

DEFINITIONS

1. **Agreement.** "Agreement" means this Agreement between City and Contractor for the Operation of the Sunnyvale Materials Recovery and Transfer Station dated as of February 13, 2007, including all exhibits and attachments, and any amendments hereto.
2. **Ash.** "Ash" means the material remaining after incineration of Municipal Solid Waste, including bottom ash and fly ash. "Ash" does not include ashes from residential burning, such as fireplaces, barbecues, etc.
3. **Bulky Waste.** "Bulky Waste" means stoves, refrigerators, other white goods, furniture and other similar waste materials with weights or volumes greater than those allowed in waste collection cans.
4. **City.** "City" means the City of Sunnyvale, a municipal corporation, and all of the territory lying within its municipal boundaries as presently existing or as such boundaries may be modified during the Term, as well as unincorporated areas completely surrounded by City which are provided solid waste collection services by City or by a company or companies which from time to time is granted the exclusive right to franchise to collect Municipal Solid Waste for City.
5. **Construction Debris.** "Construction Debris" means waste building materials resulting from construction, remodeling, repair or demolition operations.
6. **Contractor.** "Contractor" means Bay Counties Waste Services, Inc., a California corporation.
7. **Designated Hauler.** "Designated Hauler" means the company or companies which from time to time are granted the exclusive right or franchise to collect Municipal Solid Waste within the Participating Agencies and deliver it to the Station.
8. **Designated Waste.** "Designated Waste" means those substances classified as designated waste by the State of California, presently in 23 California Code of Regulations Section 2522.
9. **Disposal Contract.** "Disposal Contract" means the Agreement for Long Term Disposal of Solid Waste between the City and Waste Management of California, Inc., dated as of September 10, 1991. For purposes of Section 3.08 of this Agreement, the term Disposal Contract also includes the Mountain View-Waste Management Disposal Contract dated as of September 24, 1991, and the Palo Alto-Waste Management Disposal Contract dated as of October 7, 1991.
10. **Disposal Facility.** "Disposal Facility" means the Kirby Canyon Recycling and Disposal Facility located east of U.S. Highway 101 in San Jose, California.
11. **Disposal Fee.** "Disposal Fee" means the amount payable by the Participating Agencies to Waste Management of California, Inc. (or whatever company

owns and/or operates the Disposal Facility) for Municipal Solid Waste delivered to the Disposal Facility pursuant to the Disposal Contract and the Neighboring Cities' Disposal Contracts, including taxes and governmental fees.

12. Effective Date. "Effective Date" has the meaning set forth in Section 2.01 of the Agreement.

13. Environmental Laws. "Environmental Laws" means all federal and state statutes, county and city ordinances concerning public health, safety and the environment including, by way of example and not limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601 *et seq.*; the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 *et seq.*; the Federal Clean Air Act, 42 U.S.C. Section 7401 *et seq.*; the Federal Clean Water Act, 33 U.S.C. Section 1251 *et seq.*; the Emergency Planning and Community Right to Know Act, 42 U.S.C. Section 11001 *et seq.*; the Occupational Safety and Health Act, 29 U.S.C. Section 651 *et seq.*; the California Integrated Waste Management Act, California Public Resources Code Section 40000 *et seq.*; the California Hazardous Waste Control Act, California Health and Safety Code Section 25100 *et seq.*; the California Toxic Substances Account Act, California Health and Safety Code Section 25300 *et seq.*; the Porter-Cologne Water Quality Control Act, California Water Code Section 13000 *et seq.*; the Safe Drinking Water and Toxic Enforcement Act, California Health and Safety Code Section 25249.5 *et seq.*; the California Clean Air Act, Health and Safety Code Sections 39000 *et seq.*; the California Hazardous Materials Response Plan and Inventory Act, Health and Safety Code Sections 25500 *et seq.*, as currently in force or as hereafter amended, and all rules and regulations promulgated thereunder.

14. Extended Service Area. "Extended Service Area" means any area in Santa Clara County, outside the Primary Service Area, from which the City authorizes the Contractor to accept Municipal Solid Waste and/or Recyclable Materials at the Station.

15. FEIR. "FEIR" means the Final Environmental Impact Report entitled "Sunnyvale Materials Recovery and Transfer Station Environmental Impact Report" certified by the Sunnyvale City Council on September 25, 1990, including the Draft Environmental Impact Report dated June 18, 1990 and the Final Environmental Impact Report dated September 14, 1990.

16. Garbage. "Garbage" means putrescible animal, fish, food, fowl, fruit or vegetable matter, or any product thereof, resulting from the preparation, storage, handling or consumption of such substances.

17. Gate Fee. "Gate Fee" means the amount (initially \$5.50 per cubic yard) which Contractor is entitled to collect from users of the Station delivering Publicly Hauled Waste, and to retain. It is a component of the Public Use Fee.

18. Hazardous Waste. "Hazardous Waste" means:

i. all substances defined or characterized as hazardous waste by the Federal Solid Waste Disposal Act (42 U.S.C. Section 3251 *et seq.*), as amended, including the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 *et seq.*) and all future amendments thereto or regulations promulgated thereunder;

ii. all substances defined as hazardous waste, acutely hazardous waste, or extremely hazardous waste by Health and Safety Code Sections 25110.02, 25115, and 25117, and future amendments to or recodifications of such statutes or regulations promulgated thereunder, including 23 California Code of Regulations Sections 2521 and 2522; and

iii. radioactive wastes.

If two or more governmental agencies having concurrent or overlapping jurisdiction over hazardous waste adopt conflicting definitions of "hazardous waste," for purposes of processing and disposal to land, the broader, more restrictive definition shall be employed for purposes of this Agreement.

19. Host Fee. "Host Fee means the amount which City is entitled to receive for Municipal Solid Waste delivered to the Station from the other Participating Agencies, for Publicly Hauled Waste, and for any materials from outside the Primary Service Area. Contractor is to collect the Host Fee, as a component of the Public Use Fee or Outside User Fee, and remit it to City.

20. Maintenance Waste. "Maintenance Waste" means the following materials collected by maintenance employees of a Participating Agency or by private contractors hired by a Participating Agency:

i. debris from street and sewer repairs;

ii. debris from street sweepings;

iii. grass clippings, leaves and tree trimmings from maintenance of parks, streets, median strips and other city property;

iv. rock and concrete;

v. concrete and asphalt pavement from streets; and

vi. tree stumps.

21. Medical Waste. "Medical Waste" means those materials defined in Health and Safety Code Section 25023.2 and does not include waste identified as not being medical wastes in Section 25023.8.

22. Memorandum of Understanding. "Memorandum of Understanding" means the Second Memorandum of Understanding Among the Cities of Mountain View, Palo Alto and Sunnyvale Relating to the Construction and Operation of a

Materials Recovery and Transfer Station and the Long Term Disposal of Municipal Solid Waste at Kirby Canyon made as of June 9, 1992.

23. Minimum Recycling Level. The percentage shown in Section 3.05.B which Contractor is obligated to Recycle.

24. Municipal Solid Waste. "Municipal Solid Waste" means all substances or materials that are discarded or rejected as being spent, useless, worthless or in excess of the owner's needs at the time of discard or rejection including, without limitation, all putrescible and non-putrescible solid and semi-solid waste including Garbage, Rubbish, Maintenance Waste, Yard Waste, Bulky Wastes, industrial wastes, Construction Debris, and grit and sweepings from a Water Pollution Control Plant, which are generated by residential, commercial, industrial, institutional, municipal, agricultural and other activities and which are not otherwise restricted in a Class III landfill by State or Federal regulations and which are delivered to the Station.

Municipal Solid Waste does not include: (i) Hazardous Waste; (ii) Designated Waste; (iii) Medical Waste; (iv) Ash; (v) Source-Separated Yard Trimmings; (vi) Source-Separated Recyclable Materials; or (vii) materials segregated for processing and recycling at the Transfer Station once they have been so segregated and processed.

25. Neighboring Cities. "Neighboring Cities" means the cities of Mountain View and Palo Alto.

26. Neighboring Cities' Disposal Contracts. "Neighboring Cities Disposal Contracts" means the Agreements for Long Term Disposal of Solid Waste between Mountain View and Waste Management of California, Inc., dated as of September 24, 1991, and the Agreement for Long Term Disposal of Solid Waste between Palo Alto and Waste Management of California, Inc., dated as of October 7, 1991.

27. Outside User Fees. "Outside User Fees" means the amounts established by City which Contractor is to collect from users of the Station from outside the Primary Service Area, and to remit to City.

28. Participating Agencies. "Participating Agencies" means the three cities of Palo Alto, Mountain View and Sunnyvale, or any of them, as the context requires.

29. Person. "Person" includes any individual, firm, association, organization, partnership, corporation, business trust, joint venture, the United States, the State of California, the County of Santa Clara, municipality or special purpose district or any other entity whatsoever.

30. Primary Service Area. "Primary Service Area" means the geographical area within the jurisdiction of the Participating Agencies and any contiguous areas which are served by the Designated Hauler(s) of one or more Participating Agencies.

31. Processing. "Processing" means the reduction, separation, recovery, conversion or recycling of solid waste.

32. Proposal. "Proposal" means the Proposal dated September 6, 2006, submitted by Contractor to City under cover of a letter dated September 6, 2006, including all attachments and exhibits (i.e., Proposal Forms 1A through 21 and Exhibits 3a through 21d), as supplemented by responses to questions submitted on October 27, 2006, a recycling revenue worksheet and an alternative revenue sharing formula (now incorporated in Exhibit P) submitted on November 20, 2006, revised Forms 12B, 12C and 13 submitted on December 22, 2006, and a worksheet addressing Section 3.21 submitted on January 23, 2007.

33. Public Use Fee. "Public Use Fee" means amounts established by City to be charged to persons delivering Publicly Hauled Waste to the Station.

34. Publicly Hauled Waste. "Publicly Hauled Waste" and "Publicly Hauled Municipal Solid Waste" mean Municipal Solid Waste delivered to the Station by persons other than the Participating Agencies and/or their Designated Haulers.

35. Recyclable Materials. "Recyclable Materials" means any materials pulled out of the waste stream, including domestic, commercial or industrial by-products of some potential value which are set aside, handled, packaged or offered for collection in a manner different from Garbage, Rubbish or other forms of Municipal Solid Waste.

36. Recycle; Recycling. "Recycle" or "Recycling" means the process of collecting, sorting, cleaning, treating and reconstituting materials and returning them to the economic mainstream in the form of raw material for new, reused or reconstructed products which meet the quality standards necessary to be used in the marketplace. "Recycle" or "Recycling" does not include Transformation, except for the Transformation of wood (but not wood by-products, such as paper) to produce fuel.

37. Recycling Level. "Recycling Level" means the percentage of the Municipal Solid Waste (including Publicly Hauled Waste) entering the Station which is diverted from land disposal by Contractor's operations and thereafter recycled. The Recycling Level will be calculated as shown on Exhibit S.

38. Rubbish. "Rubbish" means all waste wood, wood products, printed materials, paper, pasteboard, rags, straw, used and discarded clothing, packaging materials, ashes from residential burning, floor sweepings, glass, and other waste materials not included in the definition of Garbage, Hazardous Waste, or Yard Waste.

39. Sharps. "Sharps" means sharp-edged or pointed medical implements, such as needles, lancets, etc.

40. Source-Separated Recyclable Materials. "Source-Separated Recyclable Materials" means Recyclable Materials which have been segregated into separate containers by the Waste Generator, the Designated Hauler or other Persons prior to their delivery to the Station. Materials delivered to the Buyback/Dropoff Center and materials collected by the Participating Agencies' Designated Haulers as part of "curbside" recycling programs are included in Source-Separated Recyclable Materials.



41. **Station.** "Station" means the facility owned by the City which is utilized to receive Municipal Solid Waste, to temporarily store, separate, recover, convert or otherwise process the materials comprising the Municipal Solid Waste, to Recycle materials from the Municipal Solid Waste and to transfer the remaining Municipal Solid Waste to Transfer Vehicles for transport to the Disposal Facility.

42. **Station Site.** "Station Site" means the area (approximately 9 acres) on which the Station and appurtenances are located.

43. **Term.** "Term" has the meaning set forth in Section 2.02 of the Agreement.

44. **Ton.** "Ton" means a short ton of 2,000 pounds avoirdupois.

45. **Transfer Vehicle.** A tractor and trailer designed to haul a load of no less than 20 Tons of solid waste.

46. **Transferee Municipality.** "Transferee Municipality" means any municipal corporation to which City, or any of the other Participating Agencies, has transferred a portion of its Allocation Quantity in accordance with Section 3.04 of the Disposal Contract or Neighboring Cities' Disposal Contracts.

47. **Transformation.** "Transformation" means the incineration, pyrolysis, distillation, gasification, or biological conversion other than composting.

48. **Yard Trimmings.** "Yard Trimmings" means tree trimmings, grass cuttings, dead plants, leaves, branches and dead trees, and similar organic materials. Yard Trimmings may be Source-Separated Recyclable Materials if they are segregated prior to collection and delivered to the Station in a separated condition. They may also constitute Municipal Solid Waste if they are delivered commingled with other waste materials.

Materials Recovery and Marketing Plan

As a prelude to this *Materials Recovery and Marketing Plan*, BCWS firmly believes that **quality performance** is the driving factor in the Company's success thus far. This belief is evident in every strand of current operations; most obvious, perhaps, is the priority treatment BCWS gives its safety program, the consideration it bestows on its employees, and the care and maintenance it provides to its facilities and equipment. The City of Sunnyvale has considerable experience working with the Company and can be assured a clean, expertly managed SMaRT Station under the watch of BCWS.

The Company will not waver in its commitment to quality performance in service to SMaRT Station operations. This is important, because key to increasing diversion and selling commodities to valid markets is running a quality operation that outputs exceptional end products. The largest investment BCWS will make in managing SMaRT Station operations is, by far, the recovery of materials from the MSW stream. The Company estimates that well over 65 percent of operating costs will be allocated to its materials recovery efforts.

Exceptional end products mean highly marketable commodities and good rapport with material brokers. Recyclable materials markets are volatile and beyond the Company's control. However, BCWS intends to place itself in the strongest position possible with its commodities brokers by consistently shipping materials that meet or exceed the broker's standards and in the amounts promised.

In order to achieve exceptional output, the Company will implement a **quality assurance** plan, the focal point of which will be a periodic in-house assessment on the following general points:

- » Workplace/Worker Safety: Are work areas clean, dry, and properly ventilated; are workers performing tasks in the safest possible way; and is all safety equipment accessible, properly worn, and/or utilized as prescribed?
- » Efficacy of processing practices to maximize diversion: Are employees making every best effort to divert recyclable materials from the MSW stream; do more effective/safe work practices need to be implemented to accomplish objectives, or are there other processing methods that would yield better results?
- » Waste stream composition: Has the waste stream changed; if it has changed, how so, and is there a corresponding market or emerging market to handle such materials/material components?

- » Markets: How are relations with materials brokers; is the Company securing the best possible pricing; and what impacts—positive or negative—do market trends have on operations and how will trend forecasts be used to augment positive cycles or mitigate negative ones?

By having as its objective quality performance in all areas of SMaRT Station operations, and by performing regular checks to assess how it is doing in meeting this objective, BCWS believes diversion can increase without compromising safety.

BCWS is also applying an ample labor force to sorting operations in order to assertively and more effectively pick recyclable materials from both sorting lines. Staffing schedules are included as *Form 8A, 8B, and 8C*.

