



**Proposal to the City of San Angelo
Lease and Operation of
Sanitary Landfill and
Waste Collection Services
RFP No: OP-01-14**

March 2014



**REPUBLIC
SERVICES**

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Executive Summary



Republic Services

As one of the largest and most reputable waste services companies nationwide, Republic provides non-hazardous solid waste collection services for commercial, industrial, municipal and residential customers through its dedicated team of approximately 30,000 employees serving more than 13 million customers through 333 collection companies operating within a network of 145 business units in 39 states and Puerto Rico. Republic owns or operates 193 transfer stations, 191 active solid waste landfills, and 71 recycling facilities and operates 69 landfill gas and renewable energy projects including two solar landfill cover projects—one of which is in the State of Texas.



Republic professionals continually look for ways to improve operations and customer service offerings at post-collection facilities, from incorporating new equipment and materials to increase density and reduce soil use, to adding or expanding gas collection systems and/or gas-to-energy plants to maximize gas capture in compliance with air and water protection regulations, and also by adding on-site citizens' convenience stations in response to customers' requests or market needs for increased recycling and resource recovery.



North Texas Area Operations

Ten of the 145 business units that comprise the entirety of Republic's collection and post-collection operations are organized and managed within the North Texas Area. The North Texas Area encompasses a vast geographical area including San Angelo and as far west as Alpine, up to Amarillo, through the Dallas-Fort Worth metroplex and East Texas, to Minden and Shreveport in Northwest Louisiana.



Approximately 1900 individuals are employed throughout North Texas' 49 facilities, which include 19 collection/hauling facilities, 19 active landfills, 4 closed landfills, 3 material recycling facilities (including the new \$22M state-of-the-art North Texas Recycling Complex completed in July 2013 and located in Fort Worth) and 4 transfer stations. In particular, San Angelo hauling and landfill facilities and operations (with a current workforce of 94 employees as of January 2014) were previously managed from the West Texas Area and have been part of North Texas Area since November 2012. This

reassignment of Areas afforded both San Angelo facilities, and in particular the landfill, renewed and refined optimization in operations due to more experienced operations personnel and management team, and also resulted in the addition of new and more efficient equipment such as a high-tech, GPS-guided compactor and an automatic tarp-deploying machine (both of which positively impact in-place waste density and daily cover soil usage).

Benefits of Incumbency

Because Republic is the current landfill operator and hauler in San Angelo, Republic is a known entity through its long service history and proven track record of exemplary performance and safety in the City, and possesses all the personnel, systems, equipment—infrastructure—in place to allow it to continue providing the same excellent service the City and its residents have come to expect from Republic. By continuing to utilize Republic as its contractor, the City will eliminate all the risk, expense, and customer inconvenience associated with transition to a new contractor. Resources can then be directed toward extending landfill life through expert materials management, engineering, and resource recovery. Specifically regarding resource recovery, a new citizens' convenience center is being proposed to be constructed at the landfill for the benefit and use by San Angelo residents. The citizens' convenience center will allow for the collection of e-waste, white goods, used tires and metal, preserving valuable constructed airspace while protecting the City of San Angelo environment.



Financial Strength

Republic is the second largest integrated waste management company in the United States and one of the strongest financially among the major publicly-held solid waste management companies in the nation, with annual revenue of approximately \$B.1 Billion and total assets of almost \$20 Billion. Republic also has the highest credit ranking of the top ten largest waste services companies, as indicated in the information included in *Section 3*.

Environmental Sustainability

Republic is committed to partnering with its communities to create greater sustainability. Nationwide Republic is engaged in a wide array of sustainability projects, which include materials recovery facilities, composting operations, green energy projects, solar landfill covers and landfill gas-to-energy projects.



