City of Lawrence, Kansas
Response to Request for Proposal R1213

City-Wide Single-Stream Curbside Recycling Collection Service

October 26, 2012

Bryan Neppl, Public Sector Sales Representative

bnepl@wm.com | 515 299 2509
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*Printed on 100% recycled paper*
October 26, 2012

Attn: Jonathan Douglass, City Clerk
City of Lawrence
PO Box 708
Lawrence, KS 66044

Dear Mr. Douglass:

Thank you for the opportunity to provide a response to the City’s RFP for the city-wide single-stream curbside recycling collection service for single-family and multi-family dwellings in the City of Lawrence. We offer our congratulations to you and the City leaders for your leadership to address decreasing the amount of trash sent to landfills and increasing recycling practices. We are confident that the ideas shared in our proposal are sustainable solutions that will assist the City in meeting your goals, as well as enhance the quality of living in Lawrence.

The communities we serve have come to understand that Waste Management is not just in the business of picking up trash, processing recyclables, and keeping neighborhoods clean. Our mission is to be an integral part of the communities we serve each and every day. They are, after all, where we live, work, and play. As the world’s largest recycler, we are excited about the opportunity to collect and process the materials collected in the City of Lawrence at our new, state-of-the-art material recovery facility located in Topeka.

Waste Management has a dedicated team that specializes in servicing the needs of municipal customers around the country, the Public Sector Solutions Team, which is poised and ready to address a program of this magnitude efficiently and effectively. Our team will:

- **Optimize recycling collection services to reduce overall costs.** By offering alternative collection schedule options to fit the needs of the community, Waste Management will be able to provide a solution that limits costs for collection and maximizes our routing efficiency.

- **Unparalleled processing capability.** Our new state-of-the-art materials recovery facility will also allow us to capture more recyclable materials with fewer residuals. With the inclusion of glass as an accepted material, Waste Management is offering the City a solution to the current glass handling practice. This will also increase the volume of recyclable materials, which will in turn offer the City the best opportunity for potential revenue share from the materials recycled.

- **Seek continual improvement in increasing diversion.** Waste Management is the nation’s waste and recycling leader, and we’ll work with the City of Lawrence to develop specific public education materials to drive recycling volume and increase diversion. By using a variety of resources, such as direct mailers, cart hangers, and web-based tutorials, Waste Management has programs available to target specific demographics or areas of the City. We would also like to offer an alternative service offering, Recyclebank, which has shown to dramatically drive plan participation and recycling volume by offering residents a financial incentive to recycle.

- **Team effort led by a single point of contact.** Our Public Sector Solutions Team, led by Bryan Neppl, will be an eager and active participant in all core services, initiatives, and roll out programs to help increase diversion. Your single point of contact is backed by a world class team with the knowledge and expertise to ensure that all of the City’s goals are met.

We have carefully and carefully reviewed the contents of the reference RFP, the work to be accomplished, and the goals of the City of Lawrence. If awarded the opportunity to service your community, Waste Management will meet all the requirements of this RFP and to service the City and of Lawrence.
Enclosed is our proposal, which provides detail about our company; however, we want you to know that Waste Management is far more than a collection of services. We commit to work as your environmental partner, finding ways to minimize cost and environmental impact while making your community the best it can be. Waste Management’s response is valid for 90 days as of the date of this submittal, and I confirm that I am an officer legally able to contractually bind the company.

We look forward to the opportunity to work with you. Please do not hesitate to call me to discuss or clarify any concepts included in the proposal.

Sincerely,

Carl Niemann, P.E.
Area Manager - Public Sector Solutions
Waste Management of Kansas, Inc.
Evaluation Guide

Cost Proposal

- Competitiveness of the collection cost per household relative to other proposals over the life of the contract.
  
  Please see Waste Management’s pricing worksheet, Form B-1, page 5.

- Impact of the proposer’s use of the percent adjustment factors over the contract term.
  
  Please see Waste Management’s pricing worksheet, Form B-1, page 5.

- If applicable, the proposed revenue sharing with the City from the sale of recyclable materials.
  
  Please see Waste Management’s pricing worksheet, Form B-1, page 5, and our language on revenue sharing, page 28.

Experience, Financial Condition and Resources, and Management Capability

- Demonstrated successful experience (including that of key staff) establishing working relationships with public agencies.
  
  Please see Waste Management’s references, page 15.

- Demonstrated successful operations of similar materials collection system(s)
  
  Please see Waste Management’s references, page 15.

- Techniques and controls for project management, such as: reporting samples provided, payment, and monitoring responsibilities.
  
  Please see Waste Management’s language on waste composition studies, page 29.

- Willingness to consider innovative techniques to increase efficiency, minimize contamination, and maximize diversion and materials revenue.
  
  Please see Waste Management’s Additional Services section, page 30.

- Demonstrated capability to provide a performance bond.
  
  Please see Waste Management’s Financial Condition section, page 13.
- **Successful performance of past contract obligations.**
  
  Please see Waste Management’s references, page 15.

### Technical Feasibility and Reliability

- **Routing scheduling.**
  
  Please see the details on our Material Recovery Facility, page 20.

- **Proven reliability of collection vehicles.**
  
  Please see the details on our Material Recovery Facility, page 20.

- **Capability of equipment and personnel assigned.**
  
  Please see the personnel biographies on page 7 and the details on our Material Recovery Facility, page 20.

- **Quality of recycling containers and plan for container management.**
  
  Please see the details on our Material Recovery Facility, page 20.

### Contract Proposal

- **Completeness of proposal response to all RFP sections.**
  
  Please see the entirety of our response and the summary within our Table of Contents.

- **Identification/recognition of critical or unique issues specific to the contract.**
  
  Waste Management is able to work with both the single and multi-family dwellings throughout Lawrence. We will work directly with the owners of multi-family dwellings to establish recycling methods on a case-by-case basis.

- **Proposed public education tools and services offered beyond RFP requirements.**
  
  Please see our public education tool response, page 24.
Form A-1 Notification of Intent

1. Full Name of Business (Proposer):
   Waste Management of Kansas

2. Local Business Address:
   3611 NW 16th St, Topeka, KS 66618

3. Local Business Phone Number:
   515-724-2081, 785-231-1449

4. Local Contact Person(s):
   Bryan Neppl, Greg Traver

5. Local Contact Email Address:
   bneppl@wm.com

6. Form of Business (Corporation, Partnership, Joint Venture, Other):
   Corporation

7. If a corporation, in what state incorporated: Delaware
   Date Incorporated: 4 28 1995
   Month Day Year

8. If a Joint Venture or Partnership, date of Agreement: N/A

9. Provide names of authorized representative(s) of the proposer who has legal authority
to bind the proposer in contractual obligations:
   Name: Carl Niemann
   Address: 890 E 1500 North Rd, Taylorville, IL 62568
   Title: Area Manager, PSS

10. List of all subcontractors participating in this proposal:
    Name: N/A
        Address: Area of Responsibility

11. Identify the provisions of any agreement between parties which assigns legal or financial liabilities or responsibilities.
   N/A

12. If responding firm(s) are a partially or fully-owned subsidiary of another firm, or share common ownership with another firm, please identify the firms and relationships.
   Waste Management of Kansas is a fully-owned subsidiary of Waste Management Holdings, Inc.

