respectively .....	(5,390)	(4,904)
Total Waste Management, Inc. stockholders' equity .....	6,070	6,260
Noncontrolling interests .....	320	331
Total equity .....	6,390	6,591
Total liabilities and equity .....	\$22,569	\$21,476

See notes to Consolidated Financial Statements.

**WASTE MANAGEMENT, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In Millions, Except per Share Amounts)

	<u>Years Ended December 31,</u>		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating revenues:			
Service revenues .....	\$11,852	\$11,371	\$11,093
Tangible product revenues .....	1,526	1,144	698
Total operating revenues .....	<u>13,378</u>	<u>12,515</u>	<u>11,791</u>
Costs and expenses:			
Operating costs (exclusive of depreciation and amortization shown below):			
Cost of services .....	7,254	6,854	6,620
Cost of tangible products .....	<u>1,287</u>	<u>970</u>	<u>621</u>
Total operating costs .....	8,541	7,824	7,241
Selling, general and administrative .....	1,551	1,461	1,364
Depreciation and amortization .....	1,229	1,194	1,166
Restructuring .....	19	(2)	50
(Income) expense from divestitures, asset impairments and unusual items ..	10	(78)	83
	<u>11,350</u>	<u>10,399</u>	<u>9,904</u>
Income from operations .....	<u>2,028</u>	<u>2,116</u>	<u>1,887</u>
Other income (expense):			
Interest expense .....	(481)	(473)	(426)
Interest income .....	8	4	13
Equity in net losses of unconsolidated entities .....	(31)	(21)	(2)
Other, net .....	<u>(4)</u>	<u>5</u>	<u>1</u>
	(508)	(485)	(414)
Income before income taxes .....	1,520	1,631	1,473
Provision for income taxes .....	<u>511</u>	<u>629</u>	<u>413</u>
Consolidated net income .....	1,009	1,002	1,060
Less: Net income attributable to noncontrolling interests .....	48	49	66
Net income attributable to Waste Management, Inc. ....	<u>\$ 961</u>	<u>\$ 953</u>	<u>\$ 994</u>
Basic earnings per common share .....	<u>\$ 2.05</u>	<u>\$ 1.98</u>	<u>\$ 2.02</u>
Diluted earnings per common share .....	<u>\$ 2.04</u>	<u>\$ 1.98</u>	<u>\$ 2.01</u>
Cash dividends declared per common share .....	<u>\$ 1.36</u>	<u>\$ 1.26</u>	<u>\$ 1.16</u>

See notes to Consolidated Financial Statements.

**WASTE MANAGEMENT, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In Millions)

	Years Ended December 31,		
	2011	2010	2009
<b>Cash flows from operating activities:</b>			
Consolidated net income	\$ 1,009	\$ 1,002	\$ 1,060
<b>Adjustments to reconcile consolidated net income to net cash provided by operating activities:</b>			
Depreciation and amortization	1,229	1,194	1,166
Deferred income tax (benefit) provision	198	154	(94)
Interest accretion on landfill liabilities	84	82	80
Interest accretion on and discount rate adjustments to environmental remediation liabilities and recovery assets	23	8	(30)
Provision for bad debts	44	41	48
Equity-based compensation expense	45	36	30
Net gain from disposal of assets	(24)	(22)	(13)
Excess tax benefits associated with equity-based transactions	(8)	(9)	(4)
Effect of (income) expense from divestitures, asset impairments and unusual items	10	(1)	80
Equity in net losses of unconsolidated entities, net of dividends	31	20	2
<b>Change in operating assets and liabilities, net of effects of acquisitions and divestitures:</b>			
Receivables	(110)	(139)	29
Other current assets	(23)	47	(4)
Other assets	28	(3)	20
Accounts payable and accrued liabilities	65	(57)	51
Deferred revenues and other liabilities	(132)	(58)	(62)
<b>Net cash provided by operating activities</b>	<b>2,469</b>	<b>2,275</b>	<b>2,362</b>
<b>Cash flows from investing activities:</b>			
Acquisitions of businesses, net of cash acquired	(867)	(407)	(281)
Capital expenditures	(1,324)	(1,104)	(1,179)
Proceeds from divestitures of businesses (net of cash divested) and other sales of assets	36	44	28
Net receipts from restricted trust and escrow accounts	107	48	196
Investments in unconsolidated entities	(155)	(173)	(21)
Other	18	(14)	7
<b>Net cash used in investing activities</b>	<b>(2,185)</b>	<b>(1,606)</b>	<b>(1,250)</b>
<b>Cash flows from financing activities:</b>			
New borrowings	1,201	908	1,749
Debt repayments	(503)	(1,112)	(1,335)
Common stock repurchases	(575)	(501)	(226)
Cash dividends	(637)	(604)	(569)
Exercise of common stock options	45	54	20
Excess tax benefits associated with equity-based transactions	8	9	4
Distributions paid to noncontrolling interests	(59)	(45)	(50)
Other	(46)	18	(50)
<b>Net cash used in financing activities</b>	<b>(566)</b>	<b>(1,273)</b>	<b>(457)</b>
Effect of exchange rate changes on cash and cash equivalents	1	3	5
Increase (decrease) in cash and cash equivalents	(281)	(601)	660
Cash and cash equivalents at beginning of year	539	1,140	480
<b>Cash and cash equivalents at end of year</b>	<b>\$ 258</b>	<b>\$ 539</b>	<b>\$ 1,140</b>