The remainder of this subsection is organized as follows:

Subsection	Title
14a	General Parameters and Operating Standards
14b	Materials Sources and Targeted/Accepted Materials for Diversion
14c	Processing Operations/Material Flow
14d	Diversion Efforts
14e	Marketing
14f	Conclusion

»14a: General Parameters and Operating Standards

BCWS understands that the following general parameters apply to operating the SMaRT Station:

- » BCWS has thoroughly reviewed and has presented for review to its legal and accounting team the terms and conditions of the *Agreement* included in the *RFP* documents as *Appendix C*. The Company agrees to all terms and conditions without exception.
- » The Company understands that Participating Agencies are installing new MSW processing equipment at the Station by January 1, 2008, and commits to working with all parties involved in facilitating a seamless transition.
- » BCWS will assertively mine and process recyclable materials from the following waste classifications as the *RFP* documents indicate from both City-designated haulers and the general public: MSW, source-separated recyclable materials, and wood and yard trimmings. Utilizing its own transfer rigs, BCWS will transport MSW to Kirby Canyon Landfill. Recyclable materials—including yard waste/organics will be transported by materials brokers per the marketing plan presented in *14e*, or hauling of these materials will be subcontracted to

outside haulers. BCWS wishes the City to understand that although an exceedingly strong effort will be given to plucking food waste from the MSW stream, the new (proposed) processing equipment is uninstalled and untested and causes BCWS to project slightly conservatively.

- » The above classifications will divert materials through these Station functions: MSW processing operations, source separated recyclable materials processing operations, wood and yard trimmings processing, and the public buy-back/drop-off center.
- » Materials processed via the above operating lines are derived primarily from franchise collection operations of the Participating Agencies, with one current exception. This is discussed in *14b*.
- » The Company agrees to meet or exceed the minimum diversion requirement of 17.5 percent from MSW feedstock. With only technical information on the proposed and untested MSW processing equipment, BCWS conservatively projects it can attain a 20 percent diversion rate in the first year. The Company will continue to refine operations such that higher levels of diversion may be achieved in each respective year.
- » BCWS agrees to operate the Station on the days and during the hours stipulated in the *Agreement* and under every condition of all permits pertaining to the Station, and in alignment with the City's environmental and safety policies—including its Environmental Procurement Policy, Integrated Pest Management Policy, Wastewater Discharge Requirements, Washdown Water requirements, Hazardous Waste Screening requirements, and clean air fuels requirement and options.¹
- » The Company will treat all equipment and the facility with the utmost care. All equipment will be maintained as specified by the manufacturer whether or not that maintenance schedule is called out in exact terms in this submittal.
- » BCWS will work closely and cooperatively with the City as it is known to do under the collection franchise to achieve the objects of the City/Participating Agencies.

»14b: Materials Sources and Targeted/Accepted Materials for Recycling

Materials flow into the SMaRT Station from the following sources:

- » MSW from each of the three Participating Agencies, delivered by their franchised haulers, and official City vehicles;

¹ BCWS' objective is to utilize clean air fuels equipment as feasible. *Forms 11, 12A, 12B, 12C, 13, and 15B* assume transfer vehicles and loaders powered with standard diesel, as required. *Form 20* discloses the Company's chosen clean air fuel option for powering rolling stock excluding loaders and transfer vehicles (*Option 1*), as well as its clean air fuel option that includes loaders and transfer vehicles (*Option 2*).

- » Source separated recyclable materials of single-family curbside recycling and multi-family recycling programs in the Cities of Sunnyvale and Mountain View.
- » Yard Trimmings of residential premises in the Cities of Sunnyvale and Mountain View.
- » Public/Self-Haul MSW and yard trimmings brought to the SMaRT Station.
- » Source separated recyclables from commercial sources in the cities of Mountain View and Sunnyvale.
- » Source separated recyclable materials delivered to the buyback/drop-off center by members of the public.

MSW.

BCWS anticipates that it will mine MSW assertively for the materials listed below in order to surpass the set diversion requirement of 17.5 percent. The materials that are highlighted are those noted in *Section 4.6 – SMaRT Station Residuals* of the *Palo Alto Waste Composition Study*². These materials represent the best recovery potential in the residual waste stream. The report finds that over 77 percent (30,700 tons) of SMaRT Station residuals are recyclable or compostable. Huge effort will be placed on pulling out food waste and other organic materials such as green waste. It is the Company's hope that the new processing equipment will capture more organic fines as purported.

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² Cascadia Consulting Group, March 2006

**MSW Stream
Targeted Recyclable/Divertable Materials**

▼ Commodity/Material	▼ Total Reported Residual Tons Annually (2006 Waste Study)
Carpet	<i>Approximately 120 tons remain in the MSW residual stream.</i>
Concrete	
Dirt	<i>Approximately 2,200 tons of soil, rock, and fines remain in the MSW residuals stream.</i>
E-Waste, CRTs/Monitors	
Food	<i>Approximately 6,100 tons remain in the MSW stream. See Form 15A.</i>
Food-Soiled Paper	
Glass, Amber	<i>Approximately 4,350 tons of prunings, trimmings, leaves, and grass remain in the MSW residual stream.</i>
Glass, Flint	
Glass, Green	
Glass, Mixed	
Green Materials	
Gypsum	<i>Approximately 1,100 tons remain in the MSW residuals stream.</i>
Metal, Aluminum UBC	
Metal, Aluminum Scrap	<i>Approximately 625 tons of composite metals remain in the MSW residual stream.</i>
Metal, Composite	
Metal, Scrap Steel	
Metal, Tin Cans	<i>Approximately 922 tons of ferrous metals remain in the MSW residual stream.</i>
Organic MRF Fines	
Paper, Mixed	<i>Approximately 2,500 tons of misc. paper, magazines, and catalogs remain in the MSW residual stream.</i>
Paper, OCC	
Paper, Office Pack	<i>Approximately 1,100 tons of cardboard remain in the MSW residual stream.</i>
Paper, ONP	
Plastic, Film	<i>Approximately 720 tons of white ledger remain in the MSW residual stream.</i>
Plastic, HDPE	
Colored (Epic)	
Plastic, PET	<i>Approximately 1,500 tons remain in the MSW residuals stream.</i>
Rock	
Textiles, Carpet	<i>Approximately 2,000 tons remain in the MSW residuals stream.</i>
Wood Overs	
Tires	<i>See "Dirt," above.</i>
	<i>Approximately 670 tons remain in the MSW residual stream.</i>
	<i>Approximately 88 tons of branches and stumps remaining in the MSW residual stream</i>

Of the materials highlighted above, all but two are very easily marketable. It is a matter of taking the time and care during the sort process to pick off greater quantities of these materials. Plastic film and textiles represent areas to strengthen marketing activities. Overseas plastic recycling

markets continue to grow. Please see the American Plastic Council's *National Post Consumer Plastics Recycling Report*, produced by RW Beck, included as *Exhibit 14a* for general information about plastics marketing. *Exhibit 14b* is a listing of plastic film markets—many of which accept other plastics shipped to them by either Blue Line or PTS already.

Textile recycling has been a bit more difficult for independent recyclers/recycling facilities due to domination of markets by textile manufacturers. BCWS believes this is an area to research with the objective of recycling textiles to a greater extent than ever before, and the Company is committed to doing that. A textile recycling information sheet is included as *Exhibit 14c*.

Source Separated Materials.

Source separated recyclable materials brought to the station are cleaned-up, through a process described in the following section, and shipped to market. These materials include:

- » Glass: Amber, Flint, Green, and Mixed
- » Metals: Aluminum UBC, Tin Cans
- » Paper: Mixed, OCC, and ONP
- » Plastics: HDPE (colored, Epic mix), PET

BCWS commits to doing an excellent job in preparing these products for shipping to maintain good rapport with markets/brokers.

»14c: Processing Operations/Material Flow

Prior to a detailed discussion of material flow through the facility, the following important facility controls are acknowledged:

Station Controls

The Company will maintain, in an optimal state, the station controls listed below. Inspection of these controls systems will become part of BCWS' regular facility safety inspections.

- » Nuisance Control: BCWS commits to operating the Station in accordance with all permit requirements by the laws and requirements of all regulating agencies or entities with jurisdiction over it. The facility will be kept clean.
- » All processing of waste will be conducted in enclosed areas. BCWS will fully screen any unenclosed storage areas to the highest point of any stored or stacked materials, equipment and/or supplies of any kind with an enclosure whose design and method has been approved by the Director of Community Development.

- » **Passive Landfill Gas Venting System:** The Company understands and accepts the propensity for the migration of landfill gas from the adjacent closed landfill and will monitor and maintain the venting system as specified. Supervisors and employees will receive training in how to act in case a sensor alarm goes off.
- » **Dust Control:** BCWS will ensure that dust control equipment is well maintained and is utilized in the fashion intended.
- » **Vector/Bird Control:** All best practices will be employed to manage vectors.
- » **Drainage Control:** The Company is familiar with storm drain filters and will maintain/report these as required.
- » **Litter Control:** The interior of the facility will be swept regularly/as-needed to keep litter under control. BCWS will cooperate fully with the City's Litter Control Program.
- » **Noise Control:** The Company will monitor noise to ensure it does not exceed noise standards.
- » **Odor Control:** BCWS acknowledges that odor from decaying organics has the potential to drift to open areas outside the facility. A particular concern is the walking/jogging paths located at the closed landfill. The Company knows and understands that the best mitigation is to remove waste accumulations every 24 to 48 hours at a minimum, and will do so.

Traffic Control: BCWS has reviewed information pertaining to traffic and is very familiar with traffic patterns since its collection operations delivers waste and source separated recyclables to the facility on a daily basis.

Materials will flow to the SMaRT Station from the generators listed above, in *14b*. The following narrative describes the general progression of events once materials arrive at the Station.

Check-In: Collection Vehicles

All collection vehicles weight in at the inbound scales located at the gatehouse area. They then proceed to the designated tipping area. Determination of suitability for waste processing is either prearranged or determined at the gatehouse through scale master inquiry.³

Check-In: General Public

Signs direct the public on how to proceed once past the gatehouse. The public is charged for disposal of their materials on a volume basis as assessed by the scale master or scale assistant.

³ BCWS is aware that it must purchase a generator for scale house operations.

Hazardous/Unpermitted Waste Screening

BCWS will strictly protect the health and safety of its workforce and general public by enforcing the City's *Hazardous Waste Exclusion Program* included as *Exhibit G* of the *Agreement*. This means that the Company will conduct, at a minimum, the inspection of six random loads each week as well as inspection of any suspicious loads entering the facility. The process will take place exactly as the *Program* guidelines dictate. The program is also discussed in *Form 10* as part of the Company's health and safety program. Furthermore, BCWS has reviewed information pertaining to *Hazardous Materials Storage*, including the special handling of sharps, in the *RFP* documents and feels uniquely qualified to manage these materials due to its similar Blue Line and PTS experience.

Source Separated Recyclable Materials Handling

See *Form 11* for a list of rolling stock to be provided by BCWS and utilized in source separated recyclable materials processing/handling.

Materials from the curbside collection programs of the Cities of Sunnyvale and Mountain View are directed to tip either at the *source separated recyclables processing area* or the *yard/wood trimmings processing area*, depending on collection route type. It is understood that, at this time, the City of Palo Alto does not bring its recyclable materials to the Station. The Company also notes that the City of Palo Alto may elect to bring its curbside materials to the SMaRT Station commencing in 2009 when its current contract for processing terminates, and that the additional materials will not, given current tonnage forecasts, push the Station's throughput beyond its permitted capacity, nor will it generate additional compensation under the terms of this *Agreement*. The sale of recyclable materials will be split with the City as normal and stated in the *Agreement* §5.

The curbside collection programs of the Cities of Sunnyvale and Mountain View both employ dual stream recycling: with fiber and commingled containers (cans, glass, plastic) are segregated. Once curbside recycling vehicles offload their materials in the *source separated recyclables processing area*, fiber materials are transferred onto the fiber sorting line, and containers are transferred to the rigid container sorting line. Materials are manually sorted and stored in bunkers located beneath the sorting platform until accumulations or time constraints warrant moving materials to the baler (with the exception of glass which is loaded into covered containers and shipped loose).



Source separated recycling will be processed primarily in the same way as is currently done, and therefore no new mass diagram has been included in this submittal. The change will be in the Company's diligence in managing sorting labor to increase output quantity and quality.

Yard Trimmings and Wood Waste Processing

See *Form 11* for a list of rolling stock to be provided by BCWS and utilized in yard/wood waste operations.

Yard waste routes and commercial/residential loads of clean wood/yard waste (typically brought to the facility via roll-off truck) are directed to offload in the *wood and yard trimmings area*. Wood and yard waste recovered from MSW loads will be moved from the tipping floor to this same area also. After tipping, loads are inspected and contaminants removed. The clean materials are then shredded, transferred to a conveyor fitted with an overhead magnet to remove small metal pieces, such as nails. Fines and overs are also separated for marketing purposes (discussed later in this section). They are stored until shipping time.

BCWS understands the importance of not allowing any wood waste to be disposed of in the landfill, and will make a concerted effort to divert as much wood and yard waste materials from the MSW stream (discussed below). The Company certifies that no segregated yard trimmings or wood waste will be disposed of in a landfill and they will not be utilized as alternative daily cover (ADC).

MSW Handling

See *Form 11* for a list of rolling stock to be provided by BCWS and utilized in MSW processing operations.

BCWS acknowledges the City's intent to install new MSW processing equipment prior to the operations start date of January 1, 2008. It is obvious to BCWS that this new processing equipment is designed to capture greater amounts of minus 2" organic MRF fines all through the system.

Once MSW is tipped, it is visually inspected to ascertain the richness of the load for processing. Based on review of all documents pertaining to MSW stream composition, the Company is intent on utilizing the new equipment to the greatest extent possible to extract more recyclable materials, especially those targeted in *14b* above. The objective is to continue increasing

diversion. The new equipment combined with the Company's staffing plan (see *Form 8A, 8B, and 8C*), which features an increased number of sorting positions over the minimum requirement and what the current contractor employs, will help to increase diversion.

Pre-sort: The presort begins on the tipping floor, where the following materials will be manually removed to as great an extent as possible: bulky rejects (to landfill); wood/stumps (to the *yard waste building*), bulky metals (to market), e-waste, dirt, and concrete. Hazardous materials will also be isolate/removed and properly dealt with at this point. The remaining material is transferred from the tipping floor to dual sorting lines and flow over a series of conveyors. In the first phase of sorting, the conveyor system is geared toward the removal of bulky items, such as: concrete, carpet, tires, clothing leather, lumber, pallets, limbs, stumps, bulky metal items, and large OCC boxes. All removed items are ready to ship out to market or landfill. This is where BCWS will remove carpet and textiles when specific markets are identified, terms defined, and arrangements made for materials delivery.

The remaining waste is fed into trommels which open bags and further screen the materials into three classifications: a) -2"; b) middlings (-9"); and c) oversize (+9").

-2" material: Fines generally equate to organics or residual waste, which will be dropped through holes in trommels onto belly conveyors. An overhead magnet pulls out small metal objects, such as nails, prior to loadout into roll-off containers. Metal objects will then be conveyed for storage into the walking floor bin.

+9": These materials include ferrous metals, mixed paper, ONP, OCC, wood and yard waste. And will be transported from the trommels for manual sorting of the above stated materials.

-9" material: Middlings include: mixed paper, glass, plastics 1 through 7, PET, HDPE, and aluminum cans. As these items fall off onto belly conveyors which, in turn, feed into a primary rotating disc screen where two cuts are made: a) -9/+5"; and b) -5". Dual sorting platforms allowed for increased picking of recyclable materials.

-9/+5": This material (the same as listed above) is conveyed into a splitter box to reduce depth, thereby increasing potential for more effective sorting activities. Depending on the throughput at the time, the materials may be sent onto one conveyor, or at peak times the materials may be sent onto two conveyors for sorting. Magnets positioned above these conveyors pick up and discharge ferrous metals onto C-505 which will discharge those materials for storage into the walking floor ferrous bunker. The remaining trash is transported via load out conveyor C-601.