13. Where will the proposer deliver the City’s recyclable materials for processing? Please provide the name and address of the MRF and indicate if proposer owns this MRF.
   Rolling Meadows Recycling Facility, 7351 NW Highway 75, Topeka, KS 66618
   Waste Management owns this facility

If the MRF is not owned by the proposer, does the proposer have an agreement with the MRF for processing recyclable materials?
   N/A
# Form B-1 Pricing Worksheet

**Full Name of Business (Proposer):** Waste Management of Kansas

<table>
<thead>
<tr>
<th>TURN-KEY RECYCLING OPERATIONS PROPOSAL</th>
<th>Single-Stream (Every-Other-Week) Recycling Collection</th>
<th>5 days per week collection (Mon-Fri)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed price per household:</td>
<td>$2.90 per household per month for 2014</td>
<td></td>
</tr>
<tr>
<td>Proposed revenue sharing, if any:</td>
<td>(Blended Value x 80%) - $65.00 Processing Fee = City of Lawrence Rebate/Ton</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Complete description and example detailed below</td>
<td></td>
</tr>
<tr>
<td>Price per gallon for fuel on which this proposal is based on:</td>
<td>$3.65</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TURN-KEY RECYCLING OPERATIONS PROPOSAL</th>
<th>Single-Stream (Weekly) Recycling Collection</th>
<th>5 days per week collection (Mon-Fri)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed price per household:</td>
<td>$5.16 per household per month for 2014</td>
<td></td>
</tr>
<tr>
<td>Proposed revenue sharing, if any:</td>
<td>(Blended Value x 80%) - $65.00 Processing Fee = City of Lawrence Rebate/Ton</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Complete description and example detailed below</td>
<td></td>
</tr>
<tr>
<td>Price per gallon for fuel on which this proposal is based on:</td>
<td>$3.65</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ALTERNATIVE</th>
<th>TURN-KEY RECYCLING OPERATIONS PROPOSAL</th>
<th>Single-Stream (Every-Other-Week) Recycling Collection</th>
<th>3 days per week collection (Tues-Thurs) Collection to mirror City’s current Solid Waste Collection Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed price per household:</td>
<td>$3.20 per household per month for 2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proposed revenue sharing, if any:</td>
<td>(Blended Value x 80%) - $65.00 Processing Fee = City of Lawrence Rebate/Ton</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Complete description and example detailed below</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Price per gallon for fuel on which this proposal is based on:</td>
<td>$3.65</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
ADDITIONAL SERVICE OFFERING
RecycleBank

| In addition to proposed Price per household as listed above | $.50 per household per month for 2014 |

RECYCLABLE MATERIAL PROCESSING & MARKETING SERVICES PROPOSAL
Single-Stream Recyclable Material

| Proposed price per ton: (Processing Fee) | $65.00 per ton processing fee for single-stream recyclable material for 2014 |
| Proposed revenue sharing: | (Blended Value x 80%) - $65.00 Processing Fee = City of Lawrence Rebate/Ton |
| | Complete description and example detailed below |

Waste Management proposes the following shared-savings recycling rebate formula to the City of Lawrence, which allows the City to share in the financial benefit of the volume and value of commodities collected in the single stream recycling program. Waste Management’s pricing proposal is as follows:

**Formula to Calculate Net Rebate per Ton**
(Blended Value x 80%) - $65.00 Processing Fee = City of Lawrence Rebate/Ton

Example: ($132.78 x Blended Value x 80% Revenue Share) - $65.00 Processing Fee = $41.22/Ton Rebate to the City
*The $132.78/ton Blended Value, used in the example, is the average blended value for 2011. This region’s 5-year average Blended Value is $98.59/ton.

**Blended Value Tons Received (BV):** Aggregate value of all materials received by percentage of material times the current market price for each individual commodity.

**Percentage of Each Material in the Lawrence Program (Composition Study):** A composition study will determine the percentage of materials in the City of Lawrence’s Single Stream program. It will be mutually determined by the City and WM in a transparent audit, attended by both WM and the City, utilizing statistically acceptable methods to both parties, at the beginning of the contract term, and adjusted by similar audit every six months thereafter.

**Additional Diversion and Savings from inclusion of Additional Commodities**
The additional material proposed to the City of Lawrence (glass, household metals, and mixed ridged plastics) can increase the City’s recycle tonnage by over 20%. WM estimates the City of Lawrence will produce roughly 400 tons/month of recyclables, with the addition of these proposed materials, the City’s volume will increase 80-92 tons/month. This will save the City disposal cost as well as increase their rebate revenue.

For example; utilizing a conservative growth number of 20%, the City’s current disposal rate of $25.32/ton and the 5-year average rebate of $13.87/ton, the City will save an additional $37,622.40/year (See math below).

4,800 tons/year x 20% = 960 tons/year of additional diversion
960 tons/year x $25.32 = $24,307.20/year disposal savings
960 tons/year x $13.87 = $13,315.20/year additional rebate revenue
$13,315.20 + $24,307.20 = $37,622.40 saving per year.

This is a potential savings of more than $489,091 over the _-year life of the contract.
Response to RFP Questions

Personnel
List the names of key personnel, titles, roles, locations, phone numbers, and e-mail addresses of each member of the team that will be designated to work on this project. Indicate which person and position will serve as the day-to-day contact for the City. Provide brief resumes of the listed person(s) including education, work experience, and technical qualifications.

At Waste Management, we are committed to supporting the needs of the community. For this contract, you will benefit from a single point of contact, Bryan Neppl, who will work directly with you to ensure that you are receiving the correct suite of environmental services. Bryan is supported by the various divisions of the company that will provide services to the City.

Bryan Neppl, Public Sector Solutions Representative - Day-to-Day Contact
Waste Management Missouri Valley Area
515-299-2509, bnepl@wm.com
Mr. Neppl is the Market Area Public Sector Solutions Representative for the Waste Management Missouri Valley Area. He has the responsibility for the geographic area that includes Kansas, Iowa, Nebraska, and western Missouri, including 70 municipal accounts. Mr. Neppl began five years ago as an Account Manager, handling both commercial and industrial customers in the Des Moines Metro area, and was recently promoted to the Public Sector Representative position. He holds a BA in Marketing from the University of Northern Iowa.

Greg Traver, District Manager
Waste Management of Topeka
785-231-1449, gtraver@wm.com
With 17 years of experience in the environmental industry, Mr. Traver is responsible for multiple hauling operations in Northeast Kansas. He has held a wide variety of positions in the Midwest including Route Manager, District Operations Manager and District Manager. His responsibilities include safety training, employee development and engagement, financial performance, project development, and efficiency improvements. Greg will oversee day to day scheduling, routing, and collection services from all single family and multi-family dwellings, as well as addressing any service related issues or concerns.

Matthew Jones, Municipal Manager for Recycling and Diversion
WM of Arkansas
479-841-0597, mvjones@wm.com
Matthew Jones joined Waste Management in 2008 as a Territory Manager of Sales in Arkansas. In 2010, he accepted the position of Municipal Manager for Recycling and Diversion, where he covers the southern United States. Mr. Jones is responsible for improving processing and diversion services to municipalities throughout the South. Prior to Waste Management, Mr. Jones spent more than six years in business development and sales in the environmental industry.

Carl Niemann, Area Manager, Public Sector Solutions
Mr. Niemann is in his 22nd year with Waste Management, currently acting as the Manager of Public Sector Solutions, managing a team of professionals focused on meeting the solid waste management and sustainability needs of municipalities and educational institutions that Waste Management services across Kansas, Illinois, Indiana, Missouri, Iowa, and Nebraska. His experience providing sustainable solutions in the solid waste industry includes a variety of leadership roles over the past two decades focused on sustainable customer solutions, environmental engineering and compliance, and operational
excellence in solid waste collection, processing and disposal. Carl holds a Bachelors Degree in Civil Engineering and a Masters Degree in Environmental Engineering from the University of Illinois - Urbana/Champaign, and is a registered Professional Engineer in the State of Illinois and the State of Wisconsin.

**Michael J Tunney, Area Recycling Operations Director**

Mr. Tunney is currently the Area Recycling Operations Director with responsibility for strategic planning, safety, operations management, and financial performance of ten recycling facilities in a multi-state territory. He has extensive experience with the design, construction, and start-up of large complex projects, including single stream and commercial recycling facilities. He has held a number of project management and operational positions during his tenure with the company, including Project Manager, Plant Manager, and Director of Operations.