See notes to Consolidated Financial Statements.



October 4, 2012

Garrett Fitzgerald  
City of Oakland Public Works Agency  
Environmental Services Division, Zero Waste Program  
250 Frank H Ogawa Plaza, Suite 5301  
Oakland, CA 94612-2034

Dear Mr. Fitzgerald,

There have been no material changes in the company's financial position since the last audited financial statements.

Sincerely,

A handwritten signature in black ink, appearing to read 'James C. Fish, Jr.', is written over a circular stamp. The signature is fluid and cursive.

James C. Fish, Jr.  
EVP and Chief Financial Officer  
Waste Management, Inc.

## 4.2 CFO STATEMENT OF NO MATERIAL CHANGE

*In addition to the audited financial statements, the proposer must provide a statement from the Chief Financial Officer indicating that there has been no material change in the financial circumstances of the proposing entity (or its parent company or owners if they are providing financial assurance of performance) since the date of the last audited financial statements.*

The financial capabilities—including security and stability—we offer the City of Oakland to complement its Zero Waste goals are incomparable.

## 4.3 PROOF OF REQUIRED FINANCING

*Financing of the services and equipment will be the sole responsibility of the successful proposer. Each proposer must demonstrate that it can provide the required financing from either 1) internally generated funds, or 2) commitments from external sources. The City reserves the right to require submission by the proposer, at no cost to the City, of an opinion by a Certified Public Accountant with regard to the financial status of such proposer, including ownership of, or interest in, equipment and facilities prior to award of a Service Contract.*

In its most recent report, Standard & Poor's Ratings Services assigned its 'BBB' rating to Waste Management Inc.'s proposed \$350 million senior unsecured notes due in 2014, guaranteed by its wholly owned subsidiary Waste Management Holdings Inc. At the same time, Standard & Poor's affirmed its existing ratings on Waste Management, including the 'BBB' corporate credit rating. The outlook is stable. About \$8.5 billion of debt is outstanding.

The ratings also incorporate expectations that management will maintain good liquidity, pursue a moderate financial policy, and allocate capital in a disciplined manner.

"The ratings on Houston, Texas-based Waste Management reflect its position as the largest solid waste management firm in the U.S. and Canada, providing integrated services to about 20 million residential, municipal, commercial, and industrial customers, and an overall satisfactory financial profile," said Standard & Poor's credit analyst, Roman Szuper.

**WASTE MANAGEMENT INC.**

1001 Fannin, Suite 4000  
Houston, TX 77002  
(713) 512-6200

**CREDIT AND FINANCIAL INFORMATION**

Waste Management, Inc., through its subsidiaries, provides integrated waste management services in the United States, Puerto Rico, and Canada. The Company offers collection, transfer, recycling, disposal, and waste to energy services, as well as additional waste management services, including on site services and methane gas recovery. In addition, the Company rents and services portable restroom facilities to municipalities and commercial customers, as well as provides street and parking lot sweeping services. The Company's customers include commercial, industrial, municipal, and residential customers; other waste management companies; electric utilities; and governmental entities.

<b>FINANCIAL SUMMARY</b>	<b>2011 (Millions)</b>
Operating Revenue	13,378
Income from Operations	2,028
Cash Provided by Operating Activities	2,469
Total Assets	22,569
Cash and Cash Equivalents	258
Stockholders' Equity	6,070
Total Equity	6,390

**COMMON STOCK**

Ticker Symbol WM (NYSE)

Shares Outstanding  
(02/10/12).....461.4 million

**AVAILABLE COMMITTED CREDIT LINES**

(Facility dated May 9, 2011)

Total Committed Facilities – \$2.0 billion

Administrative Agent: Bank of America

**CREDIT RATINGS**

(As of December 31, 2011)

	<b>Moody's</b>	<b>Standard &amp; Poor's</b>	<b>Fitch</b>
Long-Term Debt	Baa3	BBB	BBB

**DUN & BRADSTREET RATING**

<b>DUN &amp; BRADSTREET RATING</b>	<b>D&amp;B NUMBER</b>
5A2	1946-72085

Updated: 05/15/2012

For additional information regarding Waste Management financial capabilities, please consult the references listed below.