Proposal Highlights

The principal activities to be implemented during the contract duration at the San Angelo Landfill are:

- 1) Extend the life of the site by:
 - a) Increasing in-place waste density by using new, state of the art compactor.
 - b) Increasing waste diversion/resource recovery activities.
 - c) Pursuing a vertical and/or horizontal expansion of existing facility to include land adjacent to the north (life of site contract only).
- 2) Reduce soil usage via use of alternate daily cover materials (such as tarps).
- 3) Implement infrastructure improvements for the benefit of San Angelo residents through the:
 - a) Construction of Citizens' Convenience Center and associated onsite resource recovery activities.
 - b) Construction of wheel wash or similar BMP to reduce tracking of mud onto public roadways.
 - c) Erection of perimeter fence netting to minimize wind-blown materials onto adjacent properties.
- 4) Direct and manage groundwater and landfill gas monitoring activities, including:
 - a) Groundwater corrective action monitoring and testing.
 - b) Gas collection system operation and maintenance activities, including expansion of the gas extraction well field and gas flare replacement, if required during contract life.

In addition to the expert landfill management described above, Republic proposes the following **VALUE ADDED** initiatives:

- As indicated in the *Compensation Schedule (Section 5)* Republic's total value offerings to the City are worth **\$41,484,888** and **\$27,603,369** on the life-of-site and ten-year offerings respectively, as detailed in the following chart. Each of the line items can be considered either revenue or tangible cost avoidance to the City.

Landfill Value Offerings	Life of Site	10-Year Term
Initial Lump Sum Payment	\$1,000,000	\$500,000
Initial funding of Closure/Post Closure Account	\$4,735,000	\$4,735,000
Sum of Annual Lease Payments	\$1,890,000	\$1,000,000
Sum of Annual Royalties	\$9,400,000	\$4,600,000
Value Added Infrastructure/Engineering Cost Avoidance to the City	\$14,506,838	\$8,462,319
Citizens Free Disposal	\$4,047,000	\$2,400,000
Landfill Post Closure Costs -Take Back As Reported Sept 30, 2012	\$3,289,216	\$3,289,216
Elimination of Solid Waste Enterprise Fund Deficit As Proposed FY 2014 Budget	\$2,616,834	\$2,616,834
TOTALS	\$41,484,888	\$27,603,369

- The above values will be further enhanced by the annual closure/post-closure trust payments as may be adjusted upon annual engineering model reviews.
- Republic will fund 100 percent of all costs associated with any future landfill expansion in conjunction with a contract commensurate with the value of such an expansion. The term, financial arrangements—including increased royalty payments—are to be negotiated between the City of San Angelo and Republic.

Republic's life of site scenario benefits the City and ratepayers most, with a \$1 million initial lump sum payment, lower residential rates, and CNG infrastructure and equipment investment over the 10-year term scenario which includes a \$500,000 initial lump sum payment and CNG infrastructure and equipment investment.



Summary

Republic's commitment to customer service, safety excellence, financial strength, transparency, direct experience, local infrastructure, and holistic approach to managing the City's disposal site brings tremendous reassurance to the City as it makes the very important decision of awarding a new contract for the lease and operation of its landfill.

From a financial benefit of \$27-\$41 million, a landfill expansion paid in full by Republic (should the City desire), a citizen's convenience center to enhance recycling and ensure safety of self-haulers, San Angelo will see the integrity of its landfill asset preserved and protected. Working with Republic affords the City a partner who is recognized as a financial leader in the waste and recycling industry and whose green energy programs created the largest landfill solar energy facility in the world at the Tessman Road Landfill in San Antonio.

Republic's life-of-site scenario optimizes the financial benefit to the City through a \$1 million initial lump sum payment, lower residential rates, and a CNG infrastructure and equipment investment. By comparison, Republic's ten-year proposal features a \$500,000 initial lump sum payment and the CNG package only.

Lastly, San Angelo benefits with a partner that will assume responsibility and risk management of the entire landfill including closure and post-closure activities while having a strong presence in the community supporting non-profit and charitable organizations. Republic looks forward to the post-proposal process and assisting the City in creating a world-class landfill management program in San Angelo.