-5/+2" (refer -9", above): These materials essentially include metal cans and other small items, and will be discharged over the disc screen to feed another magnet and eddy current separator to segregate ferrous from non ferrous metals. Non-ferrous materials (i.e. aluminum) will continue to aluminum clean-up for further clean-up. Ferrous materials will be deposited into a hopper on the floor near the pre-sort station.

-2": These materials will fall through disc screen openings onto a belly conveyor that dumps onto fines transfer conveyor to join the -2" stream.

MSW Processing - Finishing: Combined residue from the ferrous/non-ferrous separator will be transported to C-601 residue transfer conveyors for off-site disposal at Kirby Canyon Landfill. And, finally, the following collected recyclable materials are transferred to the baler, baled, and prepared to ship:

- » ONP
- » Mixed Paper
- » OCC
- » HDPE
- » PET
- » Plastics 3 – 7
- » Aluminum
- » Ferrous Metals

The following diagrams in Exhibit B-2 depict the general flow of materials through the facility, and the new MSW process.

Public Buy-back/Drop-Off Center.

BCWS will operate the public buy-back/drop-off center as per the days and hours specified in the *Agreement* and per all of the operating standards and controls listed within this document. The center will accept the following materials:

- » Newspaper
- » Glass Bottles/Jars
- » Aluminum
- » Metals
- » OCC
- » Kraft Paper

- » Office Paper
- » Mixed Paper
- » Plastic Containers (1-7)
- » Used Motor Oil*
- » Used Auto Oil Filters*
- » Anti-freeze*
- » Auto Batteries*
- » Household Batteries*
- » Fluorescent Light Bulbs/Tubes*
- » Household Items Container Mercury (i.e. thermometers, thermostats)*
- » Universal Waste Electronic Devices and Consumer Electronic Devices*
- » All CRV Containers
- » Other Materials (as approved by the City)

BCWS will purchase recyclable materials from members of the public, paying prices that are within 10%, plus or minus, of the average prices paid for similar materials purchased in retail quantities from individual customers in similar facilities in Alameda, San Mateo and Santa Clara counties.

BCWS is open to negotiating providing reuse services to the general public, and notes that some materials that aren't on this list may be of interest to other members of the public. For example: clean wood or lumber; or household items in good condition. The Company understands that any material received through the center does not count toward its targeted diversion rate from MSW feedstock of 17.5 percent.

The Company will also provide a safe drop-off bin for sharps. The bin will be fitted with a chute such that materials can be deposited but not removed from the chute. BCWS will arrange for proper disposal of such material, as approved by the City.

Transfer Operations.

See *Form 11* (to become *Exhibit H-2* of the final *Agreement*) for a list of rigs, trailers, roll-off trucks and 4 to 6 cubic yard bins that will be procured by BCWS and utilized in transfer operations. The Company's transfer experience is documented in *Form 4E* and is also evident through the fact that BCWS shareholders have conducted transfer operations since 1968. BCWS will safely transport MSW to Kirby Canyon Landfill. As previously stated, however, the Company intends to allow processed/prepared recyclable materials to be picked up at the facility by materials brokers, or to hire outside haulers for the transport of these. The transfer equipment to be utilized (*Form*

11) is well suited to the steep grade from the landfill's gate house to the current tipping area on the face of the landfill.

»14d: **Diversion Efforts**

BCWS' cost model revolves around the throughput and recovery assumptions/projections presented on the following page. Relative to MSW processing operations, the Company understands the importance of assertively diverting materials that are currently being landfilled due to outdated or less efficient equipment and other factors, such as labor and management. There is no secret to obtaining excellent results: labor must be well managed in every possible way to increase MSW diversion.

The Company is realistic in its stated recovery objectives. To reiterate: there are variables strictly beyond BCWS' control at this juncture which render projections pure speculation: 1) the proposed new equipment is not yet installed and therefore untested; 2) it is unknown whether the equipment will produce the aggressive results estimated in the *RFP* documents, and 3) should participating cities implement curbside food waste recycling programs in their respective jurisdictions, any diversion achieved through MSW processing operations will be diminished.

What is known is there are precisely four points during MSW processing where BCWS can intervene to positively affect recovery output: 1) at the tipping floor; 2) on the presort line; 3) on the +9" sort line; and 4) on the -9" sortline. The Company will be very assertive in utilizing manual labor to pluck recyclable materials from the MSW at these points. The focus will be on removing food waste, paper, yard trimmings, rocks, soil, and dirt. The Company's ample labor pool—as listed in *Forms 8A, 8B, and 8C* will receive clear directives on what materials to target and how precisely to conduct sorting to achieve optimal recovery. BCWS will evolve its manual sorting operations during the first year to steadily increase diversion—balancing costs to incentives.

Throughput and recovery projections for both the source separated materials and MSW processing operations are expressed in the chart on the following page.

Source Separated Recyclable Materials - Recovery Projections		
▼ Material	▼ Projected Throughput Annual Tons	▼ Projected Recovery Rate Expressed as %
Aluminum	106	100
OCC	3,400	100
Glass, Amber	220	100
Glass, Flint	520	100
Glass, Green	550	100
Glass, Mixed	700	100
HDPE, Colored	470	100
Mixed Paper	5,000	100
ONP	6,400	100
PET	390	100
Tin Cans	360	100
Yard Trimmings	22,900	100
MSW Tonnage Assumptions - Recovery Projections		
▼ Material	▼ Projected Throughput Annual Tons	▼ Projected Recovery Rate Expressed as %
Aluminum UBC	90	0.24
Concrete	3,000	7.96
OCC	2,900	7.7
Glass, Amber	80	0.22
Glass, Flint	300	0.81
Glass, Green	96	0.26
Glass, Mixed	170	0.46
HDPE	300	0.81
Mixed Paper	8,900	23.63
Other Plastics/Plastic Film	30	0.02
ONP	20	0.01
PET	230	0.63
Scrap Steel	4,900	13.01
Scrap Aluminum	17	0.01
Tin Cans	227	0.6
Wood Overs	3,200	8.55
Organic MRF Fines	6,000	15.94
Clean Dirt	1,600	4.26
CRTs/Monitors	60	0.17
Green Materials	5,200	13.81
Tires	65	0.18
Process Water	90	0.25
Hazardous/Universal Waste	175	0.47

»14e: Marketing

The same proven approach used in PTS and Blue Line sorting/processing operations (as presented in *Form 4d*) will be applied to SMaRT Station materials marketing. The approach will be enhanced, however, with BCWS' quality assurance program. This program is described in *Form 4d*.

The Company's materials marketing manager will work continuously with station MSW/Source Separated Operations Managers to adjust sorting practices and equipment (with City approval) to meet market demands and emerging market opportunities. The focus will always be on increasing diversion, and strengthening market position and broker relations. The Company will work collaboratively with the City/Participating Agencies to ensure their satisfaction with outcomes.

Furthermore, the Company's position relative to materials marketing will automatically be strengthened with the award of the SMaRT Station contract due to the large amounts of commodities output. The collective tons of recyclable materials output through PTS, Blue Line, and BCWS will advance these entities' presence with materials brokers. All will benefit.

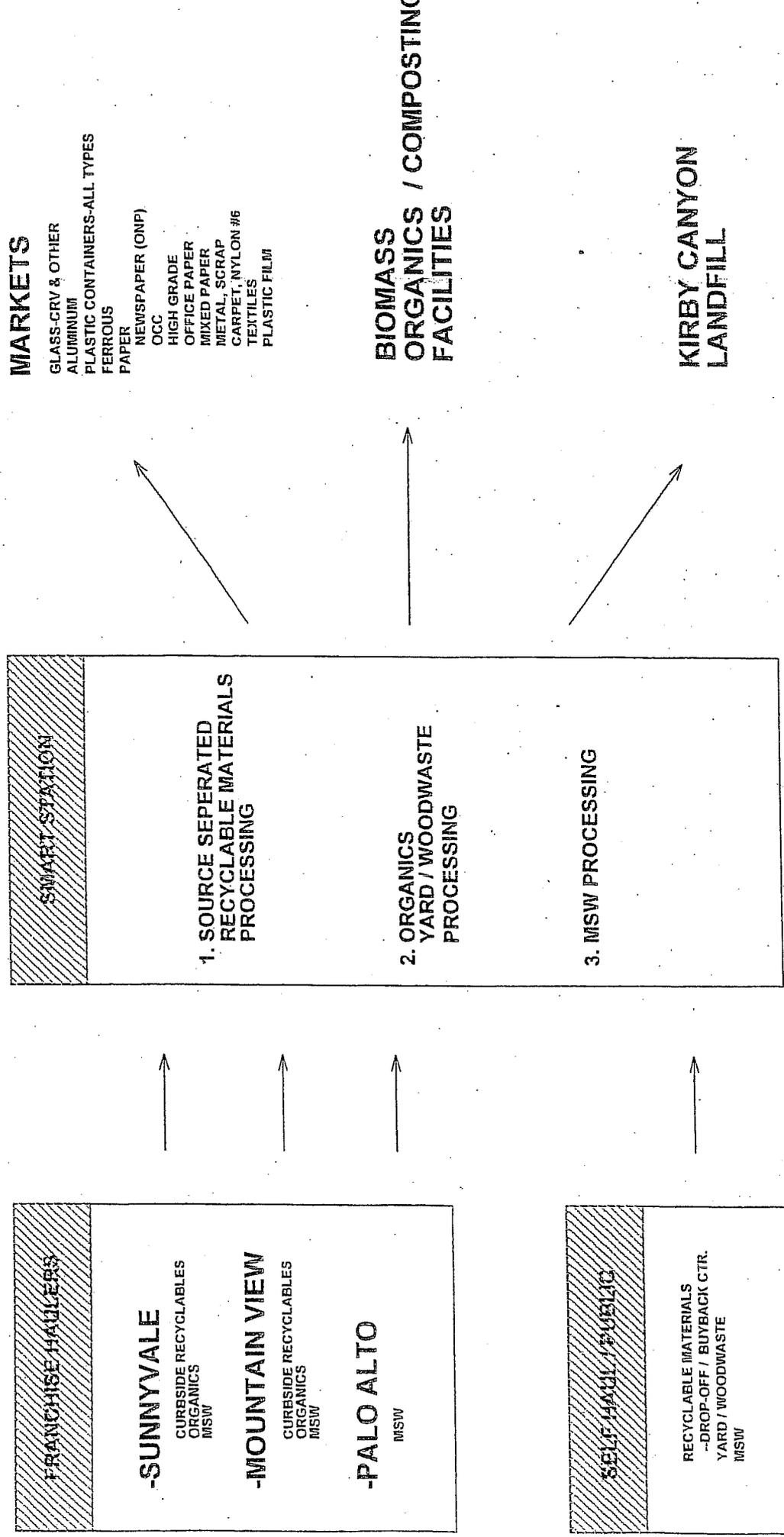
Furthermore, BCWS invites the City/Participating Agencies to check with the materials brokers listed in *Form 4d* for reassurance relative to the Company's sound business practices and general materials marketing experience.

»14f: Conclusion

BCWS is a company with unrivaled materials recovery/transfer station operations experience, and a well-established presence and excellent reputation in the Bay Area and local community. The Company's lengthy and extensive processing and transfer operations experience, high attention to safety and cleanliness, and strength in the marketplace coupled with the strong intention of progressively yet steadily diverting greater amounts of MSW over the course of the contract assure success.

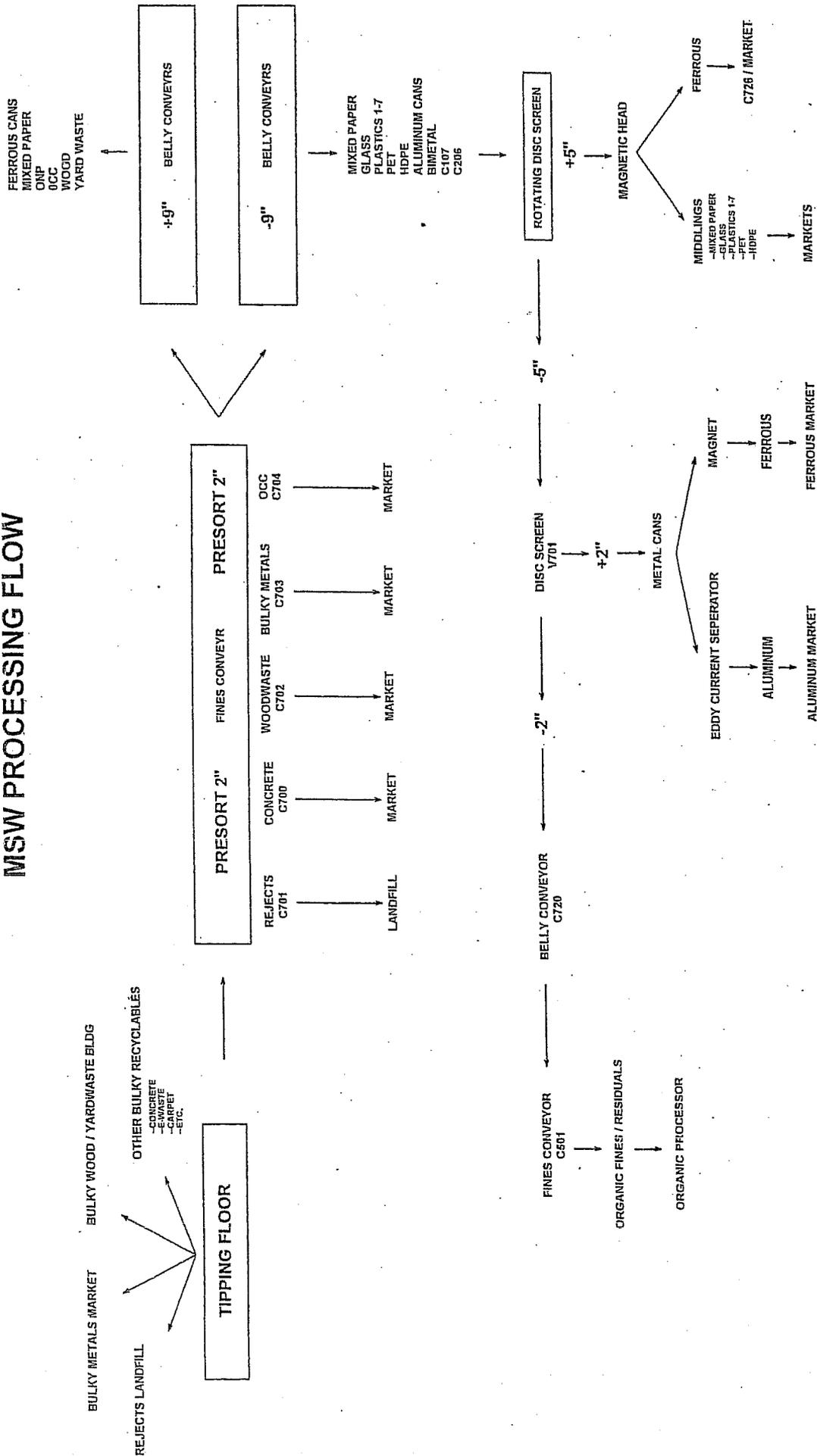


GENERAL MATERIAL FLOW



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MSW PROCESSING FLOW



[Handwritten signature]

Organics Marketing Plan

BCWS is aware of the importance of organics processing and marketing. This stage of organics processing infrastructure development is not much different than the emergence of curbside recycling programs in the 1980s. There are few programs after which to model organics collection and processing programs, and there are fewer processing options.

BCWS affiliate Alameda County Industries has implemented food waste (organics) collection in the cities of Alameda and San Leandro. In the case of Alameda, food waste material is collected from all sectors: residential single-family, multi-plex, and multi-family, and commercial restaurants. The residential participation rate in Alameda is exceptionally high (up to 58%), due to an assertive public outreach campaign. BCWS will support and assist in any way possible the City/Participating Agencies with implementation of organics collection programs, and will deal with these materials as effectively and efficiently as possible at the SMaRT Station.