**Ken Vos, Director, Public Sector Solutions - Midwest Group**

As a third-generation environmental professional, Mr. Vos has more than 30 years of operations, sales and management experience in the solid waste and recycling industry. He has held a wide range of positions, including Operations Manager, General Manager and Division president for hauling and collection operations, as well as Area Director of Sales and Marketing and his current position as Director for Public Sector Solutions. Mr. Vos oversees the team dedicated to federal, state and municipal business across 11 states and most of Canada.

**Steve Batchelor, Area Vice President, Illinois and Missouri Valley**

Mr. Batchelor is the senior executive in charge of Waste Management’s operations across the Illinois and Missouri Valley Area. As Area Vice President for the Illinois and Missouri Valley Area, he directs a management team based in Downers Grove, IL that oversees the company’s network of recycling, waste collection, transfer and disposal operations in six states (Kansas, Illinois, Indiana, Missouri, Iowa, and Nebraska). His responsibilities include growing the company’s business, ensuring customers receive outstanding service, developing long-term strategies, providing for the safety of its employees, and ensuring that its operations are conducted in a way that protects and enhances the environment.

**Financial**

*Information describing your firm’s financial condition. Included in such description, where applicable, the credit rating of your firm’s parent entity or related subsidiaries that would provide services under this RFP.*

Waste Management continues to be the largest, most financially stable company in the environmental services industry. Waste Management maintains its leadership role and has implemented a business strategy to enhance that leadership.

Revenue in 2011 was $13.3 billion, and Waste Management has an asset base in excess of $22.5 billion. The company has a strong cash flow and an extensive line of credit.

Waste Management’s financial strength is the foundation for its liability protection commitment to customers. This financial strength gives real meaning to indemnification from waste-related claims. The company’s financial strength and the liability protection it offers are unparalleled in the environmental industry. Our full financial report is available on the company’s website at: [http://investors.wm.com/phoenix.zhtml?c=119743&p=irol-financiallanding](http://investors.wm.com/phoenix.zhtml?c=119743&p=irol-financiallanding).

Waste Management’s most recent annual consolidated balance sheets appear on the following pages, along with proof of our ability to provide a bid bond.
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). Those 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)

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$258</td>
<td>$539</td>
</tr>
<tr>
<td>Accounts receivable, net of allowance for doubtful accounts of $29 and $26, respectively</td>
<td>1,631</td>
<td>1,510</td>
</tr>
<tr>
<td>Other receivables</td>
<td>144</td>
<td>146</td>
</tr>
<tr>
<td>Parts and supplies</td>
<td>153</td>
<td>130</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>78</td>
<td>40</td>
</tr>
<tr>
<td>Other assets</td>
<td>115</td>
<td>117</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>2,379</td>
<td>2,482</td>
</tr>
<tr>
<td>Property and equipment, net of accumulated depreciation and amortization of $15,308 and $14,690, respectively</td>
<td>12,242</td>
<td>11,868</td>
</tr>
<tr>
<td>Goodwill</td>
<td>6,215</td>
<td>5,726</td>
</tr>
<tr>
<td>Other intangible assets, net</td>
<td>457</td>
<td>295</td>
</tr>
<tr>
<td>Investments in unconsolidated entities</td>
<td>637</td>
<td>471</td>
</tr>
<tr>
<td>Other assets</td>
<td>639</td>
<td>644</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$22,569</td>
<td>$21,476</td>
</tr>
</tbody>
</table>

|                  |                   |      |
| **LIABILITIES AND EQUITY** |                   |      |
| 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 |
### CONSOLIDATED STATEMENTS OF OPERATIONS

(In Millions, Except per Share Amounts)

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

<table>
<thead>
<tr>
<th>Years Ended December 31,</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidated net income</td>
<td>1,069</td>
<td>1,002</td>
<td>1,060</td>
</tr>
<tr>
<td>Adjustments to reconcile consolidated net income to net cash provided by operating activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>1,229</td>
<td>1,194</td>
<td>1,166</td>
</tr>
<tr>
<td>Deferred income tax (benefit) provision</td>
<td>198</td>
<td>154</td>
<td>(94)</td>
</tr>
<tr>
<td>Interest accretion on landfill liabilities</td>
<td>84</td>
<td>82</td>
<td>80</td>
</tr>
<tr>
<td>Interest accretion on and discount rate adjustments to environmental remediation liabilities and recovery assets</td>
<td>23</td>
<td>8</td>
<td>(30)</td>
</tr>
<tr>
<td>Provision for bad debts</td>
<td>44</td>
<td>41</td>
<td>48</td>
</tr>
<tr>
<td>Equity-based compensation expense</td>
<td>45</td>
<td>36</td>
<td>30</td>
</tr>
<tr>
<td>Net gain from disposal of assets</td>
<td>24</td>
<td>22</td>
<td>(11)</td>
</tr>
<tr>
<td>Excess tax benefits associated with equity-based transactions</td>
<td>8</td>
<td>9</td>
<td>(4)</td>
</tr>
<tr>
<td>Effect of (income) expense from divestitures, asset impairments and unusual items</td>
<td>10</td>
<td>(1)</td>
<td>83</td>
</tr>
<tr>
<td>Equity in net losses of unconsolidated entities, net of dividends</td>
<td>31</td>
<td>20</td>
<td>2</td>
</tr>
<tr>
<td>Change in operating assets and liabilities, net of effects of acquisitions and divestitures:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>(110)</td>
<td>(159)</td>
<td>29</td>
</tr>
<tr>
<td>Other current assets</td>
<td>(23)</td>
<td>47</td>
<td>(4)</td>
</tr>
<tr>
<td>Other assets</td>
<td>28</td>
<td>(3)</td>
<td>20</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>65</td>
<td>(57)</td>
<td>51</td>
</tr>
<tr>
<td>Deferred revenues and other liabilities</td>
<td>(132)</td>
<td>(58)</td>
<td>(62)</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>2,469</td>
<td>2,275</td>
<td>2,362</td>
</tr>
<tr>
<td>Cash flows from investing activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisitions of businesses, net of cash acquired</td>
<td>(867)</td>
<td>(407)</td>
<td>(281)</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>(1,324)</td>
<td>(1,104)</td>
<td>(1,179)</td>
</tr>
<tr>
<td>Proceeds from divestitures of businesses (net of cash divested) and other sales of assets</td>
<td>36</td>
<td>44</td>
<td>28</td>
</tr>
<tr>
<td>Net receipts from restricted trust and escrow accounts</td>
<td>107</td>
<td>48</td>
<td>196</td>
</tr>
<tr>
<td>Investments in unconsolidated entities</td>
<td>(155)</td>
<td>(173)</td>
<td>(21)</td>
</tr>
<tr>
<td>Other</td>
<td>18</td>
<td>(14)</td>
<td>7</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(2,185)</td>
<td>(1,660)</td>
<td>(1,250)</td>
</tr>
<tr>
<td>Cash flows from financing activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New borrowings</td>
<td>1,201</td>
<td>908</td>
<td>1,749</td>
</tr>
<tr>
<td>Debt repayments</td>
<td>(503)</td>
<td>(1,112)</td>
<td>(1,335)</td>
</tr>
<tr>
<td>Common stock repurchases</td>
<td>(575)</td>
<td>(501)</td>
<td>(226)</td>
</tr>
<tr>
<td>Cash dividends</td>
<td>(637)</td>
<td>(604)</td>
<td>(569)</td>
</tr>
<tr>
<td>Exercise of common stock options</td>
<td>45</td>
<td>54</td>
<td>20</td>
</tr>
<tr>
<td>Excess tax benefits associated with equity-based transactions</td>
<td>8</td>
<td>9</td>
<td>4</td>
</tr>
<tr>
<td>Distributions paid to noncontrolling interests</td>
<td>(59)</td>
<td>(45)</td>
<td>(50)</td>
</tr>
<tr>
<td>Other</td>
<td>(46)</td>
<td>18</td>
<td>(50)</td>
</tr>
<tr>
<td>Net cash used in financing activities</td>
<td>(266)</td>
<td>(1,273)</td>
<td>(457)</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash and cash equivalents</td>
<td>1</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Increase (decrease) in cash and cash equivalents</td>
<td>(281)</td>
<td>(601)</td>
<td>660</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>539</td>
<td>1,140</td>
<td>480</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year</td>
<td>$258</td>
<td>$539</td>
<td>$1,140</td>
</tr>
</tbody>
</table>
LEXON INSURANCE COMPANY  
10002 Shelbyville Road, Suite 100  
Louisville, KY 40223  