Lease/Operation of Sanitary Landfill + Waste Collection Services
1: Executive Summary - Landfill

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General Information Form



CITY OF SAN ANGELO
PURCHASING DEPARTMENT
72 West College Avenue, San Angelo, Texas 76903
Tel: (325) 657-4216 or 657-4220

General Information, Attachment A
To be submitted with Respondent's Proposal as

TAB 2 for Landfill Lease and Operation

TAB 10 for Waste Collection Services

1. Respondent Information: Provide the following information regarding the Respondent.

(NOTE: Co-Respondents are two or more entities proposing as a team or joint venture with each signing the contract, if awarded. Sub-contractors are not Co-Respondents and should not be identified here. If this proposal includes Co-Respondents, provide the required information in this Item #1 for each Co-Respondent by copying and inserting an additional block(s) before Item #2.)

Respondent Name: Republic Waste Services of Texas, Ltd.

(NOTE: Give exact legal name as it will appear on the contract, if awarded.)

Principal Address: 1422 Hughes Street City San Angelo State Texas Zip Code: 76903

Telephone No: 325.481.7700 Fax No: 325.481.7777

Website Address: www.republicservices.com

Social Security Number or Federal Employer Identification Number: 65-0963067

Texas Comptroller's Taxpayer Number, if applicable: 16509630675

(NOTE: This 11-digit number is sometimes referred to as the Comptroller's TIN or TID.)

DUNS NUMBER: 965023596

Business Structure: Check the box that indicates the business structure of the Respondent.

Limited Liability Corporation

S Corporation If checked, check one: For-Profit Nonprofit
Also, check one: Domestic Foreign

Other: If checked, list business structure: Limited Partnership

Printed Name of Contract Signatory: Keith Cordesman

Job Title: Area President



Lease/Operation of Sanitary Landfill + Waste Collection Services
2: General Information Form - Landfill

Provide an other names under which Respondent has operated within the last 10 years and length of time under for each:

See Attached

Provide address of office from wich this project would be managed:

City: San Angelo State: Texas Zip Code: 76903

Telephone No: 325-481-7719 Fax No: 325-481-7777

Total Number of Employees: 94

Biefly describe other lines of busienss tha the company is directly or indirectly affiliated with:

N/A

List Related Companies:

N/A

2. Contact Information: List the one person who the City may contact concerning your proposal or setting dates for meetings.

Name: Kenny Ramzinski Title: General Manager

Address: 1422 Hughes Street

City: San Angelo State: Texas Zip Code: 76903

Telephone No: 325.481.7719 Fax No: 325.481.7777

Email: kramzinski@republicservices.com

3. Mergers: Does Respondent anticipate any mergers, transfer of organization ownership, management reorganization, or departure of key personnel within the next twelve (12) months?

 Yes No No If "Yes", list authorizations/licenses.



Lease/Operation of Sanitary Landfill + Waste Collection Services
2: General Information Form - Landfill

4. **Licenses:** Is Respondent authorized and/or licensed to do business in Texas?

Yes No If "Yes", list authorizations/licenses:

Texas Secretary of State, Texas Comptroller's Office

5. **Headquarters:** Where is the Respondent's corporate headquarters located?

Phoenix, Arizona

6. **Debarment/Suspension Information:** Has the Respondent or any of its principals been debarred or suspended from contracting with any public entity?

Yes No

If "Yes", identify the public entity and the name and current phone number of a representative of the public entity familiar with the debarment or suspension, and state the reason for or circumstances surrounding the debarment or suspension, including but not limited to the period of time for such debarment or suspension.

7. **Surety Information:** Has the Respondent ever had a bond or surety canceled or forfeited?

Yes No If "Yes" state the name of the bonding company, date, amount of bond and reason for such cancellation or forfeiture.

8. **Bankruptcy Information:** Has the Respondent ever been declared bankrupt or filed for protection from creditors under state or federal proceedings?

Yes No If "Yes", state the date, court, jurisdiction, causes number, amount of liabilities and amount of assets.

