



August 30, 2017

Gloria Hurtado
Deputy City Manager
100 Santa Rosa Avenue, Room 10
Santa Rosa, CA 95404

Re: Request for Consent to Assignment of Agreements

Dear Gloria,

As you know, The Ratto Group of Companies Inc. and their affiliated companies ("**TRG**") have entered into an agreement to sell substantially all of their assets to Recology Inc. and its designated affiliates, who will continue TRG's operations (the "**Transaction**").

The purpose of this letter is to request that the City of Santa Rosa provide its consent for the TRG companies that have existing agreements with the City, to assign such agreements to Recology Sonoma Marin d/b/a Recology Santa Rosa, a subsidiary of Recology Inc.

Upon the assignment of each such agreement, Recology Sonoma Marin will be subject to the applicable terms and conditions of such agreement, and will continue to perform the contractor's obligations thereunder.

The agreements to be assigned are as follows:

1. Collection Services: Amended and Restated Collection Services Contract dated February 2, 2010 between the City of Santa Rosa and North Bay Corporation.
2. C&D Hauling: Construction and Demolition Debris Box Collection Franchise Agreement dated April 13, 2016 between the City of Santa Rosa and Santa Rosa Recycling and Collection, Inc.
3. Biosolids Hauling: General Services Agreement No. F000400 dated October 18, 2012 between the City of Santa Rosa and Total Waste Systems, Inc., as amended by a First Amendment dated June 9, 2014, Second Amendment dated December 11, 2014, and Third Amendment dated July 29, 2016.
4. Green Waste Hauling: General Services Agreement No. F000486 dated March 29, 2013 between the City of Santa Rosa and Total Waste Systems, Inc.

5. Grit & Screening Hauling: General Services Agreement No. F000719 dated March 25, 2014 between the City of Santa Rosa and Total Waste Systems, Inc., as amended by a First Amendment dated [] and a Second Amendment dated March 25, 2014.

In addition, Recology respectfully requests that the City waive the \$375,000 transfer fee set forth in Section 34.01 of the above-referenced Collection Services Contract. This contract has only four months remaining on its term. The basis for Recology's future relationship with the City will not be this contract, but rather the new contract that Recology was awarded pursuant to the City's competitive bidding process. Recology is seeking assignment of the existing contract not as a means to expand its business, but to make the transition of services from TRG smoother for the City and its residents. In addition, the purpose of transfer fees is typically to compensate the City for the costs it incurs in vetting a proposed assignee. Recology has already been extensively vetted by the City and its consultant R3 through the RFP process, and under Section 4.06.3 of the new contract will be paying the City a Proposal Development Fee of up to \$350,000 to cover those costs. For these reasons, we believe waiver of the fee is reasonable and in the City's best interests.

We will work with City staff to prepare the necessary documentation. We appreciate your prompt consideration of this request.

Sincerely,



Michael J. Sangiacomo
President & Chief Executive Officer
Recology Inc.



Rick Powell
President
The Ratto Group of Companies Inc.