Date: October 26, 2012  

To: City of Lawrence  
6 E 6th Street  
Lawrence, KS 66044  

Principal: Waste Management of Kansas, Inc.  
Bid Date: October 26, 2012  
Description: Residential Recycling Program  

Dear Sir/Madam:  

We, Lexon Insurance Company, hereby agree that in the event an award is made to Waste Management of Kansas, Inc. on the project as captioned, and a mutually acceptable contract is signed, we will execute the necessary Performance and/or Payment Bonds that may be required.  

Sincerely,  

Lexon Insurance Company  

[Signature]  

Dawson West  
Attorney-in-Fact
POWER OF ATTORNEY

LEXON INSURANCE COMPANY  

KNOW ALL MEN BY THESE PRESENTS, that LEXON INSURANCE COMPANY, a Texas Corporation, with its principal office in Louisville, Kentucky, does hereby constitute and appoint:

Brook T. Smith, Mark A. Guidry, Raymond M. Huntley, Jason D. Cornwell, James H. Martin, Sandra L. Fusinetti, Myrtie P. Henry, Deborah Neichter, Jill Kemp, Jackie C. Kooster, Sharyon Quinn, Dawson West, Bonnie J. Wortham, Amy Meredith, Lynnette Long, Barbara Duncan

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surely, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of LEXON INSURANCE COMPANY on the 1st day of July, 2003 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity, or other writings obligatory in nature of a bond not to exceed $4,000,000.00 Four million dollars, which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Assistant Secretary, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond of undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, LEXON INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 21st day of September, 2009.

LEXON INSURANCE COMPANY

By

David E. Campbell
President

ACKNOWLEDGEMENT

On this 21st day of September, 2009, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of LEXON INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.

CERTIFICATE

I, the undersigned, Assistant Secretary of LEXON INSURANCE COMPANY, A Texas Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.


Philip G. Lauer
Assistant Secretary

"WARNING: Any person who knowingly and with intent to defraud any insurance company or other person, files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties."
Relevant Changes
Description of any relevant changes in your firm within the past year or anticipated changes that may affect your capability to perform the services being requested.

Waste Management has made no changes in the past year that would affect our capability to perform the services being requested.

As a public corporation, Waste Management is restricted from releasing material information in advance of public announcements. However, the company’s future stability is not in question.

Litigation
Statement as to any claims, suits, or litigation in the past five (5) years and the current status or resolution of that litigation.

Waste Management has been a party to two separate actions in the past five years. One was an age discrimination claim, the other an unemployment compensation dispute. Both have been resolved, and both are from the year 2007. We do not provide personal information on our employees in a public fashion. If the City desires, we will make our attorney available to discuss the details of these two matters with the City’s attorney.

Regulatory Action
List of regulatory actions "Orders, Notices or Citations" of any and all environmental or safety law-related orders, notices, or citations received during the past three (3) years by your firm or Sub-Contractor.

Waste Management’s Rolling Meadows Landfill has received two Notice of Compliance/Non-Compliance, one dated February 23, 2011, the other August 25, 2011. It has received one Letter of Warning dated October 31, 2011 and two Orders Assessing an Administrative Penalty: one dated September 15, 2010 and one dated July 11, 2012. The September 15 Order was resolved by entering into a Consent Agreement and Final Order. The July 11, 2012 Order is currently being reviewed and addressed. All of the above were issued by the Kansas Department of Health and Environment. Proposer will make copies of these documents available upon City’s request.

References
Three (3) customer references of public agencies presently being served by your company with similar services to those being requested by the City. Include name and address of the public agency and their principal contact person name and phone number.

Metro Waste Authority Single Stream Recycling, Des Moines, IA
Term: 7/1/09 to 6/30/16
Reo Manning, Public Affairs Director
300 East Locust Street, Suite 100, Des Moines, IA 50309-1864
515-323-6519
rme@mwatoday.com
Estimated Cost: $16 million
Scope: Primary provider of single stream recycling. Converted approximately 76,000 residents from curbside bin recycling to wheeled carts. Experienced increased diversion rates immediately and has shown an increase of 3-5% in overall recycling volume from commencement to present.
Responsibilities: Coordinated and delivered carts to each homeowner. Every other week collection of single stream recycling.

**City of Valley Center, Kansas**
Term: 1/1/11 to 12/31/15
Joel Pile, City Administrator
121 S. Meridian, Valley Center, KS 67147
316-755-7310
jpile@valleycenterks.org
Estimated Cost: $1.3 million
Scope: Primary provider of curbside solid waste and recycling collection.
Responsibilities: Weekly automated collection of solid waste and every other week single stream recycling.

**City of Webster Groves, Missouri**
Term: 2/1/11 to 1/31/14
Karen Beck, Public Works Coordinator
4 East Lockwood, Webster Groves, MO 63119
314-963-5315
citymail@webstergroves.org
Estimated Cost: $5.3 million
Scope: Primary provider of curbside solid waste, single stream recycling and yard waste collection.
Responsibilities: Collection and disposal of weekly automated service utilizing multiple cart sizes.

**Demonstration of Ability**

**Narrative and all relevant requested documentation sufficient to demonstrate your company’s ability to perform all elements detailed in this RFP.**

Waste Management has been a recognized leader in the environmental services industry for 44 years. The current Waste Management organization resulted from a 1998 merger between USA Waste of Houston, Texas and what was then Waste Management, Inc., headquartered in Oak Brook, Illinois.

The original Waste Management, Inc. began operations in 1968, bringing together numerous solid waste companies, including some dating from the late 1880s. Waste Management became a public company in June 1971. From 1971 to 1990, Waste Management grew from a $16 million regional firm serving six states into an international corporation servicing over 30 countries. Waste Management made over 1,000 acquisitions in the 1980s and 1990s.

Waste Management’s record is one of accomplishment through the innovation, hard work, dedication, and professionalism of its employees. The company employs a talented staff of drivers, managers, environmental professionals, financial and administrative specialists, computer and systems professionals, and a myriad of specialists to sustain company dedication and growth.

The company’s growth from 528 employees and $16.8 million in revenue in 1971 to 44,300 employees and assets in excess of $21 billion in 2011 testifies to over four decades of sustained and steady growth.

**Topeka, Kansas Service District**
Waste Management’s local district in Topeka has been serving the needs of residential, commercial, and industrial customers for over 40 years. We offer operational resources, outstanding past performance, regulatory compliance and safety history, and management and financial capabilities necessary to efficiently and effectively meet the requirements of this solicitation. Some of Waste Management’s advantages for local service include:
• 35 front-end load and rear load trucks
• 12 roll-off trucks
• A vast inventory of residential carts, front-end load containers and industrial roll-off containers
• 70 employees

Waste Management offers the ability to provide the City of Topeka with a locally staged and immediately deployable fleet of trucks, equipment, and labor, ensuring we can meet the City’s needs in the event of unforeseen circumstances or should large-scale special needs ever be required.