9. **Disciplinary Action:** Has the Respondent ever received any disciplinary action, or any pending disciplinary action, from any regulatory bodies or professional organizations?

Yes No If "Yes" state the regulatory body or professional organization, date and reason for disciplinary or impending disciplinary action.



Lease/Operation of Sanitary Landfill + Waste Collection Services
2: General Information Form - Landfill

10. Previous Contracts:

- a. Has the Respondent ever failed to complete any contract awarded?

Yes No If "Yes", state the name of the organization contracted with, services contracted, date, contract amount and reason for failing to complete the contract.

- b. Has any officer or partner proposed for this assignment ever been an officer or partner of some other organization that failed to complete a contract?

Yes No No If "Yes", state the name of the individual, organization contracted with, services contracted, date, contract amount and reason for failing to complete the contract.

- c. Has any officer or partner proposed for this assignment ever failed to complete a contract handled in his or her own name?

Yes No No If "Yes", state the name of the individual, organization contracted with, services contracted, date, contract amount and reason for failing to complete the contract.

THIS FORM MUST BE RETURNED WITH THE PROPOSAL



**Lease/Operation of Sanitary Landfill + Waste Collection Services
2: General Information Form - Landfill**

Republic Waste Services of Texas, Ltd. – DBAs			
Texas	Accurate Transportation Services	11/15/2002	11/15/2012
Texas	Charter Waste Landfill	06/21/2002	05/25/2022
Texas	CSC Landfill	06/21/2002	05/25/2022
Texas	Duncan Disposal - Arlington	06/21/2002	05/25/2022
Texas	Duncan Disposal - Lubbock	06/21/2002	05/25/2022
Texas	Duncan Disposal - San Angelo	06/21/2002	05/25/2022
Texas	JC Duncan Company	01/20/2000	01/06/2020
Texas	Malloy Landfill	06/21/2002	05/25/2022
Texas	Seabreeze Environmental Landfill	01/04/2001	01/04/2011
Texas	Arlington Disposal	01/20/2000	01/06/2020
Texas	Arlington Landfill	03/03/2005	03/03/2015
Texas	C & T Landfill	06/21/2002	05/25/2022
Texas	Duncan Disposal	01/20/2000	01/06/2020
Texas	Duncan Disposal - Stamford	06/21/2002	06/21/2012
Texas	Grand Prairie Disposal	01/20/2000	01/06/2020
Texas	Hutchins Transfer Station	05/19/2005	05/19/2015
Texas	Tas-It Services	06/21/2002	06/21/2012
Texas	Trashaway Services	06/21/2002	05/25/2022
Texas	Duncan Disposal - Alpine	06/21/2002	05/25/2022
Texas	Duncan Disposal - Brazos	06/21/2002	05/25/2022
Texas	Duncan Disposal - Dallas	06/21/2002	06/21/2012
Texas	Duncan Disposal - Malloy	06/21/2002	05/25/2022
Texas	Duncan Disposal - Midland	06/21/2002	05/25/2022
Texas	Republic Services of Lubbock	07/01/2009	07/01/2019
Texas	Allied Waste Services of Lubbock	07/01/2009	07/01/2019
Texas	Republic Services of Dallas	07/01/2009	07/01/2019
Texas	Allied Waste Services of Dallas	07/01/2009	07/01/2019
Texas	Republic Services of Arlington	11/19/2010	11/19/2020
Texas	Republic Services of San Angelo	07/12/2011	07/12/2021
Texas	Republic Services of Midland	07/12/2011	07/12/2021
Texas	Republic Services of Campbell	07/12/2011	07/12/2021
Texas	Republic Services of Brazos	07/12/2011	07/12/2021
Texas	Republic Services of Alpine	07/12/2011	07/12/2021



Lease/Operation of Sanitary Landfill + Waste Collection Services
2: General Information Form - Landfill

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3

Experience, Background, Qualifications, References



3 Experience, Background, Qualifications, References

3.1 General

Republic Services, Inc. is among the most experienced and reputable integrated waste management and recycling services company in Texas and across the nation. Republic is known for its customer experience commitment, transparent business practices, excellent accounting controls, award winning driver safety program and operational expertise.

