



December 29, 2011

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City of Industry, CA 91716-0009
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Mr. Paul Arevalo
City Manager
City of West Hollywood
8300 Santa Monica Boulevard
West Hollywood, CA 90069

Dear Paul:

Athens Services has been pleased to provide the City of West Hollywood with the best possible waste collection and recycling services. We value our relationship with the city and we take our commitment to serving your citizens and business community very seriously. Since 2004 the City of West Hollywood has been a trendsetter of environmental issues and the current Athens contract supports that directive. As our industry changes and technology develops we have an opportunity to improve our current processes. This new proposal will keep West Hollywood on the cutting edge of diversion technology, and to that end, Athens Services proudly offers some exciting enhancements to your current services that will increase diversion and enhance the esthetic value of the city. Although these new programs have a tremendous cost associated with them, the fact that we value our long-term relationship and commitment to service provides an opportunity to realize this value with no change to the current rate structure. These enhancements coupled with an educational outreach program will help to make West Hollywood more "Clean and Green." The details of this offer are as follows:

- **Processing of the Multi-Family Bin Waste Stream**- Currently the multi-family waste bin refuse is taken to the landfill. Multi Family Waste is the largest waste stream in the City of West Hollywood, and to that point the State Legislature has emphasized the need to improve recycling in this waste stream. We can increase your current diversion rate by processing this waste at our state of the art Material Recovery Facility (MRF) and believe we can recover reusable commodities from the bins. This is good for the community and avoids the valuable recyclables ending up in a landfill. In the near future legislation will require that this waste stream be recycled or processed and there could be increases to the ratepayers and consequences to the city if more robust programs are not in place. Athens guarantees compliance to Assembly Bill 341 (AB341) when our customers are processing their multifamily waste stream. Processing the Multi-Family Waste Stream obviously adds costs to our programs however as you read our proposal you will see how committed we are to West Hollywood by offering this dynamic enhancement at our cost, or you may forgo a price increase by adding valuable years to our current contract.
- **Residential Green Waste and Food Waste Composting Program**- Athens Services has created a residential food waste program that when combined with the green waste contents sets the stage for an excellent compost blend. When the nation's largest landfill (Puente Hills) closes in October of 2013, green waste will lose its value as a diverted commodity. You currently receive 100% diversion credit for the green waste tonnage. When Puente Hills closes, this green waste will not be able to be used as alternate daily cover, and there will be no value other than landfill for the product. In a proactive manner to preserve our valuable customer's diversion, Athens Services owns and operates American Organics, which is one of the few organic compost facilities that can receive and process this type of material. Your diversion will be protected as an Athens customer. Post operations of Puente Hills your residents will be able to mix their food and organic waste with the green waste in the green barrel. This will remove tonnage from the black barrel, and from the waste stream. West Hollywood Residents will be able to help us compost thousands of tons of green and food waste annually, and this product will be returned to your community as a highly enriched soil amendment (compost) twice annually. This program basically takes the green waste barrel and converts it to an "organics" barrel. Capacity is going quickly due to the lack of composting facilities and other available alternatives in the Los Angeles area so make sure and take the "Athens Advantage" early by reserving space and creating this custom program now. To our knowledge there are just a handful of California Cities currently allowing the combination of food waste into the green waste such as San

Francisco and Redondo Beach. West Hollywood should be added to this list! This program also has tremendous costs associated with it because of the change in waste stream, changing the composition of green waste to a combined composition of green and food waste (organics) that must be processed and includes the extra cost of transportation to our compost facility. The end result is a product that preserves diversions, is good for the earth, and is returned and re-used in your community. It's obvious that this costs more than merely spreading green waste over the ground as cover. And again, due to our commitment to service and long-term relationships the "Athens Advantage" will allow you to defray these costs by adding valuable years to our contract.