Waste Management’s Diversion Solution: Shawnee County Regional Material Recovery Facility (MRF)

Waste Management of Kansas is pleased to share the elements of our new facility, set to open in December 2012, to fulfill the scope of Lawrence’s RFP. The Shawnee County Regional MRF was designed for long-term recycling in the area and represents the best local solution for processing of commodities.

We constructed our state of the art MRF 9.9 miles from the center of Topeka on Highway 75 at our regional Rolling Meadows Recycling and Disposal Facility. It will sit on approximately 6 acres of the site and will utilize the existing scale and road infrastructure.

Waste Management will market and sell the following list of acceptable items:

FIBER

• Old News Print (ONP) -Consists of newspaper as typically generated from curbside collection, including all fiber inserts.
• Mixed Paper (MP): All fiber that is lying on the sorting floor at the end of the day. This would include all grades of cardboard, newsprint, magazines, telephone directories, and paper. WM’s definition includes the addition of non-foil wrapping paper, paperboard, boxboard, all brown and other grades of non-contaminated paper >3” in any direction.
• Office Pack: Consists of junk mail, office paper such as computer paper, sorted white ledger, and office stationary.
• Cardboard (OCC): Includes boxes with unbleached, unwaxed paper with baffled liners and chipboard.
• Magazines: Includes magazines and catalogs.

CONTAINERS

• Mixed Glass: Includes household glass containers, bottles and jars.
• Aluminum: Household beverage cans made of aluminum, aluminum foil and baking tins.
• Steel, Tin and Bi-Metal Cans: Includes food, beverage, nonfood and aerosol cans made of mixed metal, such as tin and steel.
• Mixed Plastic Containers: Includes plastic containers for food, beverages and other household products including milk jugs, soda bottles, and cleanser bottles. Commodity codes #1, 2, 3, 4, 5 & 7 will be included. WM definition includes Tupperware, margarine-type tubs and lids, codes #3-7.

MORE MATERIALS

Waste Management of Kansas strives to expand the line of acceptable commodities for the City of Lawrence. With the addition of the materials below, as well as glass, the City will see new savings.

• Household Metal Scrap: Pots and pans, clean metal items which are not toxic (i.e. lead) prepared to less than 40 pounds and 30 inches per piece
• Clean Rigid Plastic non-containers: (e.g., toys, chairs, buckets, storage containers)
Waste Management has designed the facility to meet the needs of the City of Lawrence. We propose an enclosed tipping area of sufficient size to allow for 3.5 days’ storage of unprocessed material at full one-shift capacity. Lawrence single stream materials are expected to be 10% of the approximately 120 ton per day, 5-day, 8-hour shift capacity once fully converted.

The facility will be able to accommodate 7 days of storage for the City’s material through trailer storage and internal use of back up facilities in Oklahoma City and Little Rock. In the unlikely event of catastrophic break down, every Waste Management facility has a written Emergency Plan which goes into effect. The result of advanced planning has been notable. Over the last 5 years, at our 135 processing facilities nationwide, none has failed to open and receive materials as required by our over 400 direct municipal processing customers, and approximately 2,000 municipal contracts that rely on us. In addition, Waste Management is providing CP equipment for this proposal. Waste Management has 25 facilities with CP equipment nationally. Through spare parts planning, Waste Management has experienced little to no outages exceeding three days due to pooled parts availability.

**Daily and Annual Maximum Processing Capacity**

<table>
<thead>
<tr>
<th>Initial Term</th>
<th>Annual Maximum Processing Design Capacity based on expanding 1 Shift to 5.5 days per week</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily Maximum Processing Capacity -</td>
<td>34,000 Tons</td>
</tr>
<tr>
<td>1 Shift (90% uptime) operating at 17 TPH</td>
<td>5.5 days per week</td>
</tr>
<tr>
<td>119 Tons</td>
<td>34,000 Tons</td>
</tr>
</tbody>
</table>

**Renewal Terms**

| Daily Maximum Processing Capacity - |
| Annual Maximum Processing Design Capacity based on expanding 1 Shift to 5.5 days per week |
Detailed Description of the MRF

The proposed Material Recovery Facility includes the following.

- The MRF will be operated according to Waste Management’s industry-leading Safety Policy, and all actions will be trained, monitored, and performed according to Waste Management’s MRF Golden Rules. Training on basic safety at recycling facilities begins with commencement of employment and focuses our workers on the protection of their livelihoods and those of the customers we interact with.
- Three years ago, an independent study completed by Moore Associates pointed to the fact that Waste Management recycling facilities are the best run and lowest cost in the industry. This is because we invest resources and our experience to inform and improve our operating culture. Over the past two years, Waste Management has developed and refined Standard Operating Procedures (SOPs) for the MRF line of business. Such standards range from safety briefings to trailer loading to screen cleaning. All SOPs are posted on the company’s intranet site and can be accessed at any time. This site also features a platform for the facility manager or mechanic to hold electronic discussions with staff from over 100 MRFs to obtain advice, support or best practices. Our MRF business will be operated utilizing the sum of the knowledge and resources we have learned over the years.

Primary Operating Features

- Receive and process single stream recyclables.
- Receive and process dry commercial recyclables, materials typically segregated by commercial and institutional establishments participating in the region’s growing efforts to recycle community waste streams.
- Receive and process public drop-off materials from drop-off centers.
- Provision of the facility includes all engineering, permitting, design, construction, recycling processing equipment, management, fees and operating plans for the described work. The following are our preliminary design specifications subject to change during the design development to accommodate the needs of all parties.

Physical Properties of the Proposed MRF

- 37-40,000 square foot under roof
- Rated 17-20 Tons per hour utilizing the equipment provided (Figure 7)
- Three 30-foot high doors; 2 at tip floor, 1 with compactor at the 3rd door
- Four loading docks
- 10-inch reinforced concrete floors
- Small office and break room
- Restroom and wash area for employees
- Utilities and hook up
- Septic tank
- Connection to 3-phase power
• Employee parking
• Auxiliary trailer parking

Hours and Days of Operation

Waste Management of Kansas will meet the requirements of the RFP. We plan to use the scale house and related facilities at the Recycling and Disposal facility. They are in operation now and have a long successful record of consistent operation. The facility and scale are now open Monday through Friday from 7:00 AM to 5:00 PM, and will also be available on Saturday from 7:00 AM to 3:00 PM. We will ensure that even if processing does not occur, the tip floor will be available and an operator provided for direction and service. In addition, on the Saturdays following holidays noted in the RFP, we will be open to accommodate the City’s needs for facility services. Finally, with advance notice or in an emergency, Waste Management will meet the City’s reasonable requests for additional temporary receiving hours at the site.

Waste Management will work with the city to create a weekly or biweekly routing collection program that mirrors the current trash collection program.

Vehicles

All vehicles assigned to service Lawrence will be new to late model McNeilus brand trucks. The fleet will include automated side load, rear load, and front end load styles.

Waste Management has a comprehensive preventative maintenance program and policy for all of its equipment. The company’s maintenance manual, which spells out the program in detail, can be made available upon request. The program is consistent with the standards and procedures recommended by the Technical Maintenance Council (TMC) of the American Trucking Association. Waste Management is an active member and resource contributor to the TMC.

Equipment reliability is managed and recorded locally. Corporate policy requires 99% equipment reliability, which is computed by total up time as a percentage of total shift operating hours to which the equipment is assigned.

Waste Management employs an internal audit program for formal review of preventative maintenance and general maintenance compliance. Our Maintenance, Safety, and Quality Assurance (MSQA) is an active program that provides the mechanism for these audits, which occur continuously.

Containers and Maintenance

Waste Management uses Toter brand containers that are covered by a 10-year warranty. Our equipment is watched closely and is replaced whenever it fails to meet the company’s high operational and aesthetic standards.

Waste Management drivers continuously survey compactors, bins, containers, and other equipment and immediately call in repair or replacement orders when they identify damaged or defaced equipment.