Republic is the second largest integrated waste services companies in the United States as measured by revenue. Republic is well qualified by experience, adequate financing, staffing and equipment to provide the services specified in this RFP. Republic provides non-hazardous solid waste collection services for commercial, industrial, municipal and residential customers through its dedicated team of approximately 30,000 employees serving more than 13 million customers through 333 collection companies operating within a network of 145 business units in 39 states and Puerto Rico. Republic owns or operates 193 transfer stations, 191 active solid waste landfills, and 71 recycling facilities.

Republic operates 69 landfill gas and renewable energy projects including multiple gas-to-energy plants for beneficial use (including onsite plants at City of Arlington, Fort Worth Regional, and Trinity Oaks Landfills in Dallas-Fort Worth area) and two solar landfill final cover projects (including the first-of-its-kind solar cover at Tessman Road Landfill in San Antonio).

Purpose of Republic Services

The purpose of Republic Services is:

- To establish Republic as a company where the best people come to work devoted to meeting the needs of customers every day.
- To consistently operate and vigorously grow the business with integrity and a commitment to the Republic Way.
- To deliver total waste stream solutions and provide environmental confidence for Republic's customers while doing its part in stewardship of the planet's resources.
- To create sustainable economic value for all Republic stakeholders.

RESPECTFUL

We value others and demonstrate that in everything we do.

RESPONSIBLE

We do the right thing – always and every day.

RELIABLE

We are trustworthy and accountable.

RESOURCEFUL

We maximize our strengths to get the job done.

RELENTLESS

We work hard and never give up.



Financial Strength

Republic is one of the strongest financially among the major publicly-held solid waste management companies in the nation, with annual revenue of approximately \$8.1 Billion and total assets of almost \$20 Billion.

More information is included in *Section 3.8 – Financial Qualifications*.

Commitment to Sustainability and Environmental Stewardship

As evidence of its commitment to the environment, below are a few of the hundreds of sustainability projects Republic is currently engaged in.

Composting

Nationally, yard trimmings and food waste constitute 27 percent of the waste stream. In areas of the country with market demand, composting programs are being developed to find beneficial uses for these materials. Republic Services'



Pacific Region Compost Facility was Oregon's first composting facility permitted to process Type III feed stocks (meat, dairy products and non-vegetative food waste) using advanced separator screen technology.

Since then, commercial and residential customers have doubled the amount of food waste they recycle, contributing to 400% more compost available for local farms and others. Republic Services is focused on making composting simple and efficient and has developed programs to effectively remove materials that can be beneficially reused and produce a high quality end-market material.

On a regional/local market scale, Republic partners with select providers, such as Living Earth, to permit and operate mulching/composting facilities at multiple Texas sites, including City of Fort Worth Southeast Landfill and City of Arlington Landfill. When market conditions make mulching/composting operations economically feasible (i.e., raw materials are available and market demand for final mulch/compost products exists), these facilities save valuable landfill airspace by diverting woody waste (e.g., landscape clippings, brush, tree limbs, etc.) and organic food waste (e.g., vegetables and fruits) from the waste stream that would otherwise be disposed of at the landfill.



Green Energy

The Republic Services Food Recycling Project in Contra Costa County, California is an innovative partnership with the East Bay Municipal Utility District (EBMUD) to generate renewable energy by capturing gas generated during decomposition. For these efforts, the Republic Services local service division was awarded the 2008 Gold Level Award by the Solid Waste Association of North America (SWANA). Republic Services brings in food waste from area businesses and takes it to the EBMUD treatment plant. As the material naturally decomposes, it generates methane gas, which is then used to generate electricity. This electricity primarily powers EBMUD with any excess sold to the Pacific Gas and Electric Company.