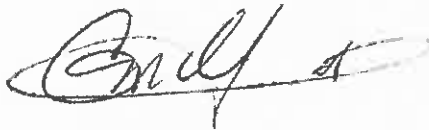
- **Enhance Commercial Food Waste Program**-Athens Services would like to enhance the commercial food waste program currently being used by allowing the restaurants, hotels, and businesses to use the green barrel system also. They can fill the green barrel with food waste directly from the source and then take the container out to the service area. This green barrel will be picked up when the residential barrels are serviced. Our intent is to offer the commercial area more opportunities to recycle their organics. The current bin system will remain in place. This program will start in conjunction with the Residential Food Waste Composting Program.
- **Implement an Educational Outreach Program to Improve Residential and Commercial Recycling Efforts**- Athens will implement an educational program designed to encourage residents to improve efforts toward residential recycling. Athens knows that the new recycling technology and using technology to recycle requires outreach. Our plants are much more efficient and effective at removing recyclables from the waste stream. Businesses can take advantage of the organics (green barrel) recycling and reduce the amount of tonnage in their bins. This cycle could lead to less waste and more cost savings to the commercial customers. Athens is committed to creating an environment where our customers understand the value of our MRF technology, Composting, and Landfill Avoidance.
- **Street Sweeping**-Athens Services is a full service provider, which includes municipal street sweeping. Our service model includes the ability to organize and process waste collection and street cleaning synchronized together to create the best combination possible in the municipal arena. It only makes sense that if scheduled together, there is less inconvenience to our customers and increased beautification. When appropriate and upon the termination of any current contract, Athens would provide West Hollywood Street Sweeping Services at a reduced rate if combined with our waste hauling contract. This would be an immediate, bottom line savings to West Hollywood and free up funds for other important city services. In addition your street sweeping debris will be composted adding more diversion and assists us in our "landfill avoidance goals!"
- **Pilot Compact Fluorescent (CFL) Program**- Athens Services will provide two receptacles for deposit of used compact fluorescent light bulbs. These bulbs will be collected and disposed of in the appropriate venue.
- **Pet Waste Station Sanitation Program**-Athens Services will service the existing pet waste stations and compost the waste.
- **Sidewalk Cleaning and Porter Service**-Athens Services will provide West Hollywood with services that keep the sidewalks and receptacles clean (as discussed in the BID). The cost of this will be determined upon review.
- **Electronic Waste**-Athens Services will provide a depository for Electronic Waste, or on call, which ever the City prefers.
- **Curbside/Doorside Household Hazardous Waste Program**-Athens will provide a call in HHW program for residents, within specific and agreed upon parameters.
- **No Rate Increase By Extending the Current Contract**- Athens can provide these enhancements to the City of West Hollywood without an increase to the current rate structure in exchange for the ability to spread our costs over additional years. Athens seeks to demonstrate our commitment to West Hollywood by enhancing waste-related services at the existing rate structure to ensure long-term rate stability for the community. By consolidating some of your other services (such as the aforementioned programs) and allowing Athens to perform these services at the current or reduced rate, you are creating added value that will result in lower overall rates and improved services in your community. This includes our guarantees of diversion, rate, and service through the closing of Puente Hills. All of the aforementioned services and enhancements have an obvious tremendous price tag ranging from \$700-\$800 thousand dollars per year, especially due to their cutting edge and innovative nature. Athens Services is prepared to mitigate these increases with the consideration of an extension to our current contract. By allowing us this extension we can amortize this added cost out over additional time. We are requesting a **15 year rolling contract extension. For this consideration all of the aforementioned will be provided with no additional charges to the City.** City Staff has asked us for other options and we have provided them for you below,

showing how a reduced or finite term necessitates higher costs for the rate payer. Please understand these options are not a cafeteria plan. They are a packaged deal that in their entirety allow for us to recoup our investment in the community. This amended contract would add long term savings and value to the City of West Hollywood and create rate stabilization and long term protection of your diversion. If you look at the 15 year rolling proposal as an addendum to our current contract, with all of the outlined value added services, it's obvious to see that Athens values our long-term relationship and exemplary service. The high costs of the programs offered are mitigated by the extension years, and that proposition creates value for Athens and the City of West Hollywood. When you put a pencil to it, you will see what an outrageous value proposition this is for the City, not only deferring the costs of cutting edge programs, but saving real dollars in other important areas like street sweeping, pet stations, and sidewalk cleaning. Let's work together to provide these services to your important customers while becoming the leading California City in progressive and cutting edge green technologies, just by adding years to our current contract.

The city has already facilitated a process to determine the best way to address the waste collection and recycling needs of the community. The current waste collection and recycling model is the result of that comprehensive process and has been working very well for the city. The current model provides clean and efficient collection/processing and exemplary customer service. We are confident the maintenance of existing waste collection and recycling services, coupled with the aforementioned enhancements, will achieve maximum waste diversion with the highest quality of customer service and provide long-term cost containment for the City. Accordingly, an extension of the existing agreement makes good sense for the community. This extension will secure reserved space at our Composting Facility for the City of West Hollywood. This processing space will be very critical in the months to come and will be in place for all of the proposed landfill avoidance programs we have mentioned, including composting of the Street Sweeping Debris!

Athens looks forward to implementing these exciting programs with the City of West Hollywood. We remain committed to providing the highest quality services and to partnering with various community-based organizations and projects to enhance the quality of life in West Hollywood. If you should have any questions regarding this offer, please do not hesitate to contact me at any of the below-listed telephone numbers.

Sincerely,



Gary M Clifford
 Chief Operating Officer / Executive Vice President
 Athens Services
 (626) 934-4619 (Office)
 (626) 705-6919 (Cell)

**"ATHENS SERVICES- KEEPING OUR CITIES CLEAN AND GREEN
 FOR MORE THAN 50 YEARS!"**

	15 Year Rolling	15 Year Term	8 Year Rolling	8 Year Term
Processing Multi Family Residential Food Waste	No Increase	Increase 8%	Increase 12%	Increase 20%
Enhanced Commercial Food Waste	No Increase	Increase 2.5%	Increase 5%	Increase 5%
Enhanced Education/Outreach Program	No Increase	No Increase	No Increase	No Increase
Street Sweeping	No Increase	No Increase	No Increase	No Increase
Pilot CFL Program	Free City Service	\$15.00 per curb mile	\$21.33 per curb mile	\$21.33 per curb mile
Pet Waste Stations	No Charge	No Charge	No Charge	No Charge
Sidewalk Cleaning / Porter*	No Charge	No Charge	No Charge	No Charge
Electronic Waste Depository	Free City Service*	Free City Service*	Free City Service*	\$65.00 per hour
Curbside HHW Program	Free City Service	Free City Service	Free City Service	Free City Service
				\$125.00 per p/u
Total Annual Cost for all Services Above	\$918,000	\$918,000	\$918,000	\$918,000
Total Annual Rate to City / Rate Payer	\$ 0	\$327,000	\$493,000	\$827,000
Total Net Savings to City / Rate Payer	\$918,000	\$591,000	\$425,000	\$ 91,000

Please note that if any time the contract changes in term or scope, the appropriate charges will be reflected.