When a maintenance issue is reported for one of our owned compactors, we dispatch a maintenance technician to analyze the performance of the unit and repair it on site as quickly as possible. Depending on the market, the maintenance is performed by either a Waste Management technician or a qualified contractor. All maintenance services, from preventive service to adjustments to major overhauls, can be coordinated through Waste Management for any piece of compaction and baling equipment.
Waste Management Marketing Experience

For over 44 years, Waste Management has been a world leader in moving recyclables to the right market. In addition, we consistently receive the best prices and enjoy excellent relationships with all the major U.S. domestic mills and an integrated network of world partners. Even during the commodity collapse of 2009, Waste Management was able to provide unparalleled service, without interruption, and met all of its commitments to over 400 municipal and public agency customers. This takes resources, dedication, and a focus on our customers. Waste Management’s marketing team is responsible for commodity sales of 7-8 million tons per year of recyclables throughout its processing and brokerage network. By virtue of carefully honed strategies, we bring stability to an area otherwise often characterized by wild swings and unanticipated price moves. In the past 19 years, Waste Management has successfully marketed over 106 million tons of recyclables.

Marketing and Education Plan

Waste Management of Kansas will augment the required education support with a valuable list of additional services:

1. State-of-the-Art Education Center. Waste Management has invested in a state-of-the-art education center located at our Shawnee County MRF. This unique lab/education/viewing gallery hosts tours and classes to teach the fundamentals of recycling, focusing on ways to increase participation and reduce contamination by revealing the importance of recycling and the recycling process.

2. Train the Trainers. Once a year, Waste Management will provide recycling experts and a formal program for in-depth training and messaging to the solid waste staff and City offices. This allows the four tours per month contemplated by the City, and with advanced notice, we hope the City utilizes our facility much more than that. We understand recycling and best practices from collection efficiency to commodity markets. Most importantly, increasing tonnage and decreasing contaminants would be possible. Upon request, this same resource will be available for training City employees to meet and discuss education approaches.

3. Complete Suite of Education and Awareness Resources. Waste Management has a myriad of on-line and social media resources to further the environmental, diversion, and sustainability education for all age groups, including the scientific community. Waste Management and Discovery Education have collaborated to engage students in interactive platforms designed to engage minds in technical content related to management of materials and the value of the household items consumed on a regular basis. On our Award-winning Greenopolis and Think Green websites, teachers will find standards-based lesson plans, tools, and hands-on activities to enliven classroom learning and at-home extensions. Students will find video clips and step-by-step interactive activities to expand their knowledge of the planet we share. Links to these resources and demonstrations are available upon request.

4. We are also cognizant that the City is the lead partner on education and will further hone our strategies with theirs to ensure uniformity and satisfaction in this aspect of our relationship.

Safety

Description of your company’s safety management practices and in specific, the safety measures followed in your collection operations and / or your processing facility operations.

At Waste Management, safety is far more than just a program or strategy. It is a core value, a cornerstone of operational excellence. It is a philosophy that is embedded in the way we work, the decisions we make, and the actions we take. With 44,300 employees and about 32,000 trucks on the road every day, we fully recognize the responsibility to hold ourselves to the highest standards for the protection of our customers, our employees, and the communities we serve. Our goal is to attain world-class safety and, more importantly, to be the safest company in our industry.
According to Waste Management’s safety vision statement:

Safety is equal to all other key components of successful performance. Each employee is responsible for safe behavior. Each employee is personally accountable for:

- Promoting a safe environment
- Maintaining a zero tolerance for unsafe actions and decisions
- Directly participating in all aspects of safety programs

Managers at all levels will set the standard in our industry.

Since the launch of the Mission to Zero (M2Z) program - an initiative that promotes zero tolerance for unsafe behaviors and actions - Waste Management has made dramatic improvements in key areas, including those monitored by the Occupational Safety and Health Administration (OSHA). The graph to the right indicates that our Total Recordable Injury Rate, the number of injuries per 100 employees, has improved by over 85 percent in the past 11 years:

Additionally, our rate of vehicle accidents has reduced by greater than 74 percent over the last 10 years.

The cornerstone of M2Z is a comprehensive training program that provides classroom and on-the-job instruction in safety fundamentals for supervisors, drivers, and helpers. M2Z seeks to enhance understanding, change behaviors, and develop company leaders who can make a difference and train and lead others.

Mission to Zero is the roadmap of who we are and how we will operate as we work to achieve world-class safety. Through the new processes and procedures it brings, health and safety goals are transformed into measurable results that have a positive impact on the lives of thousands of people.

**Life Critical Rules**

Safety rules are not simply dictated to employees. Instead, Waste Management’s field employees take part in the process of creating procedures through safety meetings. A field coalition, which included drivers and heavy equipment operators, developed the company’s Life Critical Rules. These are rules that, when broken, dramatically elevate the potential for a catastrophic incident.

The safety and well-being of all employees at the Shawnee County Materials Recovery Facility will receive first consideration throughout all phases of work. All employees, particularly supervisors who are responsible for implementing policy, will carry out all processing, maintenance, and cleaning procedures in compliance with WM Recycle America’s established safety standards. It is essential that the prevention of accidents start at the planning stage. Thorough planning by the Plant Manager, Foreman, and Corporate Operations staff will ensure a healthy and safe work environment.
WMRA has a “Zero Incident” safety policy and maintains the focus on this goal through frequent employee training. All supervisors are required to attend four (4) safety training seminars annually, and participate in a “stand down, all-hands-on-deck” severe incident conference call following any such event in the entire WM system.

Although safety is predominately a local issue, WMRA has a safety infrastructure that follows a table of organization from local to District, Region, Area and Corporate. A detailed curriculum and training materials are available at all WMRA facilities in the appropriate language for the employee audience. WMRA provides for bilingual training environments when required. All employees and temporary employees are mandated to receive safety annual training in the areas described to the right:

In addition to the above described mandated, structured training, periodic safety ‘Alerts’ and ‘Tailgate’ training sessions are also conducted, including monthly timed and recorded safety meetings that comply with OSHA standards for these activities.

Maintenance personnel, conveyor sort line leaders, front wheel loader operators, and baling equipment operators receive authorized training in all the above for their specific, respective area of responsibility. This includes initial manufacturer training whenever new equipment is installed and regular Safety and Operations manual training for their equipment. Maintenance personnel also receive additional job-related and hot-work safety training.

All appropriate training materials are made available to contractors and they are required are required to abide by the facilities safety procedures.

This facility is committed to the ‘Zero Incident’ policy and strives to maintain a safe working environment for all employees and visitors.

Waste Management requires that each employee cooperate to the fullest extent in complying with the safety regulations outlined by his Supervisor, written Safety Procedures, and basic safety awareness.

**Recycling Haulers**

**Description of how your company will incorporate the small local curbside recycling haulers into your recycling collection service to minimize displacement and economic impact to current recycling collectors.**

If Waste Management is selected to provide the recyclable collection services associated with this RFP, the Company would be willing to interview any qualified employees of the current recycling collectors who are displaced.
Public Education Tools

Proposers are encouraged to specify other public education tools they are willing to provide (e.g., recycling education materials targeted for a specific neighborhood or targeting a specific material type, community group presentations, etc.). Proposers shall provide examples of public education materials they have developed for other municipalities.

Examples are included below.

When the City of Valley Center, KS selected Waste Management to provide solid waste and recycling services to its 2200 households, they knew they had to get the word out as efficiently and effectively as possible. Waste Management was able to provide the following postcard mailer that helped introduce Waste Management as the new service provider.
Cedar Hill, TX wanted to offer a single stream recycling solution to businesses whose volume was not enough to warrant a dumpster. The solution: a small business single stream recycling program utilizing the same carts as used by the City’s residential program. Waste Management produced the following piece to communicate to those businesses interested in participating.