Following is BCWS' tentative plan which, of course, will change depending on what exactly member agencies decide to do and when, and what processing options may open up during the term of this contract.

This is how the section is organized:

▼ Section	▼ Description
15A.1	Yard Trimmings: Processing, Transport, and Marketing
15A.2	Residential Yard Trimmings Co-Collected with Food Waste: Processing, Transport, and Marketing
15A.3	Commercial Food Waste: Processing, Transport, and Marketing
15A.4	Organic MRF Fines: Processing Transport, and Marketing
15A.5	Description of Compost Facility

»15A.1: Yard Trimmings: Processing, Transport, and Marketing

Currently, yard trimmings are tipped in the yard trimmings processing building—which is separate from the building housing the source separated processing and MSW processing sort lines. The facility is equipped, generally, with a conveyor, hammer-mill shredder, vibrating screen, and magnetic conveyor. Wood waste and yard trimmings from the franchise curbside collection operations of the Cities of Sunnyvale and Mountain View are delivered to this building.

The materials are pushed onto an in-floor conveyor that feeds the shredder. The materials are shredded, and fines are separated out by means of a vibrating screen. Shredded material is fed onto another conveyor and passed under a magnetic cross-belt conveyor—which pulls away any pieces of ferrous material, such as nails. The two streams—fines and overs—are transfer to storage bays outside the west end of the processing building.

Overs and fines from the MSW processing line will be joined to the overs and fines delivered to the wood waste/yard trimmings processing building and processed/transported together.

Transport to market will be via contracted hauler. Overs will be marketed to one of the landscapers or biomass fuel markets BCWS already has business relationships with that are named in *Form 4*, and fines will be joined with fines from the MSW and hauled via contract hauler to Z-Best in Gilroy. Please see *Exhibit B-3a – Letter of Intent* between Z-Best and BCWS. It is important to reiterate that SSF currently takes food waste from its SFO food waste operations to Z-Best. The price given by Z-Best to BCWS is approximately the same price SSF receives. Should the City decide to negotiate its own contract for organics processing with Z-Best or another organics processor and the pricing under that new contract is less than the pricing BCWS has been able to secure with Z-Best, that new, lower pricing will naturally flow through BCWS' cost model presented herein—and lower the pricing correspondingly.

»15A.2: Residential Yard Trimmings Co-Collected with Food Waste: Processing, Transport, and Marketing

Should the Participating Agencies implement residential food waste collection similar to those of other cities, BCWS will be well-prepared to manage the process. First, a contract will be in place with a processor for processing of the material; second, the processing infrastructure for managing this waste stream will be established with the new MSW processing equipment.

When co-collected yard waste material comes into the facility, relatively little of it will be food waste. By far, the vast majority—visually/by mass—will be yard waste. The difference will be noticed in weight. Therefore, the material will be brought to the wood/yard waste tipping area as is the current practice. The spotter will remove plastic bags, if necessary. The material will then be processed as in *15A.1*, above. However, BCWS will continue to process any loads of bulky wood or clean wood delivered by the public separately, to enable proper processing of this material stream for decorative wood chips/biomass feedstock.

The processed materials will be transported via contract hauler to Z-Best or another processor identified at that time and approved by the City.

»15A.3: Commercial Food Waste: Processing, Transport, and Marketing

Even though the future commercial food waste methodology is an unknown, the Company assumes commercial food waste from restaurants and large cafeterias will be collected by franchise waste haulers utilizing frontloaders trucks, then offloaded at the SMaRT Station. The material will then be transferred into a transfer trailer fitted with an in-floor conveyor, and taken to the processor.

»15A.4: Organic MRF Fines: Processing, Transport, and Marketing

When the City states in its RFP "MRF Fines," BCWS assumes this means fines from MSW processing.

Based on the Company's thorough review of the proposed new MSW equipment, it is apparent that the City is wisely deciding on a system where food waste (assuming the material is 5" under) may be recovered at three points, at least, during processing: a) during the presort process, where 2"- fines are collected via a fines conveyor; b) at the -9" belly conveyors, and c) at the rotating disc screen where -5" material is separated from +5" material—after which -2" fines are again collected and join the other -2" fines.

Organic/food waste-rich material will then be transported via contract hauler to Z-Best.

Whatever the future scenario ends up being, the City/Participating Agencies can count on BCWS to work collaboratively to implement such programs and processes. BCWS has, again, an exceptional range of expertise with its organics collection, processing, and transfer operations experience.

»15A.5: Description of Compost Facility

Z-Best is located on 77 acres on State Highway 25 in Santa Clara County, a few miles south of Gilroy. The site was originally permitted in 1998, to accept up to 1,300 tons per day of curbside generated yard trimmings. The site was recently repermited for additional daily tonnage and the addition of gypsum and foodwaste as feedstocks.

Yard trimmings arriving at the Z-Best site are weighed and recorded in the facility's computer system. The system records gross and net tonnage, place of origin, type of material, date, time

and truck information. These records are used for monthly reporting and invoicing, and are maintained on-site indefinitely. The trucks are then directed to the grinding area for offloading.

Z-Best uses a portable grinding system that allows the yard trimmings to be processed directly into windrows, so there is no centralized tipping area. The trucks unload material directly adjacent to the current grinding area. The material is then inspected for contaminants by load checking personnel, and any hazardous materials are either returned to the truck or brought to the site's designated hazardous materials storage area for appropriate disposal. Non-hazardous contaminants are sorted and placed in trash receptacles for landfilling.

Processing and Composting Operations

After sorting, the yard trimmings are loaded into a horizontal grinder that reduces the material to approximately 3" minus. Horizontal grinders have a significant advantage in safety and operating cost when compared to traditional tub grinders. Additionally, the grinder has a throughput of 120 tons per hour.

Ground material is placed directly into windrows which are trapezoidal in shape, approximately 20' wide at the base, 12' high, and 400' long.

During the 14-18 week composting period, windrows are monitored daily for temperature and moisture. Records are maintained on site and include daily temperature readings, turnings, and documentation of the fifteen-day pathogen reduction period as required by state law. Moisture is adjusted by adding water with one of the on-site trucks as necessary to maintain 40% to 50% moisture content.

Windrows are turned with a Scarab Windrow Turner 1-2 times per week to aerate and control temperature. Throughout the composting process, the desired temperature of 140-150 degrees is maintained through this system of watering and turning. Additionally, laborers walk the windrows after each turning to remove any exposed contaminants.

Finished Products Processing

When a windrow is fully composted, it is brought to the trommel screen for final processing. The trommel screen separates the composted yard trimmings into 1/4 inch fines and overs. The 1/4 inch fines are the finished compost, which is placed into large curing piles. Samples of finished compost are taken monthly, and include testing for metals and pathogen reduction in accordance with Title 14, Chapter 3.1. The finished product is also tested for organic content, nutrient value,

Carbon/Nitrogen ratio, and other items useful for marketing purposes. Compost is generally cured for 30-60 days before sale to end-users. Overs from the screening process generally consist of wood chips, fibrous material, and plastic contaminants. Contaminants are removed for disposal and the remaining overs are re-ground. The material is then re-screened, resulting in additional finished compost and wood chips suitable for the mulch and co-generation markets.

Municipal Solid Waste Composting - (MSW) Composting

In January 2001, Z-Best began its MSW composting program after applying for and obtaining a full solid waste facility permit from the California Integrated Waste Management Board.

Currently the facility accepts up to 250 tons per day of MSW compostable wastes from commercial establishments in San Jose, Town of Woodside and Portola Valley, County of Santa Clara and from the Sunnyvale SMaRT Station. Z-Best's solid waste facility permit enables them to take a peak of 700 tons/day of MSW.

At the Z-Best facility, all materials are processed in an enclosed 20,000 square foot tipping building that accommodates new processing equipment. It is designed as follows: An excavator extracts large items such as shopping carts, matrices and pallets and then loads the feed system. Materials pass in front of two sorting stations where recyclables (plastic containers, metals, glass, etc.) are recovered; non-recyclable materials such as trash are removed. Remaining materials pass through a Bulk Handling System debagger, which slices the bags and larger pieces of cardboard. The processed materials pass in front of another sorting station where glass containers are removed, then go to a BHS 48-inch by 15-foot disc screen to remove the three-inch minus fraction. The remaining materials pass through several hand sorting stations and a magnet. Ferrous and nonferrous metals and plastic containers are removed and recycled. Plastic bags also are removed for disposal. These clean materials then fall into a shredder where they are sized reduced to 3-inch minus. These processed materials and the 3-inch minus from the disc screen are combined and stockpiled. These stockpiled materials are then loaded into one of the modified manure spreader then discharged onto a conveyor that feeds the Ag Bag Bagger.

The bagger ejects the mixed compostable waste into a 350 foot long bag that houses all the compostable wastes. Besides the mixed compostable wastes the bagger also injects two-4 inch reusable PVC pipes which are used to aerate the compostable materials. When the bag has been completely filled, the PVC pipes are connected to a blower which provides the oxygen to the compostable materials.

Each bag has the capability of holding about 500 tons. Retention time in the bags is about four months. As the bags are opened, the contents of several are combined to form a windrow. These windrows are turned for several weeks to facilitate the composting process. The materials are then transported to a screening system that is used to remove any particle larger than 3/4 inches. These larger pieces are then disposed. The 3/4 inch minus materials are stockpiled and cured for an additional four weeks before being screened to 1/8 inch minus. (i.e. the size of coffee grounds). Compost produced using this system is not sold to farmers or materials yards since it does not meet the definition of organic as defined by the Organic Materials Research Institute (OMRI).

Finished compost is sent monthly to an independent laboratory to be tested for nutrient value, contamination and pathogen reduction. The food residuals compost will only be marketed to landscapers and golf courses under the name of Z-Best Landscape Compost to comply with OMRI certification standards.



Organics Processing Costs

Item ▽	Organics Processing Cost Component/Detail ▽	Yard Trimmings	Residential Yard Trimmings Co- Collected with Food Waste	Commercial Food Waste	Organic MRF Fines
A	% Material to Compost Facility	100%	100%	100%	100%
B	Processing to take place at SMaRT (e.g. grinding, screening, sorting)	Yes	Yes	Yes	Yes
C	Compost Facility Location (name, location, SWIS #)	Z-Best Products 980 State Hwy. 25 Gilroy, CA 95020 43-AA-0015			
D	Transportation Plan (SMaRT vehicles vs. third party)	Third party hauler provided by Z-Best			
E	SMaRT Processing/Handling Cost	-	-	-	-
F	SMaRT Vehicle Transportation Cost	-	-	-	-
G	Third Party Vehicle Transportation Cost	\$12/ton	\$12/ton	\$12/ton	\$12/ton
H	Tipping Fee at Compost Facility	\$24/ton	\$45/ton	\$45/ton	\$45/ton
I	Disposition Cost (G+H)	\$36/ton	\$57/ton	\$57/ton	\$57/ton
J	Projected increase in disposition cost over the term of the operating agreement (% per year)	CPI	CPI (see footnote)	CPI (see footnote)	CPI (see footnote)

This proposal becomes Exhibit B-3 to the Agreement.

Notes:

1. The disposition cost (I) will be considered a negative recyclables revenue to be shared between the City and Operator.
2. If the proposed transportation plan is to utilize SMaRT vehicles, the third party vehicle transportation (G) will be \$0/ton.
3. The purpose of this form is to provide the information necessary to estimate the impact of the disposition cost of various organics materials on shared recyclable revenues.
4. Residential yard trimmings co-collected with food waste are anticipated to contain less than 5% food waste by weight.

¹ Per Z-Best Letter of Intent (Exhibit B-3a): "Annual price increases shall be the same percentage as Bay Counties receives from the master contract with the City." This applies to all of Row J, above.



980 State Hwy. 25, Gilroy, CA 95020

Phone (408) 846-1577 • Fax (408) 846-1573

August 28, 2006

Mr. Jerry Nabhan
Bay Counties Waste Services, Inc.
3355 Thomas Rd.
Santa Clara, CA 95054

FAX: (408) 565-9944

Dear Mr. Nabhan,

Please allow me to clarify Z-Best Product's proposal for subcontracting on the SMaRT Station RFP. Organic MRF fines can be up to 2" minus in size, not 3/4" as stated in my original letter.

Permitting and capacity issues prevent me from bidding on Commercial Foodwaste and Residential Yard Trimmings Co-Collected with Food Waste at this time.

Sincerely,


Greg Ryan
General Manager





State Hwy. 25, Gilroy, CA 95020

Phone (408) 846-1577 • Fax (408) 846-1573

August 28, 2006

Mr. Jerry Nabhan
Bay Counties Waste Services, Inc.
3355 Thomas Rd.
Santa Clara, CA 95054

Dear Mr. Nabhan,

Zanker Road Resource Management, Ltd. is pleased to offer Bay Counties Waste Services this proposal for subcontract recycling services in conjunction with the Sunnyvale SMaRT Station RFP. The proposed processing and composting will take place at our Z-Best Products facility located at 980 State Highway 25 in Gilroy.

The Tipping Fee for 1/2" minus yardwaste fines will be \$24.00 per ton received at Z-Best. The Tipping Fee for unprocessed yardwaste will be \$32.00 per ton received at Z-Best.

The desired contract terms for yardwaste recycling will include the following. Zanker to be the exclusive recipient of all curbside collected yardwaste delivered to the SMaRT Station, and annual price increases shall be the same percentage as Bay Counties receives from the master contract with the City.

The Tipping Fee for 3/4" minus foodwaste fines will be \$45.00 per ton received at Z-Best

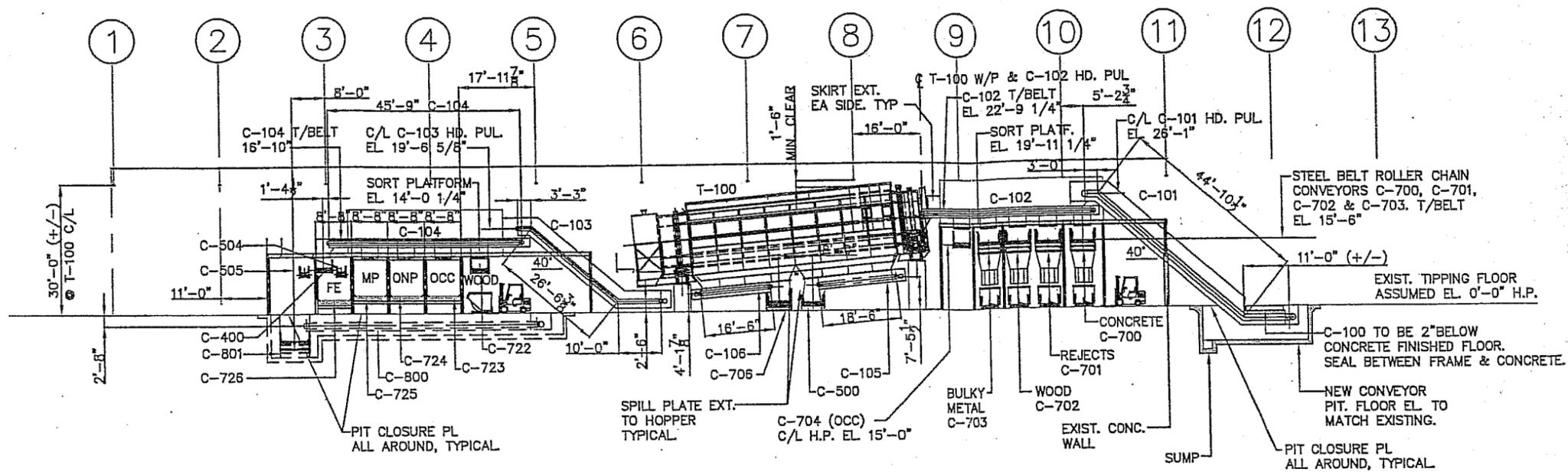
The desired contract terms for foodwaste will include delivery of a minimum of 400 tons per month on a put-or-pay basis, a maximum of 600 tons per month, and annual price increases shall be the same percentage as Bay Counties receives from the master contract with the City.

