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Emterra Environmental USA Corp.

Response to

**Request for Proposal #RFP 980
for
Interim Operation of Ann Arbor Material Recovery Facility (MRF) and
Waste Transfer Station**

Fee Proposal

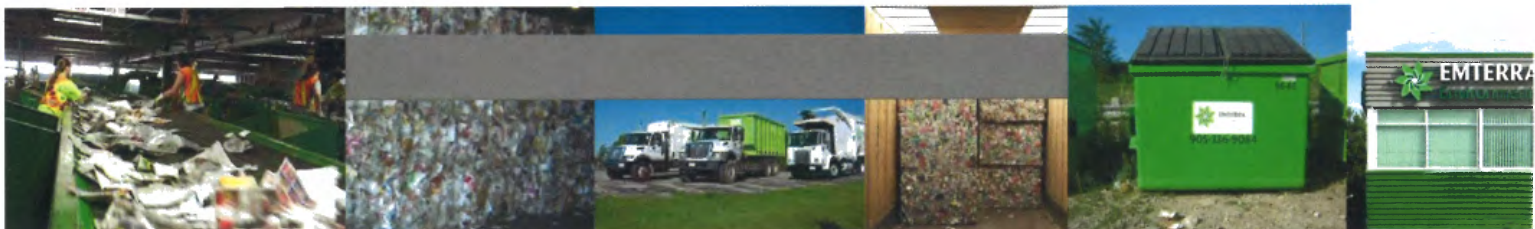
City of Ann Arbor
Procurement Unit
C/O Customer Service
P.O. Box 8647
301 E. Huron Street
Ann Arbor, MI 48104

Deadline for Submission: Friday, October 28, 2016 at 2:00:00 Local Time

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1 Financial Proposal

A) Operation of the Material Recovery Facility (MRF)

Proposals submitted by Emterra USA for processing of Ann Arbor Recyclables are as follows:

- A. Emterra Option 1: Base Proposal : Bale and ship all recyclables to Emterra's Burlington MRF in Ontario
- B. Alternate proposals:
 - 1. Emterra Option 2: Sorted and separated the majority of the recyclable, eg Paper (OCC + Mixed Paper) at Ann Arbor Facility, with the balance (mostly containers) be baled and shipped to Emterra's Burlington MRF in Ontario
 - Assumption : that the equipment for sorting the fiber is fully functional
 - 2. Emterra Option 3: Sorted all recyclables at Ann Arbor MRF, eg OCC, Mixed Paper, Al, Steel can, Plastics, Mixed Glass and Residue
 - Assumption : that the full processing line is fully functional

Fee Submission / Compensation to Emterra USA

Emterra USA is providing two options for Ann Arbor to choose for each of the above Proposal A and B

- 1. Emterra charges a processing fee per ton and remits all commodity revenue to Ann Arbor based on commodity pricing indices. Under this option, City of Ann Arbor is taking 100% commodity risk.

Commodity Revenue calculation details / remittance to Ann Arbor for option 1 for Based Proposal and Alternate Proposals

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Commodity Revenue Credit to the City of Ann Arbor

Emterra will credit the CITY the full amount of the Blended Value commodity revenue for the turn of the contract.

1. BLENDED VALUE

To calculate the Blended Value per ton of the recyclables,

- (a) The percentage of each component set forth below contained in the delivered recyclable materials as established and revised from time-to-time by composition audits, is multiplied by current value of each component set forth below; and
- (b) Each component value per ton is added together to obtain the Blended Value per ton.
- (c) As the market is very volatile, there are materials is constantly in the negative territory, eg mixed glass, CITY acknowledges that the value of a component may be negative.

2. Blended Value is calculated monthly based on the material shipped out from the MRF.

The percentage of each component will be determined by a full system audit to be performed within 60 days of commencement of the agreement, additional audits of up to 2 per rolling 12 months can be performed at the request of the Contractor or processor.

“PPW” means the price issued by *RISI PPI Pulp & Paper Week* (or any successor publication) for the Midwest Region, Domestic Price, 1st issue of the month, retroactive to the first of the month.

2. Emterra charges a processing fee per ton net of commodity revenue to Ann Arbor. Under this option, City of Ann Arbor is not taking any commodity market risk. Hence there is certainty for budgeting. Emterra USA is taking on 100% commodity risk.

Pricing MRF operations:

Option 1- Bale and Ship

1. \$188.81 /Ton, City of Ann Arbor receives 100% of commodity Revenue –OR-
2. \$118.50/Ton, City of Ann Arbor receives no commodity Revenue

Option 2- Sort and Separate OCC & Paper, Bale and Ship remainder

1. \$148.10/Ton, City of Ann Arbor receives 100% of commodity Revenue –OR-
2. \$77.80 /Ton, City of Ann Arbor receives no commodity Revenue

Option 3- Sort all Recyclables

1. \$141.22/Ton, City of Ann Arbor receives 100% of commodity Revenue –OR-
2. \$70.90 /Ton, City of Ann Arbor receives no commodity Revenue

B) Operation of Municipal Solid Waste (MSW)Transfer

- a. Loading and Transferring (Hauling) MSW from City Transfer facility to Woodland Meadows Landfill: \$17.49 per Ton

Pricing is good for up to a 12 month contract. Should the contract extend beyond 12 months, it will be subject to CPI increases and Fuel Surcharge on transportation costs. Fuel will be based on the current Department of Energy for Midwest Diesel Fuel as of 10/24/16 \$2.451 per gallon.