![Cedar Hill Businesses Growing Green Poster](image)

The City’s solid waste collection services will change the week of January 9, 2012. The goal is to increase recycling participation, promote cleaner streets and neighborhoods and reduce carbon emissions.

- Every commercial hand collect business will receive a **96-gallon** trash cart.
- Every business will continue to have two pick up days per week.
- Businesses may rent an extra trash cart.
Cedar Hill’s Business Community Is Growing Green!

The Cedar Hill Chamber of Commerce, City of Cedar Hill and Waste Management are partnering to provide Recycling Services for small businesses. The Chamber is offering its parking lot as a drop-off location for all recyclable items.

It’s Easy! No Sorting!

Acceptable items

- Cardboard & Food Boxes
- Paper Bags
- Glass Jars & Bottles Clear, Brown & Green
- Plastic Containers #1-7 and Paperboard containers
- Junk Mail & Telephone Books
- Aluminum & Steel Cans, Foil & Pie Tins

Unacceptable items

Foam packaging, soiled food containers i.e. pizza boxes, dirty food containers, etc., plastic grocery bags, electronics, ceramics or dishes, food waste / garbage, light bulbs, window glass or mirrors or yard waste

Much of what goes into our landfills is recyclable – including frozen dinner containers – they just need to be rinsed before tossing them into your new recycle cart. Cedar Hill encourages businesses to recycle because it is good for your business, the community and the environment.

For more information, please contact Waste Management at 1.800.772.8653 or email ntoacs@wm.com
**Exceptions**

Proposer acknowledges that exceptions to any portion of this RFP including terms and conditions may jeopardize acceptance of the proposal. The Proposer must clearly indicate the exceptions taken and include a full explanation as a separate attachment to the proposal. The City reserves the right to reject a proposal containing exceptions, additions, qualifications or conditions not called for in the solicitation.

No exceptions are taken.

**As part of the response to this RFP, Proposers shall provide:**

**Residual Rates**

*Average residual rates from current processing operations*

Waste Management takes pride in our ability to keep the residue levels low. For the over 2,000 programs that Waste Management runs, residue/contamination national levels are just below 11%. Using a series of automated and lean manufacturing techniques, Waste Management will target residue rates to ensure that they stay low. Additionally, our proposed education, incentives, and community outreach will drive this rate down, even further optimizing the City’s diversion rates. The process flow has helped us develop the ability to keep residue rates down.

The equipment installed is state-of-the-art:

- Advanced variable speed computer motor control regulation
- Drum-fed leveling of material flow for presentation to devices
- Image recognition optical sorting for plastics
- Paper magnet that efficiently captures small fines of fiber
- Polishing screen for complete material separation prior to presentation to automated and quality sorting
- Finely honed screen tolerances to not allow escape of each distinct fraction of sized materials; the site has installed adjustable LUBO screens, which are considered to be the best in the industry

In addition, Waste Management will use LEAN methodologies and “visual plant” techniques to clearly identify materials that sorters should or should not sort, both as an opportunity for capture and for quality differentiation. LEAN manufacturing has yielded overwhelming success in companies that have implemented continuous improvement processes, including Boeing, Medtronic, and Honda. Waste Management personnel staff through a LEAN journey with one goal: daily improvement. Waste Management will operate the MRF as a lean facility from Day One and is fully committed to the continuous improvement of people, processes, and systems. We take this approach seriously. For instance, our Orange County, Florida MRF was recently named most improved operation of the year by the Jacksonville LEAN Consortium.

Through LEAN processes, the facility will provide interactive engagement on a daily basis at each shift on progress towards greater capture of materials. In addition, it will be safer, more efficient, and more organized than traditional operations. In addition, LEAN training and roll out will be mentored through all levels of Waste Management to deliver a culture that will drive efficient recovery production to the next level. Results in places as diverse as Minnesota and Miami have shown real progress in lowering residue costs dramatically.
As part of our education approach, Waste Management has a closed caption TV system for education in the facility. We are also working on a web-based camera system for use by our public speakers and videos that can be used by teachers in Lawrence, which can be utilized in real time to show specifically targeted child age groups what happens to their materials and also what is wasted at the plant. The process will clearly demonstrate to students why this is not good for the environment and show the City how they can participate in helping others to know what to add to the containers and why. The effectiveness of this approach with the right curriculum has tangible results and can supplement the Education Center tours that are available to Lawrence schools.

Finally, Waste Management proposes to have monthly or quarterly recovery roundtables with the City so that both sides have an objective view of progress in reducing contamination and the subsequent capture of material. Metrics and reports would be developed to drive progress in this collaboration, both on the City’s side at the curb and Waste Management’s side in the operation and support of public outreach.

**Minimizing Residuals**

A written description of how to minimize the amount of residuals from the processing of recyclable materials to be collected in Lawrence.

The way to minimize residuals is to keep the public educated and recycling according to the program. As long as proper materials are being delivered to the plant, processing will remain clean. Waste Management will work with the City to maintain an ongoing education program to encourage constant compliance with the recycling program.

Recyclebank offers the ability to reward residents for recycling and also educates them about what can or cannot be recycled. This web-based program could be offered to all residents as part of the City’s recycling program and does the work of educating the public through tutorials and print media. Residents earn points that they can redeem at local and national retailers to save money on things they buy. Further explanation of the Recyclebank program is included on page 30.

**Revenue Sharing**

The Proposer and the City shall share the revenues from the sale of all recyclable materials processed at the facility. The Proposer shall describe the proposed revenue sharing for commodities and corresponding pricing formulae in their proposal. The Contractor shall, on a monthly or quarterly basis, rebate an amount to the City based on a mutually agreed upon formula.

Waste Management has made its best effort to put forward a money-saving proposal for the City of Lawrence, which allows the benefit of a single stream recycling program with glass. Waste Management’s pricing proposal is:

\[(\text{Blended Value} \times 80\%) - 65.00 \text{ Processing Fee} = \text{City of Lawrence Rebate/Ton}\]
Example: ($132.78 Blended Value x 80% Revenue Share) - $65.00 Processing Fee = $41.22/Ton Rebate to the City

**Blended Value Tons Received (BV):** Aggregate value of all materials received by percentage of material times the current market price on the individual commodity.

**Percentage of Each Material in the Lawrence Program (Composition Study):** The composition study will determine the percentage of materials in the City of Lawrence’s single stream program. It will be mutually determined by the City and Waste Management in a transparent audit, attended by both Waste Management and the City, utilizing statistically acceptable methods to both parties, at the beginning of the contract term, and adjusted by similar audit every six months thereafter.

*Recycling Stream Composition Study Methodology for the City of Lawrence - Auditing Protocol Overview*

This section provides chronological procedures required for conducting a waste composition study for both the residential commingled recycling and commercial commingled recycling delivered by the City of Lawrence.

1. A predetermined number of samples will be characterized for the City’s residential commingled recycling stream.
2. On the days that the sampling occurs, City drivers will be instructed by the scale clerk and site Supervisor where to dump the load (Study Sorting Area).
3. After the vehicle empties the entire load of recyclables onto the tip floor in an elongated pile, a random sample, or cell, will be selected from which a 125-300 pound (approximately 3 cubic yard) sample should be removed.
4. The sample is transported to the sorting area and hand or mechanically sorted from a sorting table or out of the loader bucket. Materials are sorted into carts/bunkers based on the material type, and each material weighed to the nearest pound. Record the weight of all carts for each recycled material category on a tally sheet.
5. At the end of each day of sorting, verify that all data has been properly entered onto the tally sheets and that the daily quotas have been met.
6. After all samples have been collected, weighed, and recorded, composition and quantity estimates of the waste stream can be calculated.