In Texas, there are multiple examples of Green Energy projects, including gas-to-energy (GTE) plants at Fort Worth Regional Landfill and Trinity Oaks Landfills (both facilities located in Dallas-Fort Worth area). These GTE plants collect landfill gas (including methane) generated by decomposing buried waste via a gas collection and control system (which consists of a network of gas extraction wells fitted with vacuum pumps and interconnected with lateral and header pipes). The landfill gas is transported to the GTE plant using large blowers that feed electricity-generating engines that convert the landfill gas into electricity. The electricity generated by the GTE plant engines is, in turn, sold to the respective local electric utility providers. Landfill gas collected in excess of the GTE plant engines is burned using the onsite gas combustion flares.

Solar Landfill Cover

At the Tessman Road Landfill in San Antonio, Texas, Republic Services combined a first-of-its-kind solar technology with an existing gas-to-energy system to turn the facility into a sustainable energy park. The combined systems generate about 9 megawatts of power — enough to power 5,500 area homes. In 2010, Republic Services also implemented a solar energy cover at Hickory Ridge Landfill near Atlanta. The installation is now the largest landfill solar energy cover in the world.



The 7,000-solar panel, 10-acre project was the recipient of a \$2 million American Recovery and Reinvestment Act grant and is now generating more than 1 megawatt of electricity per year, enough to power 224 homes.

Landfill Gas-to-Energy

Republic Services' Ox Mountain Landfill gas-to-energy project in Half Moon Bay, California was recognized by the U.S. EPA Landfill Methane Outreach Program (LMOP) as a Project of the Year.



Landfill gas from Ox Mountain supplies enough renewable energy to customers in Alameda and Palo Alto to reduce emissions equivalent to taking 11,800 cars off the road. LMOP is a voluntary assistance program designed to help reduce methane emissions from landfills by encouraging the recovery and beneficial use of landfill gas as an energy resource. As an LMOP program participant, Republic Services helps local facilities gain access to a vast network of industry experts and practitioners, as well as to various technical and marketing resources that can help with landfill gas energy project development.

In addition to projects successfully implemented nationwide, Republic has several landfill gas-to-energy projects implemented throughout its Texas facilities. These include the gas-to-energy plant located at the City of Arlington Landfill. This GTE plant collects gas from a closed, pre-subtitle D (clay liner only) landfill area (similar to the 31.9-acre closed pod area at the City of San Angelo Landfill) and from the active area which includes pre-subtitle D and subtitle D (liner including geomembrane) areas (again, similar to the City of San Angelo Landfill currently active disposal area). The on-site GTE plant collects the gas, treats it to remove moisture, and sends it via dedicated pipeline to the Village Creek Wastewater Treatment Plant located approximately 4 miles from the City of Arlington Landfill GTE plant. Landfill gas collected in excess of the Village Creek Wastewater Treatment Plant is burned using the onsite gas combustion flare.

LEED Certified Waste Advisors

Established by the U.S. Green Building Council, LEED (Leadership in Energy and Environmental Design) provides a concise framework for practical and measurable green building design, construction, operations and maintenance solutions. LEED verification ensures that a project's design improves energy savings, water efficiency, CO₂ emissions reduction, improved indoor environmental quality, and stewardship of resources and sensitivity to their impacts. LEED philosophy and programs are an integral part of Republic Services' approach to saving energy, recycling and protecting the environment. Some of the Company's Waste Stream Advisors nationwide are LEED certified and have demonstrated their knowledge of green building technologies, best practices and the rapidly evolving LEED Rating Systems.

The new North Texas Recycling Complex, located in Fort Worth and constructed in July 2013, is undergoing the process of obtaining LEED certification by the US Green Building Council. The North Texas Recycling Complex is a state-of-the-art facility that accepts single-stream recyclables and processes them into bales of individual materials (i.e., aluminum, metal, paper, cardboard, plastics [various types] and glass). The new North Texas Recycling Complex had a total cost of \$22M to build, with approximately 40% of that amount allocated to high-end equipment (i.e., optical sorters, air knife, magnets, etc.). The facility was expanded from 41,668 square feet to a new area of 80,144 square feet and also includes new office space (total of 13,106 square feet) to house the local sales team and facility mechanics, supervisors and managers.



