

Ted Semaan, Director
City of Redondo Beach, Public Works Department
531 N. Gertruda Ave
Redondo Beach, CA 90277

Dear Mr. Semaan,

Athens Services has proudly served the City of Redondo Beach since 2011. Since the inception of the Agreement (2011), and subsequent First Amendment (2019), the solid-waste and recycling landscape has dramatically changed. Despite these significant changes in the recycling market, external foreign regulation (China's Green Sword and National Fence) and local state mandated regulation (i.e. AB 939, AB 341, AB 1826 and SB 1383), Athens Services has always found a way to partner with the City and emerge triumphant and compliant with not only these regulations but also the franchise agreement between the City of Redondo Beach and Athens.

That said, Section 5.5.5 of the First Amendment requires 13,000 tons be sent for transformation at a waste to energy facility annually. When the original agreement was executed, there were multiple facilities that provided waste to energy options in the greater Los Angeles region. However, in March, 2019, the regional alternate waste to energy facility in Commerce closed, leaving SERRF in Long Beach as the only alternative. Additionally, AB 1857 effectively removed the 10% diversion credit previously allowed to count towards their jurisdictional diversion mandate. During the current 2023 year, SERRF has not been reliably open and instead closed for prolonged periods of time due to ongoing maintenance issues. Athens' inability to send tonnage there has had a direct impact on our contractual diversion percentage performance for the current contract year. Similarly, as outlined in the First Amendment, Section 5.5.5, "in the event that CalRecycle limits or eliminates diversion credit for transformation, beyond limitations in effect at the start of this Agreement, Contractor and City shall negotiate changes to affected rates and service requirements, which may include but are not limited to changing diversion programs, or reducing diversion requirements and corresponding rates." Athens Services and the City met on October 25, 2022 previously about this, and would again like to revisit this current contractual requirement as the closure of SERRF, the last remaining regional waste to energy facility is now imminent.

As part of this discussion, Athens Services would like to propose the following with respect to the current contract year, and beyond;

- 1) Proposal for 2023
 - a. Athens will provide schedule of days closed & closure times at SERRF
 - b. City to provide relief from the 13,000 burn tonnage requirement for CY2023 (we anticipate the ability to burn roughly 11,000 tons for the year)
 - c. City to provide relief for not burning all 13,000 tons due to external limitations (SERRF closure)
 - d. Reduce the CY2023 diversion requirement from 75% to 71% (consistent with reduction in burn tons of roughly 2,000 tons due to facility closures)
- 2) Proposal for 2024
 - a. Remove the 13,000 waste to energy transformation requirement from the agreement entirely
 - i. SERRF is unreliable, has been closing down more and more frequently due to repairs & operational issues, we have heard that SERRF will close down permanently in 2024 (see attached article)
 - b. Replace the existing 75% hauler diversion requirement with AB939 indemnity
 - i. Provides that the entire City meets the states AB939 requirement
 - ii. Athens takes on risk of meeting AB939, not the City
 - c. Residential black barrel goes to landfill (consistent with 3 container programs in state)
 - d. All other waste streams will continue to be processed per current contract requirement

We understand the City's desire to remain a sustainability leader in the region and look forward to discussing this proposal more in depth, together. Please do not hesitate to reach out should you have any additional questions or concerns.

Sincerely,



Joseph Brajevich, Executive Vice President
14048 Valley Boulevard, City of Industry, CA 91746
Phone: (626) 949-0629
Email: JBrajevich@AthensServices.com