### **Financial References**

- *Bank Reference:* Mr. Tim Laurion, Vice President, Bank of America, 100 Fleet Street, Boston, MA 02110, 617 434 9689
- *Trade Reference:* Marathon Equipment Company, Attn: Richard Bassett, Credit Manager, P.O. Box 1798, Vernon, AL 35592, 800 633 8974, ext 1142
- *Equipment Reference:* Ms. Teri Ault, Controller, Houston Mack Sales and Service, Inc., 5216 North McCarty, Houston, Texas 77013, 713 673 1444, ext 1215



December 13, 2012

Garrett Fitzgerald  
 City of Oakland Public Works Agency  
 Environmental Services Division, Zero Waste Program  
 250 Frank H Ogawa Plaza, Suite 5301  
 Oakland, CA 94612-2034

*Devina A. Rankin*  
 Vice President & Treasurer

**WASTE MANAGEMENT, INC.**  
 1001 Fannin, Suite 4000  
 Houston, TX 77002  
 (713) 394-2189  
 (713) 942-1580 Fax

Dear Mr. Fitzgerald,

The purpose of this communication is to indicate that in the event that Waste Management of California is selected by the City of Oakland Public Works Agency to provide service as outlined in the Request for Proposal, Waste Management, Inc. fully intends to provide all necessary financial assurance required to support the Company's performance under relevant service agreements. In addition, Waste Management, Inc. will support the subsidiary, to the extent necessary, to ensure that Waste Management of California can fund all equipment and service needs required for the proposed service agreements.

To demonstrate Waste Management's ability to provide such financial assurance and to meet such capital requirements, we provide the following information with respect to the Company's financial position:

- WM maintains a \$2.0 billion revolving credit facility that can be used to support letters of credit and/or cash advances. This credit facility is supported by commitments from 21 financial institutions, all of whom have strong credit ratings and financial positions. As of September 30, 2012, WM had approximately \$1.0 billion of letters of credit outstanding under this facility and no borrowings were outstanding. Accordingly, available credit under this facility for incremental letters of credit and/or cash advances was \$1.0 billion.
- WM is a seasoned issuer of senior notes in public markets and investor demand for the Company's bonds is strong. In September 2012, we issued \$500 million of 2.9% senior notes due September 15, 2022. Investor demand for these bonds was over five times higher than the Company's issuance size, indicating that WM has meaningful access to liquidity in the marketplace.

If you would like any additional information to support your consideration of Waste Management's ability to provide necessary financial assurance or capital funding, please feel free to contact me at 713-394-2189 or drankin@wm.com.

Sincerely,

A handwritten signature in black ink that reads 'Devina A. Rankin'. The signature is written in a cursive style.

Devina A. Rankin  
 Vice President & Treasurer  
 Waste Management, Inc.

**WASTE MANAGEMENT INC.**

1001 Funtin, Suite 4000  
Houston, TX 77002  
(713) 512-6200

**CREDIT AND FINANCIAL INFORMATION**

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**AVAILABLE COMMITTED CREDIT LINES**

(Facility dated May 9, 2011)

Total Committed Facilities – \$2.0 billion

Administrative Agent: Bank of America

**CREDIT RATINGS**

(As of December 31, 2011)

	<b>Moody's</b>	<b>Standard &amp; Poor's</b>	<b>Fitch</b>
Long-Term Debt	Baa3	BBB	BBB

**DUN & BRADSTREET RATING**

<b>DUN &amp; BRADSTREET RATING</b>	<b>D&amp;B NUMBER</b>
5A2	1946-72085

Updated: 05/15/2012

## 4.4 LABOR AGREEMENTS

*Proposers must provide a copy of labor agreements under which they are providing current collection services in Alameda, Contra Costa, San Francisco, Santa Clara, and San Mateo Counties. Proposers who are not currently providing collection services under the terms of a labor agreement must provide documentation in a manner that is acceptable to the City of the wages and benefits paid to employees providing those collection services in Alameda, Contra Costa, San Francisco, Santa Clara, and San Mateo Counties. If the proposer intends to enter into any labor agreements related to the provision of MM&O Collection Services, the proposer must describe the nature of the agreements and when they will be implemented.*

WMAC has provided the existing labor agreements under which we operate in Appendix D: Teamsters Local 70 (drivers, operators and dispatchers), ILWU Local 6 (operators, sorters and clerical), and Local 1546 (machinist and technicians). While WMAC is engaged in contract negotiations with Local 6 and Local 1546, we do not intend to enter into labor agreements with additional unions. WMAC is proud to be a union employer, and we employ 701 union members represented by the Unions referenced above at our hauling, processing and disposal facilities in Alameda County.