Compressed Natural Gas Vehicles and CNG Infrastructure

Expanding its use of alternative fuels furthers Republic Services' efforts to reduce diesel fuel consumption wherever possible. Compared to older trucks, Republic's natural gas vehicles burn much cleaner, helping reduce greenhouse gas emissions. Republic is supporting the conversion to natural gas having constructed several fueling stations in the East Region (3), Central Region (3), and West Region (4) in 2013. At the current rate of conversion, Republic plans to have more than 3,100 trucks nationwide running on natural gas and other alternative fuels by the end of 2015.



A specific Texas example for the implementation of alternative fuels infrastructure and vehicles is the construction of a new CNG fueling facility and replacement of waste collection and recycling trucks at Republic's Arlington Hauling facility located in Arlington, Texas. Subsequent to the installation of the required CNG infrastructure (i.e., compressors, connection to gas pipeline, time-delayed and fast-fill pump stations) in late 2012, 43 new CNG trucks were purchased and placed into operation in 2013. 23 additional CNG trucks were purchased and placed into operation in January 2014. The planned total CNG vehicles for the Arlington Hauling facility is over 160 new CNG trucks to be rolled out over the next 3-5 years, at which time the entire fleet will consist of GNC trucks. The savings associated with usage of CNG vs. diesel is approximately \$2.20 per gallon or over \$1M per year.

Corporate and Regional Management Structure



Republic relies on a decentralized management structure to manage daily operations with optimum efficiency. Republic's organization and management structure includes three regions across the Country and a regional management team headed by a Region President of Operations located in each region. Within each region are multiple market areas, each headed by an Area President and Area management staff. For management of waste disposal sites, each Area is composed of individual business units managed by a General Manager, which in turn, manages Operations Supervisors, Operations Managers, and Division Managers

corresponding to each of the facilities included within each business unit.



Each facility within North Texas Area is supported by a team of engineering and environmental professionals consisting of an Area Environmental Manager, 4 Environmental Managers, 3 Environmental Technicians, and an Environmental Specialist. One of the 4 Environmental Managers (which is a Professional Engineer licensed in Texas) is dedicated specifically to support the 11 collection and post-collection facilities located in West Texas, including the City of San Angelo Landfill. The function of engineering and environmental professionals consist of ensuring that permits required for continued operation (including vertical and/or horizontal expansions) of each facility are secured and updated as needed/required by applicable local, state and federal regulations. In addition, these professionals are tasked to manage engineering construction projects (e.g., disposal cells and final covers, gas collection and monitoring systems, facility access and internal roads, citizens' convenience centers, sedimentation ponds, leachate collection systems, groundwater monitoring systems, etc.) at each facility they serve.

The Area engineering and environmental teams are supported by Region and Corporate Managers, each within their respective area of expertise (i.e., gas, leachate, construction, etc.), who develop and provide guidelines and standards to implement during the performance of engineering and environmental functions.

Each Area contains multiple business units or operating locations. Each of Republic's regions and substantially all market areas provide collection, transfer, recycling and disposal services. This structure facilitates integrating Republic operations within each region, which is a critical component of the Company's operating strategy and enables Republic to manage the entire wastes stream from start to finish. It also allows Republic to maintain effective controls and standards over operational and administrative matters, including financial reporting.

Republic believes that its strong reputation of transparency and accountability is particularly important to cities that are recovering from the recession. In order to convey Republic's standing, Republic *Awards and Honors* are provided as an *Appendix* at the conclusion of *Section 3*.

Additional Information on Republic: Associations and Organizations

Republic Services is a member of the following associations and organizations. Republic Services employees are actively engaged in these organizations. In many cases, Republic employees serve on the Boards of Directors and are elected officers in many of these associations.