If Bay Counties desires Zanker to provide transportation from the SMaRT Station to Z-Best, this can be accommodated on a cost plus 10% basis. Zanker will work with Bay Counties to secure the cheapest possible subhauler.

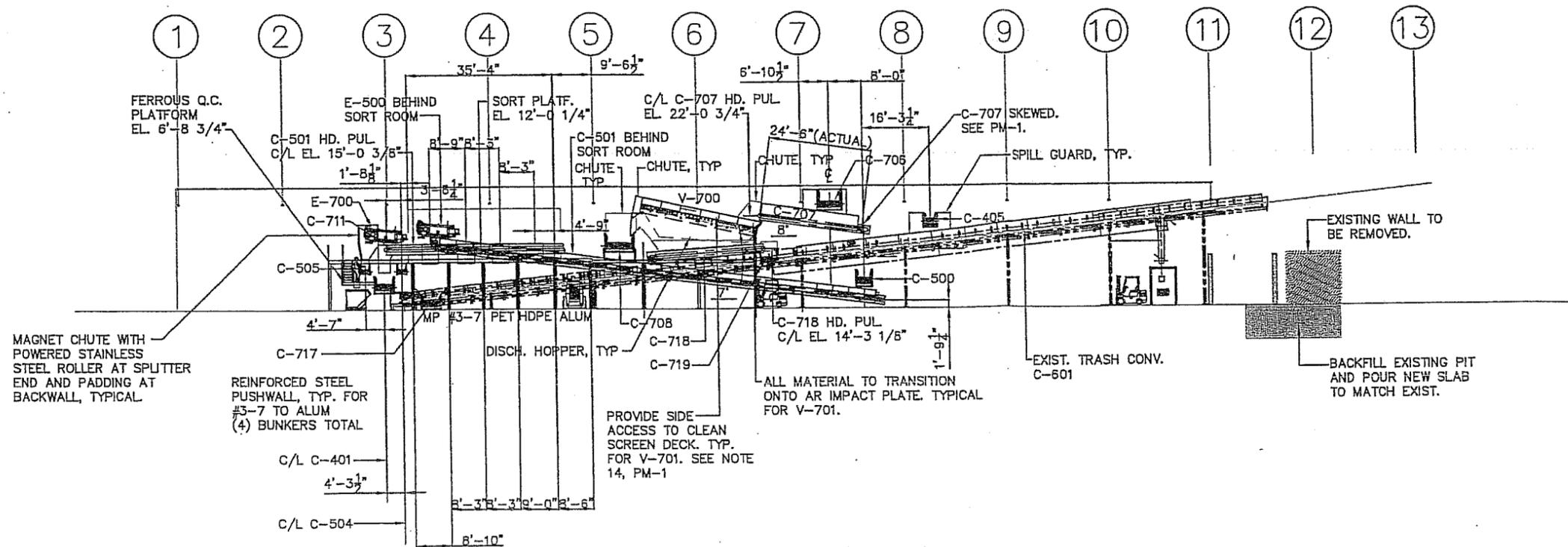
Sincerely,


Greg Ryan
General Manager

EXHIBIT C



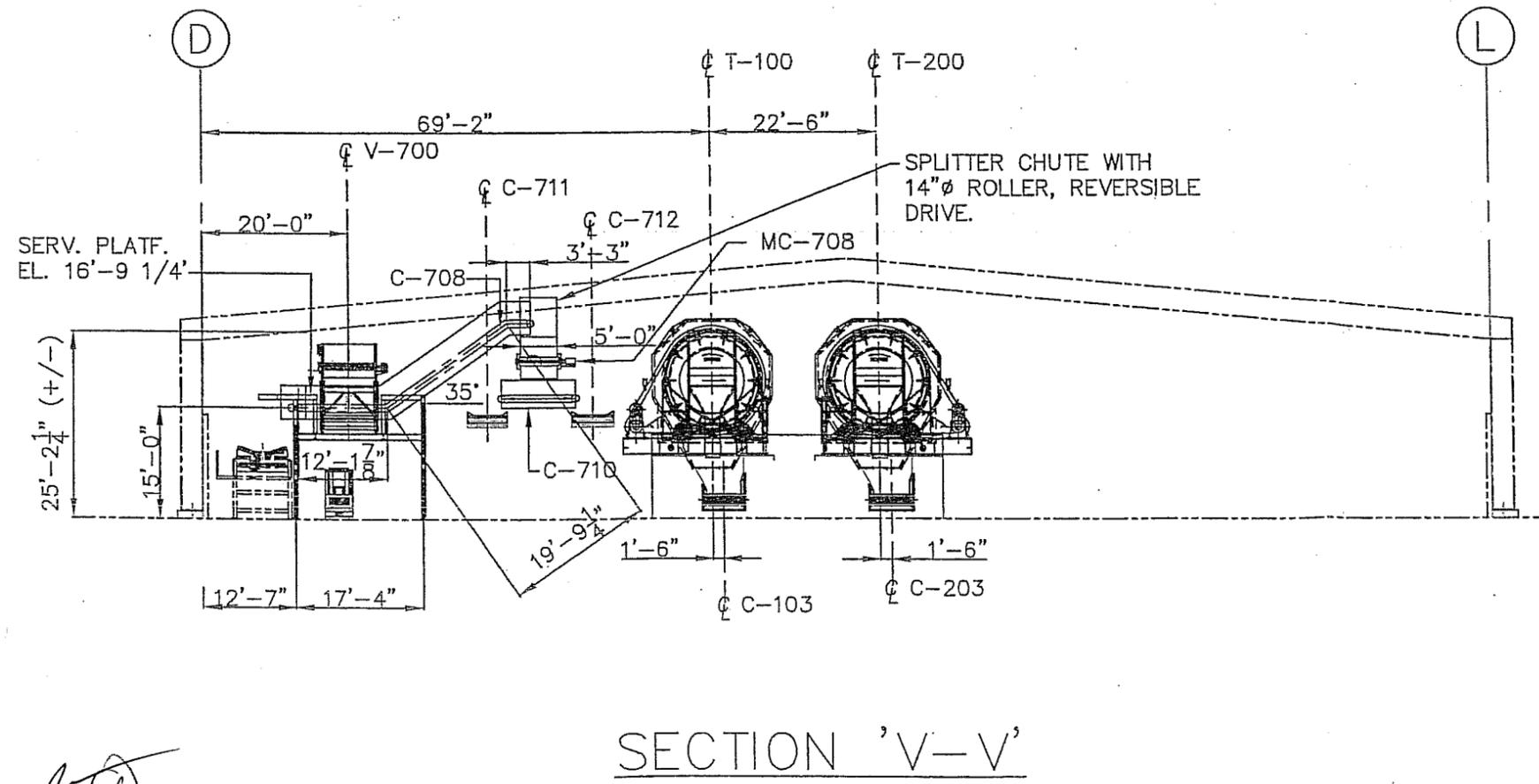
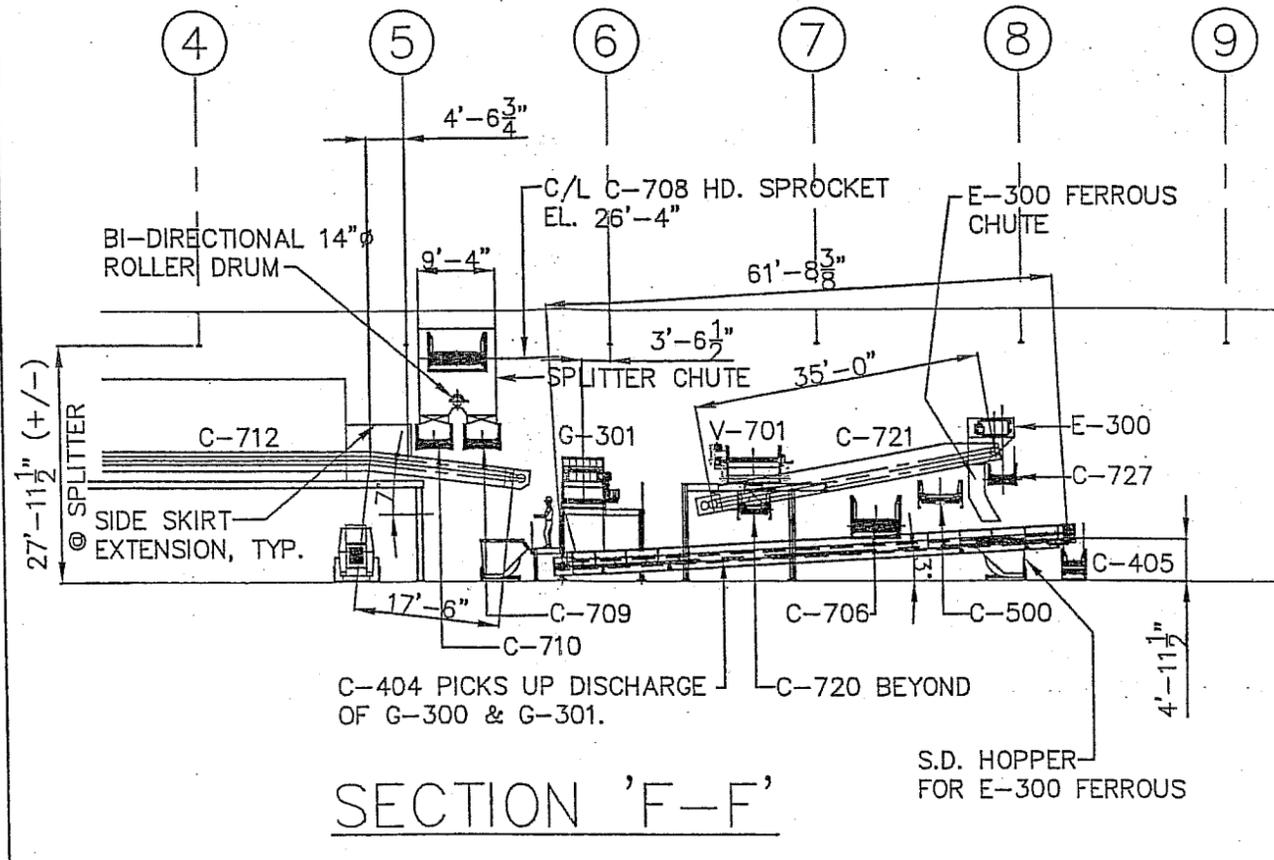
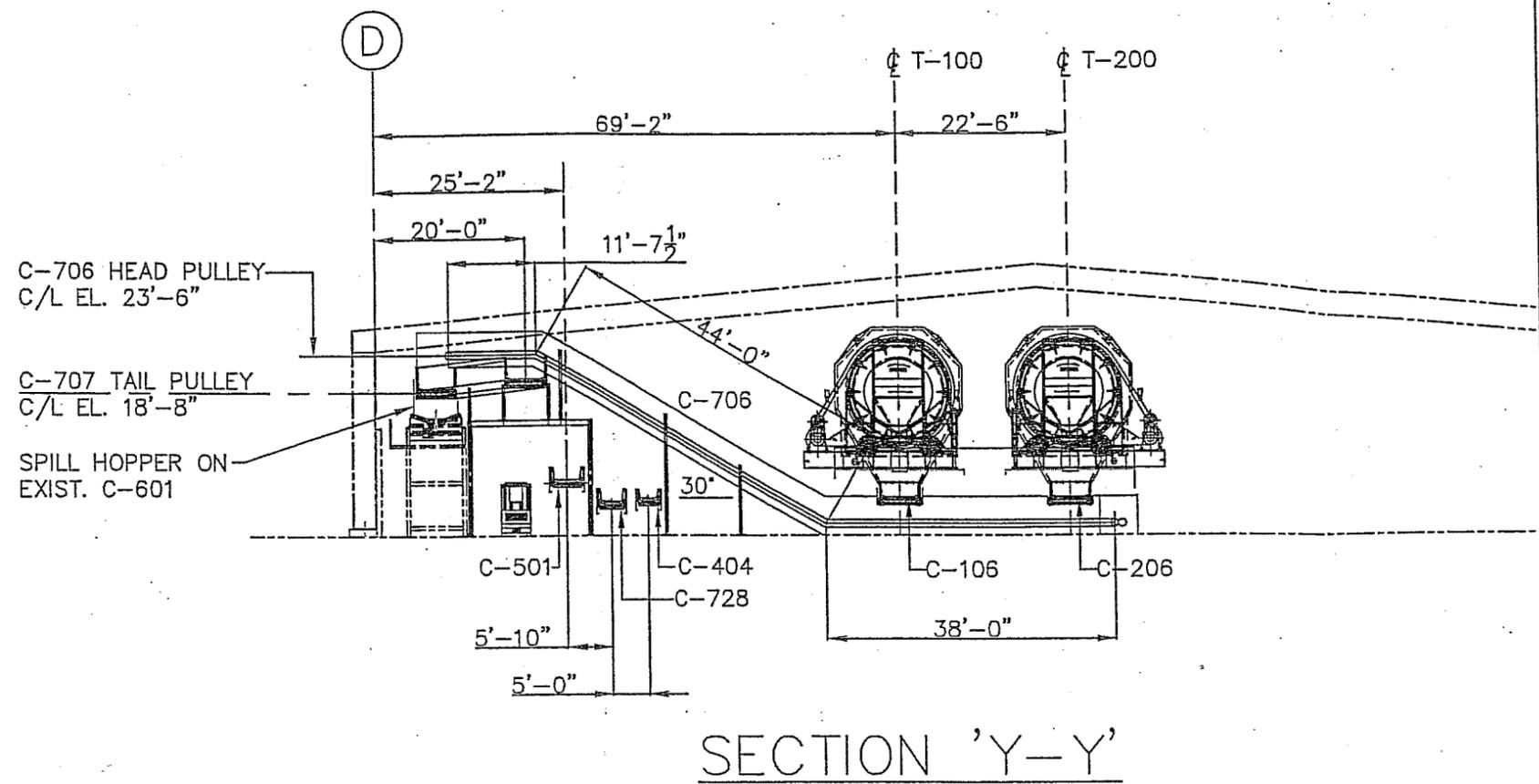
SECTION 'A-A'



SECTION 'B-B'