**Price Adjustment**

The price per household per month for 2014 will be set in accordance with the per household price proposed on Form B-1 “Pricing Worksheet” (Attachment B). Proposers shall provide the price per gallon of fuel on which their proposal is based on. After the first year, in recognition of the potential for fluctuation of the Contractor’s cost, one price adjustment (increase or decrease) per year may be requested by either the City or the Contractor. Proposers shall specify clearly by including all details and information how they will calculate price adjustments during the Contract term if they are selected as the Contractor.

Waste Management’s price per household per month for 2014 is detailed on Form B-1, Pricing Worksheet. On the first anniversary of the contract, and every year thereafter, Waste Management is proposing a fixed 3% increase to the price per household per month. Having a fixed percent increase avoids any high fluctuations sometimes found with CPI (Consumer Price Index) or fuel-based increases and allows the City to budget more accurately. For example, if the Every Other Week, 5 Collection Days service option is selected, then in Year 2 of the contract, the rate would be increased to $2.99 ($2.90 + 3%). The same fixed 3% annual increase would also be applied to the processing fee per ton.
Additional Service: Recyclebank

Waste Management is pleased to offer an award winning incentive-based recycling program that motivates residents to recycle. In over two million homes across 30 states and the United Kingdom, Recyclebank has dramatically increased recycling, decreased the cost of solid waste disposal, and added substantial value for residents and their communities. Recyclebank will enhance curbside recycling in Lawrence in order to:

- Dramatically increase recycling
- Provide the average participating home with $165 in annual reward value
- Enhance outreach and engagement strategies to promote recycling

In Lawrence, Recyclebank will reward each home that participates in the program with valuable points for the amount of material recycled. The more residents recycle, the more points they will earn.

Residents can redeem their points for discounts and deals at hundreds of businesses that are Recyclebank Reward Partners. Recyclebank will provide a portfolio of high quality reward partners, including such brands as McDonalds, Coca Cola, Bed Bath & Beyond, and Dick's Sporting Goods, among hundreds of other merchants.

Support Local Businesses - Buy Local!

Recyclebank will have a dedicated team assigned to recruiting community businesses in Lawrence to participate in the program. Businesses in and around the municipality are able to join the Recyclebank program as a free reward partner and obtain the opportunity to drive incremental visits to their business, acquire new customers, and increase sales per visit. It also provides the opportunity to advertise to Lawrence residents while visibly supporting sustainability efforts. Recyclebank will work with the City to engage the local business community. Community business will make up a significant portion of the reward offerings so residents can boost the local economy by shopping within the City of Lawrence.

Program Outreach

Recyclebank does a tremendous job of educating all participating residents through online tutorials and direct mail pieces similar to these shown:
The benefits of the Recyclebank program are many, but the real benefit comes in terms of diversion and sustainability. The average resident will recycle 15-20% more when participating in a Recyclebank program. This means an additional 65 lbs per year per resident.

To the City of Lawrence, adding Recyclebank would divert an additional 1,088 tons into the recycling stream and away from the landfill (65# x 33500 households/2000 lbs per ton). This would save the City $27,567.00 in disposal cost (1088 X $25.32) and earn you $15,090.00 in additional rebate revenue per year.
TURN YOUR RECYCLING INTO REWARDS

With Recyclebank, brought to you by Waste Management, you earn points for taking everyday green actions, like recycling at home. Use those points for great rewards from national and local businesses, like discounts and deals on food and beverages, restaurants, electronics, apparel, gift cards and entertainment.

Sign Up Now!
Visit Recyclebank.com/wm

How It Works
Working with Waste Management, Recyclebank awards you points for keeping up with your curbside recycling, and simply living green.

Start by recycling at home. The more you & your community recycles, the more points you'll earn.

Take Green Actions

Earn points every time you recycle. Find more ways to earn with Recyclebank.

Earn

Use your points towards great rewards like discounts on groceries, entertainment, gift cards and more!

Redeem

Sign up today, it’s FREE!

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City of Lawrence and Waste Management: Shared Commitment to Sustainability

The City of Lawrence and Waste Management have the same commitment to sustainability initiatives. We understand your goals; not only do they resonate with the goals that we have for our organization, but we have extensive capabilities to help you achieve your targets. The City of Lawrence would like to achieve a 50% recycling rate by 2020. Waste Management has also set goals that are designed to accelerate the conversion of waste to resource and to support the company’s path of sustainable growth. Specifically, the company will:

- **Increase waste-based energy production.** Today, we create enough energy to power over 1 million homes each year. By 2020, we expect to double that output, producing enough energy for the equivalent of more than 2 million homes.
- **Increase the volume of recyclable materials processed.** We currently manage over 12 million tons of recyclables; by 2020, we plan to manage more than 20 million tons.
- **Enhance fleet efficiency.** Increase the fuel efficiency of our fleet by 15 percent and reduce fleet emissions by 15 percent by 2020. We also continuously invest in technologies to enhance the sustainability of our basic waste services.
- **Preserve and restore wildlife habitat across North America.** Our original goal, set in 2007, was to increase by more than four times the number of our facilities – from 24 to 100 – certified by the Wildlife Habitat Council, and increase the number of acres we have set aside for conservation and wildlife habitat to approximately 25,000 by 2020. We surpassed that goal a decade early, and currently have a total of 110 facilities and 26,000 acres of our property certified.

These goals were not developed in a vacuum. We benchmarked other leading corporations on their sustainability initiatives. We worked with a range of stakeholders – from local governments, to national environmental organizations, to federal and state regulators, to businesses large and small – all to determine how we can best serve our communities and customers with expanding service needs. We received valuable input on how to evaluate our sustainability and the kinds of goals that make a difference. We then challenged our own operational divisions to come up with stretch – but potentially achievable – goals in four key areas, which we have committed to publicly, reporting our progress each year.

**Transportation and Air: Routing, Idling, CNG Fuel**

Waste Management is similarly focused on measuring, managing, and reducing greenhouse gas emissions. We are working to reduce the use of fossil fuels in our facilities and our fleet, improve energy efficiency, and use renewable energy sources, including those produced by our own operations. We are using route optimization software to manage more effectively our fleet and routes. Engines on our trucks shut down automatically after idling for five minutes to save fuel and reduce emissions. Waste Management is also using biofuels in 2,000 of our collection and service trucks, developing our use of fuel from landfill gas, and piloting the use of hybrids.

Waste Management’s natural gas fleet replacement program is an initiative that will transition 80 to 90 percent of the company’s truck purchases to natural gas vehicles over the next five years. WM currently operates over 1,400 CNG vehicles, and eventually will transition its entire collection fleet to be powered by alternative fuel - more than 18,000 vehicles. CNG-powered vehicles eliminate upwards
of 90 percent of air particulates, as well as cut greenhouse gas emission by nearly 25 percent, and are far quieter than our diesel trucks. Many of these trucks are operating throughout Cook County today.

Waste Management currently operates 28 CNG fueling stations across North America, including facilities in Cicero and Wheeling, Illinois, and will have nearly 50 in operation by the end of 2012. By owning and operating these stations, the company can secure better prices on fuel, as well as provide for better convenience for its operations. In some locations, Waste Management is installing stations that allow public access, which serve both commercial and consumer vehicles, and allows for drive up filling just like a regular gas station.

**Energy - Purchase, Generate, Conserve**

Waste Management uses its resources to develop unique alternative energy sources such as landfill-gas-to-energy and waste-to-energy. These conversion programs create a clean energy source for neighboring communities. Waste Management operates plants throughout the country that use waste to create enough electricity to power over 1 million homes every day. These facilities are reducing the demand for landfill space and fossil fuels and providing power to the communities we serve.

**Waste Reduction & Recycling - Divert from Landfill, Recycle, Reuse**

We understand the Board’s desire to reduce reliance on landfills. We have over 130 landfill gas-to-energy projects in operation and our Organic Growth Group is developing as well as investing in new technology providers every day - companies and partnership that will assist in mining more value out of the materials we manage, through conversion technologies that generate electricity, transportation fuels, and replacements for fossil fuels from solid waste.