### A New Beginning

Labor peace is essential to the daily delivery of services to the residents of Oakland and the relationship between WMAC and Local 70 has changed considerably since the July 2007 lockout and the “us against them” attitude pervasive in 2008, beginning with changes in leadership in January 2009 resulting in a new era in labor and management relationship. With the arrival of Area Vice President, Barry Skolnick in December 2008 and with commitment from Waste Management, a primary goal was to repair employee and Union relations. Through numerous meetings and ongoing dialogue and negotiations in September 2009, WMAC and Local 70 signed and ratified the first Collective Bargaining Agreement (CBA) in 22 years, which extended the CBA through June 30, 2017, and provided for significant changes, supported by the union leadership, to improve employee health and safety.

### A Change in our Relationship

#### **Felix Martinez, Business Agent & Marty Frates, Secretary-Treasurer, Brotherhood of Teamsters Local 70**

“While recent history seems to take us back to the 2007 Lockout many things have changed. The Union continues to believe that Labor peace is essential to the daily delivery of services to the residents of Oakland but the relationship between Local 70 and WMAC has changed considerably since the July Lockout of 2007. Changes in leadership in January 2009 resulted in a new attitude in labor and management relationships.”

Complete letter is included in Section 3 Qualifications

The emphasis since the execution of the CBA has been to structurally and culturally change the relationship between the parties. The commitment is top down and reflects the open dialogue maintained between Waste Management, Barry Skolnick and Business Agent, Felix Martinez, with weekly meetings and quarterly shop steward meetings to discuss operations and employee concerns. The attitude and engagement between leadership has been one of accountability, fairness and a true partnership in manag-

ing the business and servicing the needs of Oakland. Management continues to treat its employees with respect and deference by (a) listening to our employees through surveys and roundtable discussions; (b) valuing our employees opinions by making them part of the solution and improvement process; and (c) holding the management team accountable for following and implementing the terms of the CBA. As a result, we have listened to our employees and:

- Made numerous site improvements at 98<sup>th</sup> Avenue and Davis Street,
- Engaged our frontline employees on the types and design of new trucks,
- Met with our employees regularly on improving customer service and hard to service stops,
- Conducted pre-Grievance meetings every Wednesday morning and Grievance panels every month, if needed. Issues, disagreements and dissention are no longer allowed to languish,
- Counseled on service interruptions and missed pickups,
- Set and enforced standards on how our employees are to engage the general public; and,
- Conducted LEEN events and roundtable discussions geared towards improving customer service and our employees work environment. LEEN is a continuous improvement process utilized by some of the world’s most effective service and manufacturing companies.

Both WMAC and its Union representatives are committed to spending the time and needed resources to improve employer-employee relations.

### A New Safety Culture

When asked what he attributes the turnaround to WMAC’s safety numbers, Roll-off Shop Steward Mike Slader doesn’t hesitate, “Safety classes with Troy Zimmer. I can feel our company is going in a great direction.”

Workplace safety for WMAC and the Union became a top priority in 2009 with both parties’ guiding and mentoring employees not to engage in unsafe behavior. On numerous occasions, Local 70 Secretary Treasurer, Marty Fretas and Business Agent, Felix Martinez and Local 1546 Secretary Treasurer, Don Crosatto have led Safety meetings and counseled our employees on what it means to be safe and how we want our employees/members and the general public to return home to their families every day. Since 2009, with Management and the Unions’ engagement, there has been a dramatic decrease in injuries, auto accidents and property damage claims. We attribute our Safety success over the past four years to:

- Our partnership with all of our employees and the Unions,
- Accident Review Boards (ARB), which investigate accidents, being comprised of drivers and managers with an effort to determine root cause and prevent future accidents,
- Our 90-day “New Hire” process being comprised of managers and Local 70 drivers and other employees evaluating and coaching new employees for success; and,
- Our employees adopting a Zero tolerance for unsafe behavior.

## Benefits to Oakland

WMAC is committed to Labor Peace and fairly balancing the needs of our employees, our customers and our financial viability. A continued partnership with WMAC assures Oakland minimal transition in 2015 and continuity in providing service to the City's residence and businesses. Our management team at 98th Avenue and Davis Street and our employees have serviced the City for a better part of a century and have the familiarity and expertise to continue to meet the needs and challenges of Oakland's Zero Waste initiatives. Our management team and frontline employees are a known provider and assure the Oakland community of their commitment customer service and excellence.