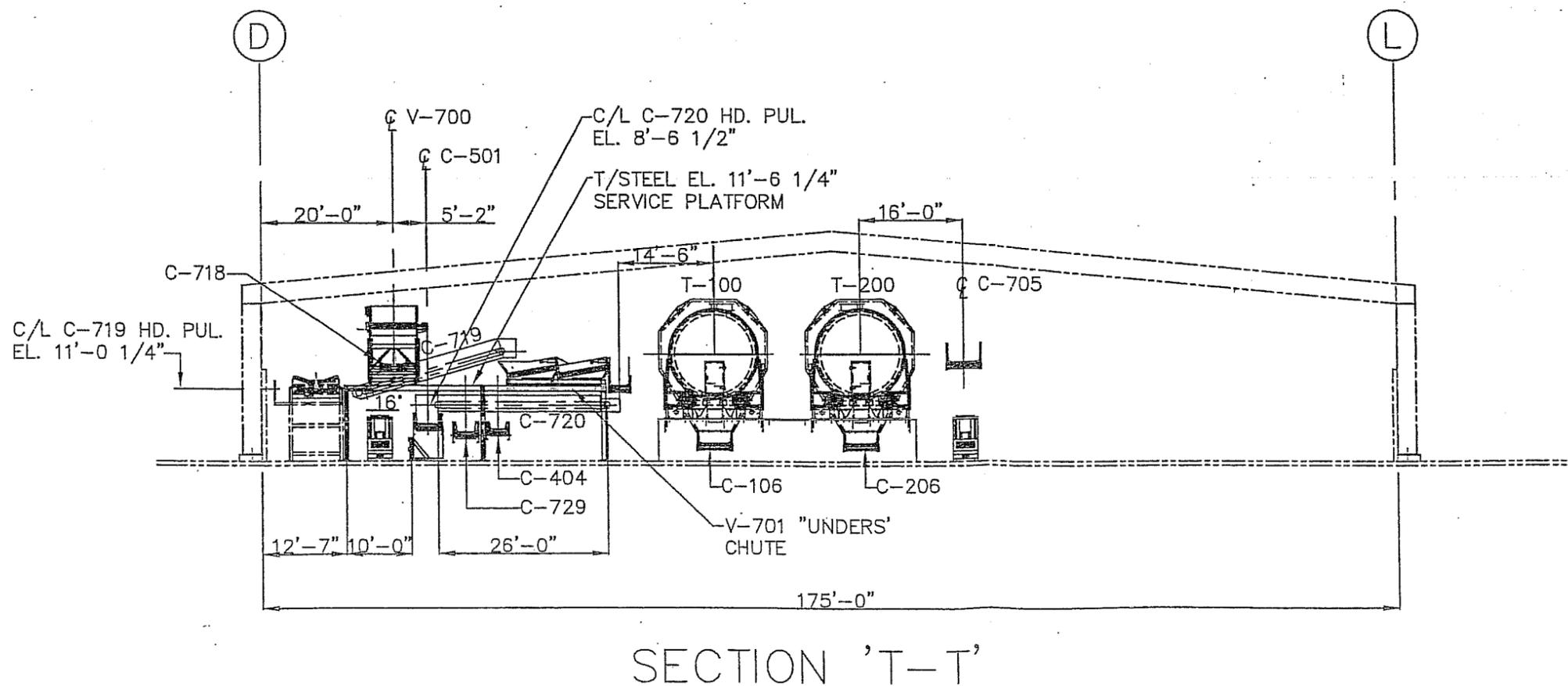
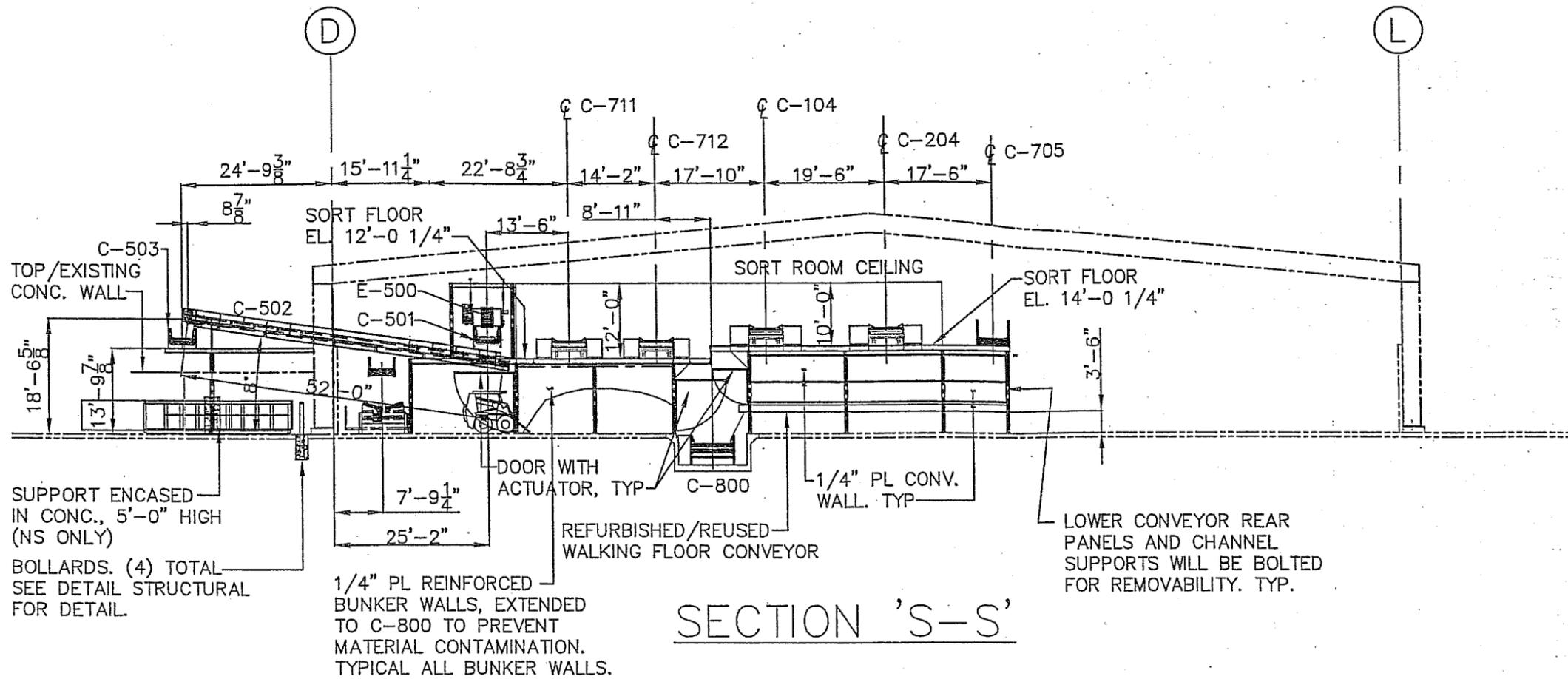
NOV. 27, 2006
DO NOT USE FOR
CONSTRUCTION

		 RRT DESIGN & CONSTRUCTION A Service of Enviro-Services & Constructors, Inc.	
C	ISSUED FOR BID	11/27/06	CITY OF SUNNYVALE SUNNYVALE SMART STATION RETROFIT Sunnyvale, CA
B	ISSUED FOR CLIENT'S REVIEW	3/31/06	
A	ISSUED FOR CLIENT REVIEW	3/10/06	
REV	DESCRIPTION	DATE	PROCESS EQUIPMENT SECTIONS 'A-A' & 'B-B'
<small>THIS DOCUMENT IS THE PROPERTY OF ENVIRO-SERVICES & CONSTRUCTORS, INC. AND CONTAINS CONFIDENTIAL INFORMATION. ANY REPRODUCTION OR UNAUTHORIZED USE WITHOUT WRITTEN CONSENT OF ENVIRO-SERVICES & CONSTRUCTORS, INC. WILL BE SUBJECT TO PROSECUTION.</small>		<small>PROPRIETARY DATA</small> DRAWN RS 3/10/06 CHECKED CD/ME 9/15/06 DESIGNED RS 3/10/06	PROJ No: 559-002 SCALE: 1/16" = 1'-0" DWG. PM-2 NO.



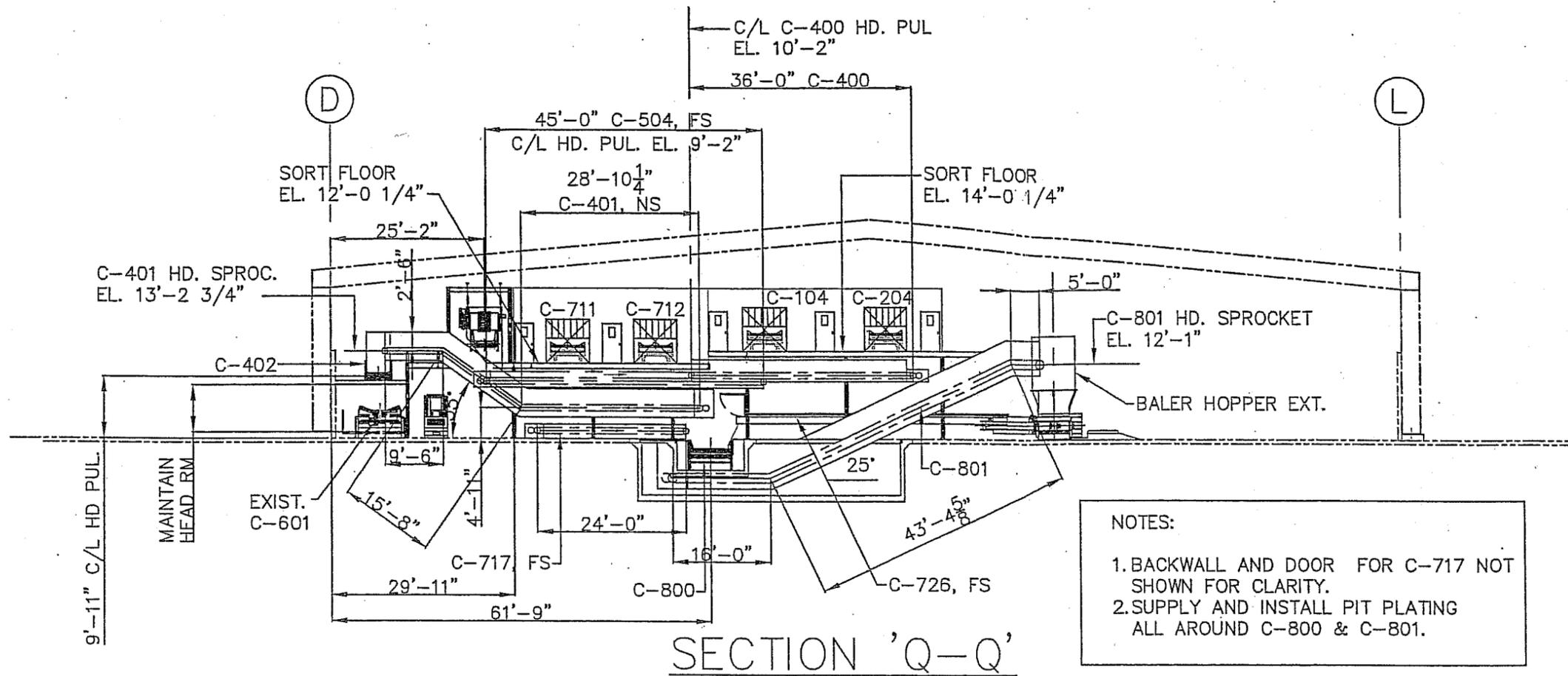
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DO NOT USE FOR
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		 RRR DESIGN & CONSTRUCTION A Service of Enviro-Services & Constructors, Inc.	
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B	ISSUED FOR CLIENT'S REVIEW	3/31/06	RSAA
A	ISSUED FOR CLIENT REVIEW	9/10/06	VVJAA
REV	DESCRIPTION	DATE	BY: GK
		BY	DATE
		RS	3/10/06
		CG/NE	9/15/06
		RS	3/10/06
		PROJ. No:	559-002
		SCALE:	3/32" = 1'-0"
		DRAWN	RS
		CHECKED	CG/NE
		DESIGNED	RS
		DWG. No:	PM-3



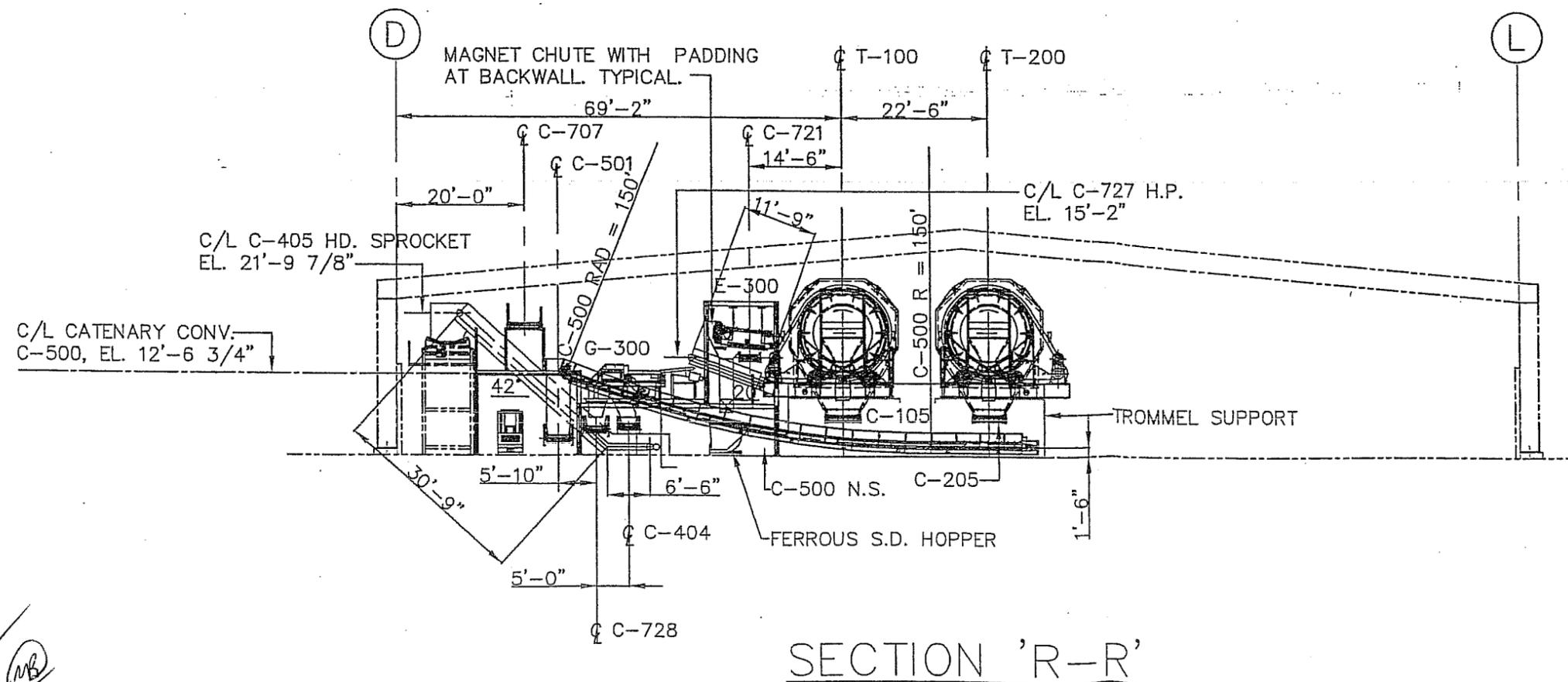
NOV. 27, 2006
DO NOT USE FOR
CONSTRUCTION

		RRT DESIGN & CONSTRUCTION A Service of Enviro-Services & Constructors, Inc.	
C	ISSUED FOR BID	11/27/06 RSCG	CITY OF SUNNYVALE SUNNYVALE SMART STATION RETROFIT Sunnyvale, CA
B	ISSUED FOR CLIENT'S REVIEW	3/31/06 RSAA	
A	ISSUED FOR CLIENT REVIEW	3/10/06 VVJAA	PROCESS EQUIPMENT SECTIONS 'S-S' & 'T-T'
REV	DESCRIPTION	DATE BY	
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		CHECKED CS/NE	DATE 9/19/06
		PROJ. No: 559-002	SCALE: 3/32" = 1'-0"
		DWG. PM-4	



NOTES:
 1. BACKWALL AND DOOR FOR C-717 NOT SHOWN FOR CLARITY.
 2. SUPPLY AND INSTALL PIT PLATING ALL AROUND C-800 & C-801.

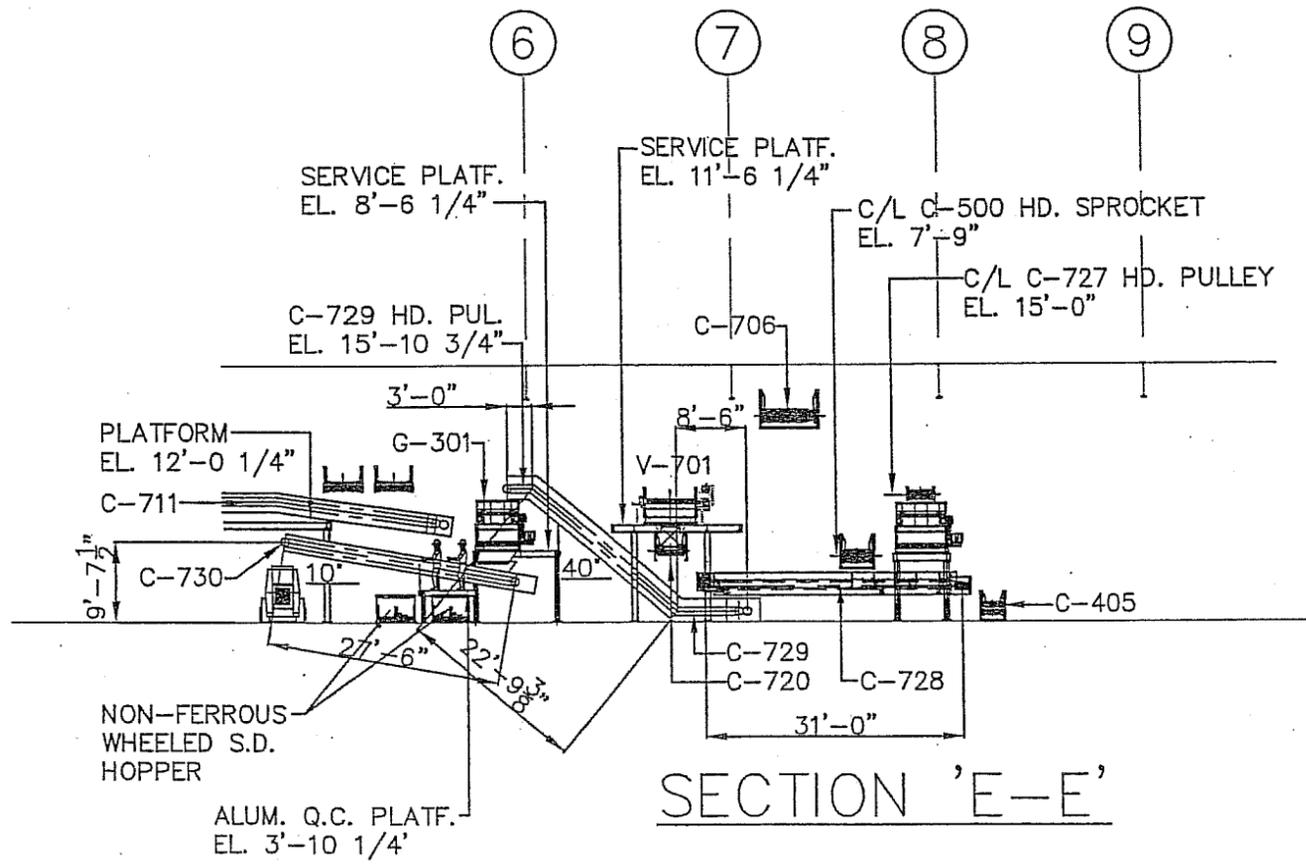
SECTION 'Q-Q'



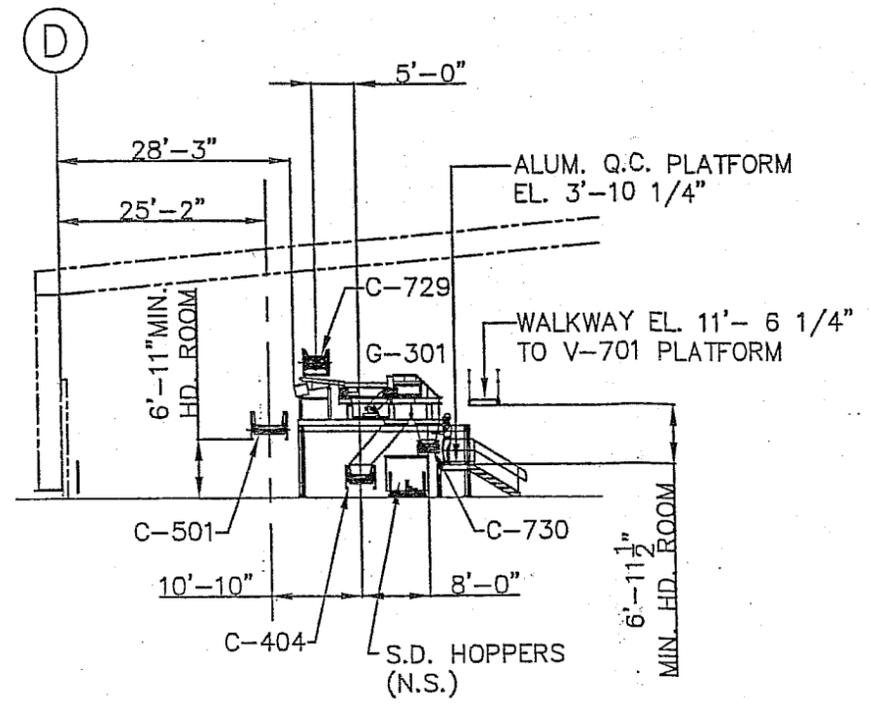
SECTION 'R-R'

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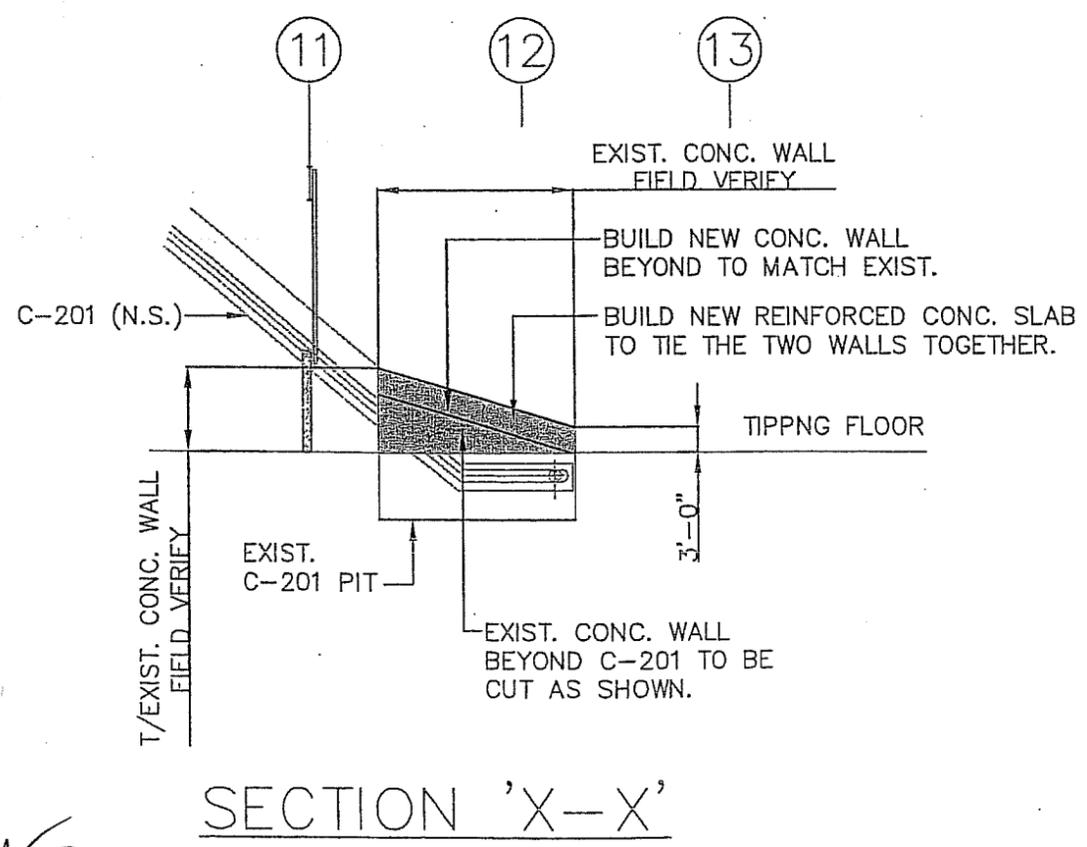
		RRT DESIGN & CONSTRUCTION A Service of Enviro-Services & Constructors, Inc.	
C	ISSUED FOR BID	11/27/06 RSCG	CITY OF SUNNYVALE SUNNYVALE SMART STATION RETROFIT Sunnyvale, CA
B	ISSUED FOR CLIENT'S REVIEW	3/31/06 RSAA	
A	ISSUED FOR CLIENT REVIEW	3/10/06 YVJAA	
REV	DESCRIPTION	DATE BY	PROCESS EQUIPMENT SECTIONS 'Q-Q' & 'R-R'
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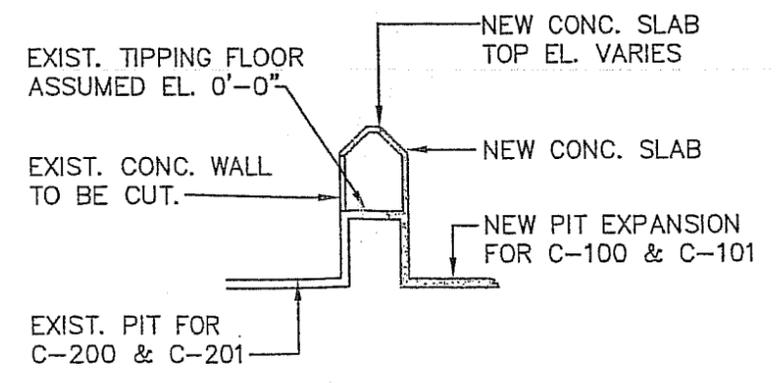
SECTION 'E-E'



SECTION 'W-W'



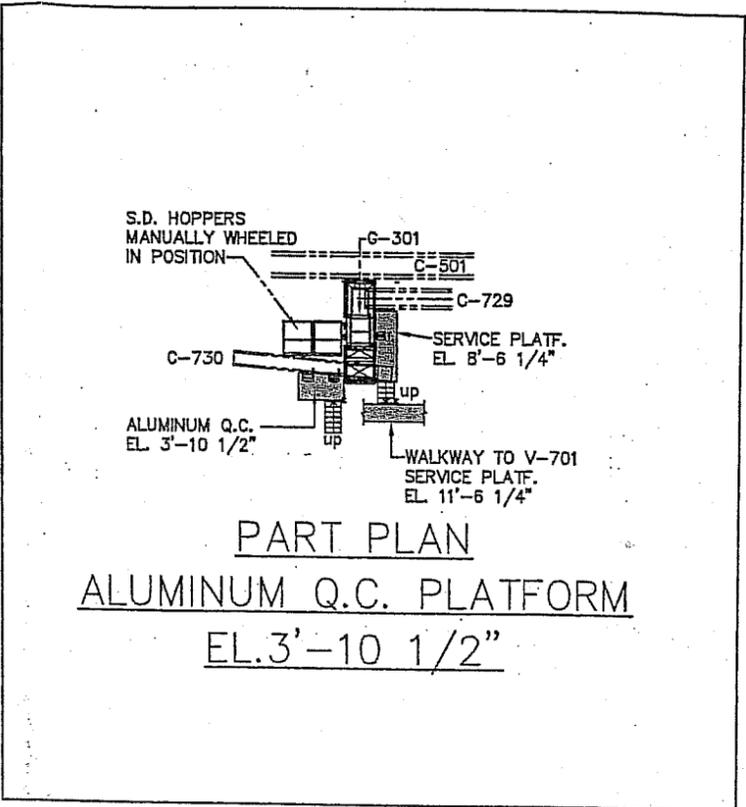
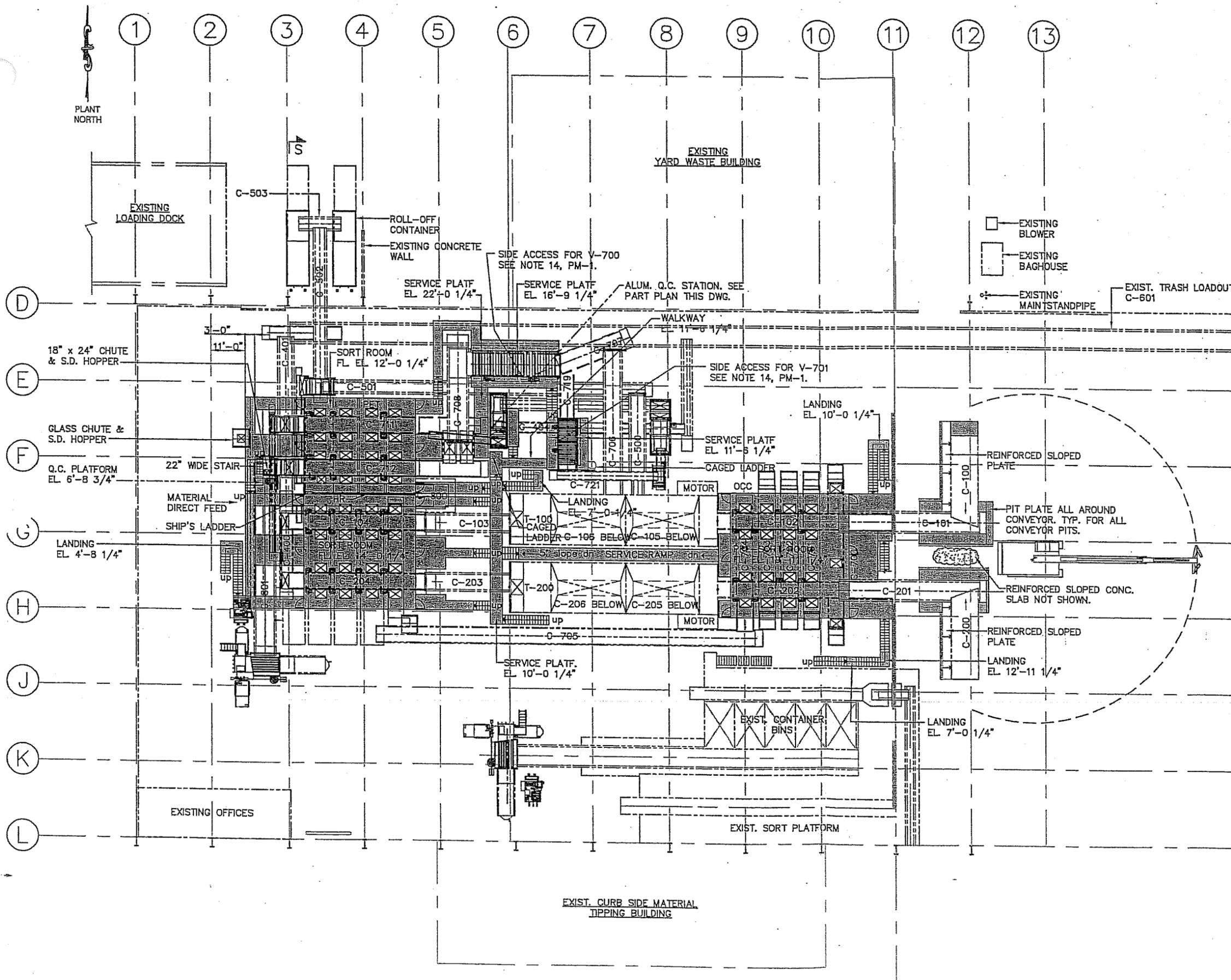
SECTION 'X-X'



SECTION 'Z-Z'

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		 RRT DESIGN & CONSTRUCTION A Service of Enviro-Services & Constructors, Inc.	
		CITY OF SUNNYVALE SUNNYVALE SMART STATION RETROFIT Sunnyvale, CA	
A	ISSUED FOR BID	11/27/06 RSCG	PROCESS EQUIPMENT SECTION 'E-E' & 'W-W'
REV	DESCRIPTION	DATE	BY
<small>PROPRIETARY DATA THIS DOCUMENT IS THE PROPERTY OF ENVIRO-SERVICES & CONSTRUCTORS, INC. AND CONTAINS CONFIDENTIAL INFORMATION. ANY REPRODUCTION OR UNAUTHORIZED USE WITHOUT WRITTEN CONSENT OF ENVIRO-SERVICES & CONSTRUCTORS, INC. WILL BE SUBJECT TO PROSECUTION.</small>		<small>PROJ. No: 559-002</small> <small>SCALE: 3/32" = 1'-0"</small>	<small>NO: PM-7</small>
		<small>BY</small> <small>DATE</small>	<small>DATE</small>
		<small>DRAWN</small> <small>RS</small>	<small>5/22/06</small>
		<small>CHECKED</small> <small>CG/NE</small>	<small>9/15/06</small>
		<small>DESIGNED</small> <small>RS</small>	<small>5/22/06</small>

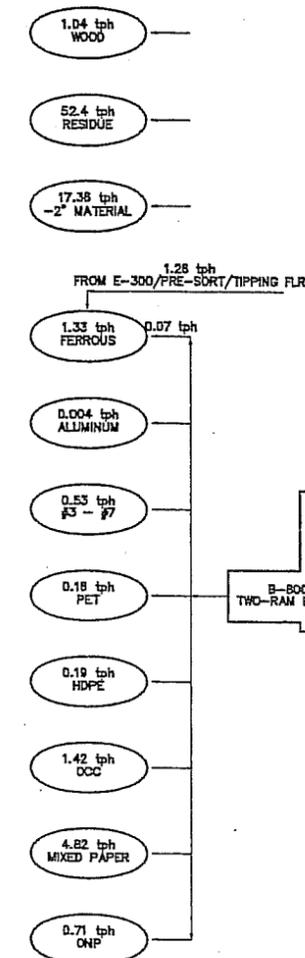


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SORT & SERVICE PLATFORM GENERAL ARRANGEMENT

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		A ISSUED FOR BID 11/27/06 RSCG	SORT ROOM & SERVICE PLATFORM GENERAL ARRANGEMENT	
REV DESCRIPTION DATE BY CHK	PROPRIETARY DATA THIS DOCUMENT IS THE PROPERTY OF ENVIRO-SERVICES & CONSTRUCTORS, INC. AND CONTAINS CONFIDENTIAL INFORMATION. ANY REPRODUCTION OR UNAUTHORIZED USE WITHOUT WRITTEN CONSENT OF ENVIRO-SERVICES & CONSTRUCTORS, INC. IS PROHIBITED.	DRAWN RS	DATE 5/18/06	PROJ. No: 559-002 SCALE: 1/16" = 1'-0"

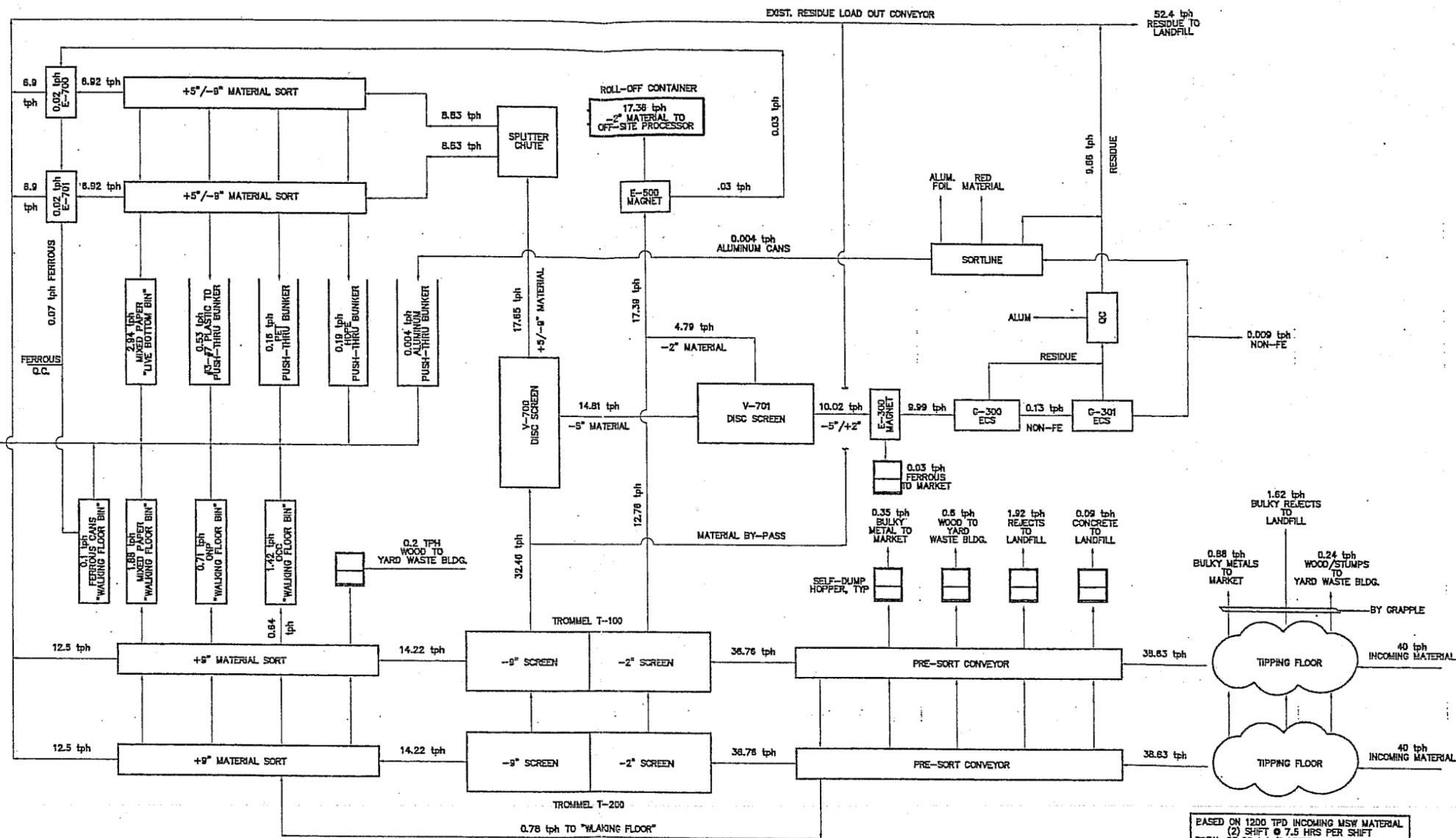
TOTAL SYSTEM OUTPUT



TOTAL = 79.86 ≈ 80 tph

ESTIMATED MASS FLOW IS BASED ON THE WASTE COMPOSITION FURNISHED BY THE CITY OF SUNNYVALE.

MASS BALANCE BREAKDOWN		
MATERIAL	EST. tph	PERCENT
-2" MATERIAL	17.4	22%
RECYCLABLE MATERIAL	10.2	12%
RESIDUE	52.4	66%
TOTALS	80	100%



EASED ON 1200 TPD INCOMING MSW MATERIAL
(2) SHIFT @ 7.5 HRS PER SHIFT
TOTAL OF 80 tph/2 LINES = 40 tph PER LINE

GENERAL NOTE:

THIS MASS BALANCE IS FOR ILLUSTRATION ONLY AND DOES NOT REPRESENT ANY GUARANTEE BY THE CITY OF SUNNYVALE, URS OR RRT. ALL VALUES GIVEN ARE ONLY ESTIMATES BASED ON VARIOUS ASSUMPTIONS AND A PARTICULAR ASSUMED CONDITION. CONTRACTOR SHALL VERIFY ALL INFORMATION AND ASSUMES FULL RESPONSIBILITY TO DESIGN AND SUPPLY EQUIPMENT THAT CAN HANDLE SIGNIFICANT VARIATIONS FROM THESE ESTIMATES DUE TO PEAK LOADING CONDITIONS AND WIDE RANGE OF MATERIAL COMPOSITION THAT NORMALLY OCCURS OVER THE OPERATING PERIOD. THE VALUES GIVEN ARE FOR INFORMATION AND SHOULD NOT BE INTERPRETED INDEPENDENTLY OF EACH OTHER; WIDE VARIATIONS IN MATERIAL TYPES, SIZES, DENSITIES AND SHAPES ARE NORMAL GIVEN THE HETEROGENEOUS NATURE OF SOLID WASTE. SUCH CHANGES WOULD AFFECT PERFORMANCE EFFICIENCY OF INDIVIDUAL PIECES OF SEPARATION OR RECOVERY EQUIPMENT. LIKEWISE THE PRODUCTIVITY OF THE SORTERS AND THEIR REMOVAL EFFICIENCIES WILL VARY WITHIN THE NORMAL RANGE OF INDUSTRY STANDARDS. THUS THE QUANTITIES OF MATERIAL THAT WOULD FLOW IN DIFFERENT DIRECTIONS AS SHOWN ON THIS DIAGRAM CAN ONLY BE VIEWED AS ILLUSTRATIVE AND THE CONTRACTOR SHALL SUBMIT TO THE ENGINEER ITS OWN MASS BALANCE DIAGRAM CORRESPONDING TO THE CONTRACTOR'S EXPECTED PERFORMANCE OF THE EQUIPMENT HE INTENDS TO SUPPLY AND HIS ASSUMPTIONS.

SCREEN SIZE NOTES:

REFER TO THE SPECIFICATIONS FOR DETAILS REGARDING SCREEN SIZES. VALUES GIVEN HERE ARE SPECIFICALLY DEFINED IN THE TECHNICAL SPECIFICATIONS.

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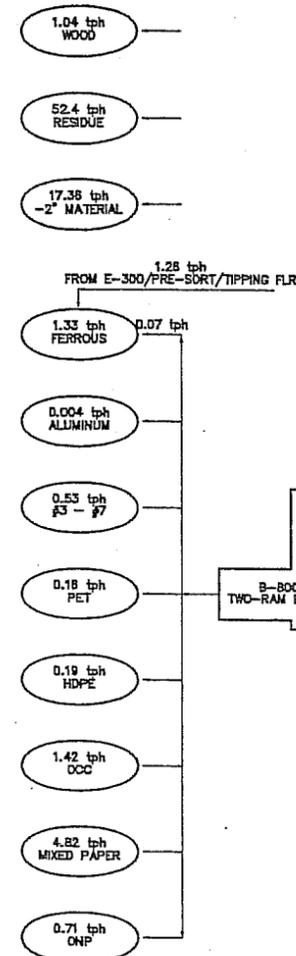
RRT DESIGN & CONSTRUCTION
A Service of Enviro-Services & Constructors, Inc.

CITY OF SUNNYVALE
SUNNYVALE SMART STATION RETROFIT
Sunnyvale, CA

PROCESS SYSTEM
MATERIAL FLOW AND MASS BALANCE

ISSUED FOR	BID	11/27/06	DATE	11/27/06
DESCRIPTION	RSCG	DATE	11/27/06	BY: SK
DRAWN	RS	DATE	5/29/06	PROJ. No: 559-002
CHECKED	CC/NE	DATE	9/15/05	SCALE: NO SCALE

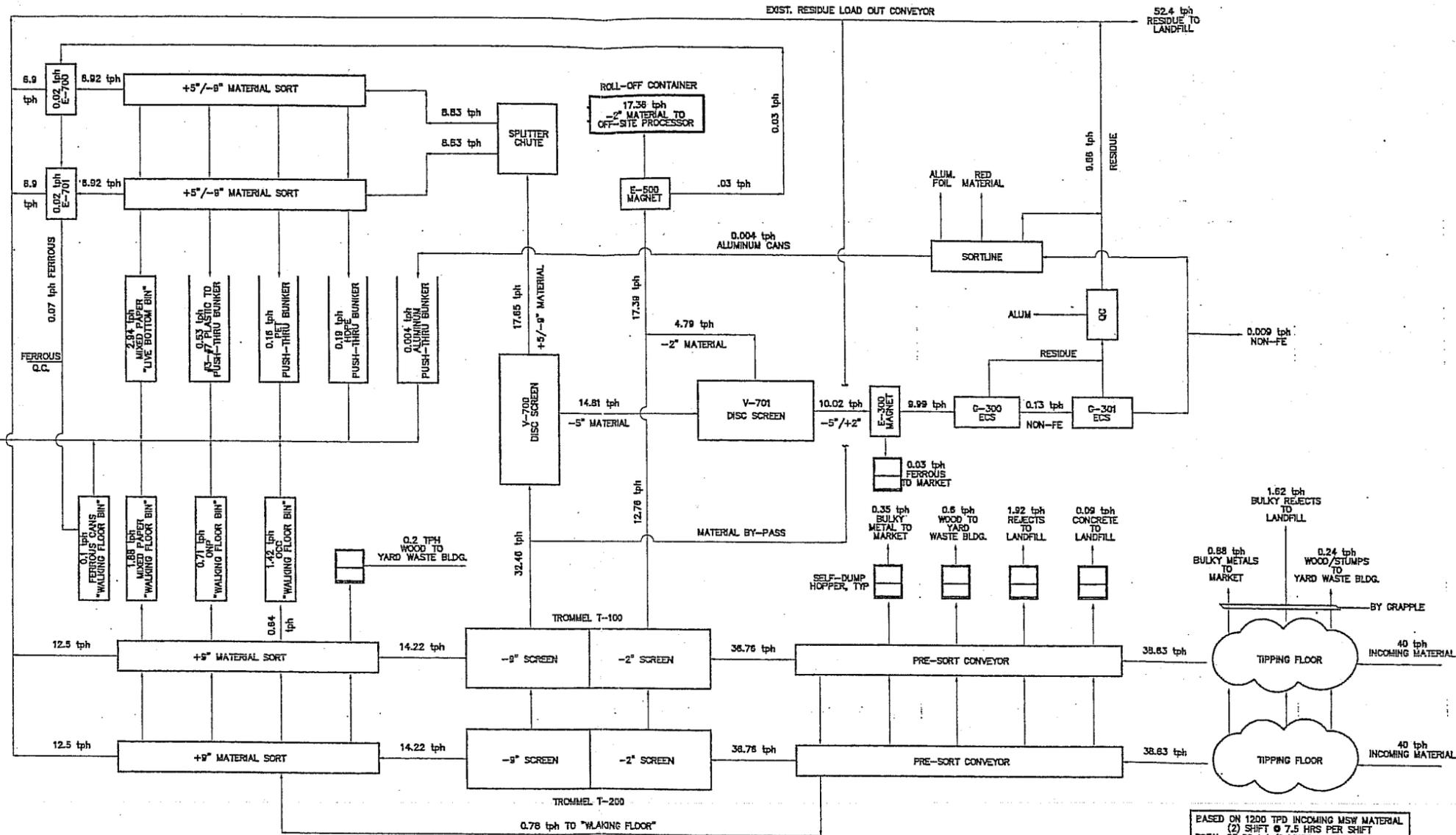
TOTAL SYSTEM OUTPUT



TOTAL = 79.86 ≈ 80 tph

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MASS BALANCE BREAKDOWN		
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		PROCESS SYSTEM MATERIAL FLOW AND MASS BALANCE	
A ISSUED FOR BID	11/27/06 RSCG	DATE BY GK	PROJ. No: 559-002 SCALE: NO SCALE
REV DESCRIPTION	DATE BY GK	DRAWN BY RS	CHECKED BY CC/NE