- Environmental Industries Association (EIA)
- EIA Women's Council
- National Solid Wastes Management Association (NSWMA)
- Solid Waste Association of North America (SWANA)
- Detachable Container Association (DCA)
- Environmental Research and Education Foundation (EREF)
- United States Green Building Council (USGBC)
- Public Affairs Council



Republic Services Classifications

Dun's Identification Number

02-013-8298

U.S. Department of Labor

Occupational Safety and Health Administration
Standard Industrial Classification (SIC) Code - 4953 (Sanitary Services/Refuse Systems)

Federal Employee Identification Number

6S-0716904

North American Industry Classification System

The North American Industry Classification System (NAICS) was developed as the standard for use by federal statistical agencies in classifying business establishments for the collection, analysis, and publication of statistical data related to the business economy of the U.S. NAICS was developed under the auspices of the Office of Management and Budget (OMB), and adopted in 1997 to replace the old SIC system.

NAICS Codes applicable to Republic Services, Inc.

Primary:

Solid waste landfills combined with collection and/or hauling of waste materials: 562212

Secondary:

Solid waste collection: 562111

Material Recovery Facilities: 562920

Other non-hazardous waste treatment and disposal: 562920



Republic Services and Western Region Operations

The Company's organizational and management structure includes three regions across the country and a regional management team headed by a Senior Vice President of Operations located in each of the three regions. Within each region are multiple market Areas, each headed by an Area President and Area management staff.

North Texas Operations

As indicated previously, ten of the 14S business units that comprise the entirety of Republic's collection and post-collection operations are organized and managed within the North Texas Area. The North Texas Area encompasses a vast geographical area ranging from Alpine to Amarillo (and including San Angelo) in West Texas, through Dallas-Fort Worth metroplex and East Texas, to Minden and Shreveport in Northwest Louisiana.

Approximately 1900 individuals are employed throughout North Texas' 49 facilities, which include 19 collection/hauling facilities, 19 active landfills, 4 closed landfills, 3 material recycling facilities (including the new \$22M state-of-the-art North Texas Recycling Complex completed in July 2013 and located in Fort Worth) and 4 transfer stations.

San Angelo Business Unit (Division)

The San Angelo Division operates the City of San Angelo Landfill and has for approximately 35 years. In addition to operating the landfill, and as further described in Section 12, Republic serves 13 jurisdictions, collecting and safely recovering/disposing of approximately 180,000 tons of waste annually through 31 collection routes and 94 locally-based employees.

As indicated previously, San Angelo hauling and landfill facilities and operations were previously managed from the West Texas Area and have been part of North Texas Area since November 2012. This reassignment of Areas afforded both San Angelo facilities, and in particular the landfill, renewed and refined optimization in operations due to more experienced operations personnel and management team, and also resulted in the addition of new and more efficient equipment such as a high-tech, GPS-guided compactor and an automatic tarp-deploying machine (both of which positively impact in-place waste density and daily cover soil usage).

Local Division Community Involvement

A hallmark of Republic's business model is its objective of being an involved and caring partner to its municipal clients and communities. It accomplishes this by giving back to the cities it serves through intentionally working in partnership with community and business groups and organizations to contribute in meaningful ways to the sustainability and vibrancy of the communities Republic serves. See *Section 3.6 – Community Involvement* for detailed information.



3 Experience, Background, Qualifications, References

3.2 Landfill Experience

As previously noted, Republic operates 191 active solid waste landfills nationwide. Of those 191 landfills, Republic operates 69 landfill gas and renewable energy projects including two solar landfill cover projects. Of the hundreds of landfills Republic owns and/or operates nationwide, the following list indicates all landfills Republic operates in its West Region in addition to San Angelo.

Site Name	Area	Lease, Contract, Owned
Royal Oaks Landfill	North Texas	Contract
Webster Parish Landfill	North Texas	Contract
Fort Worth Southeast Landfill	North Texas	Contract
Woolworth Road Landfill	North Texas	Contract
Victoria Landfill	South Texas	Contract
Cefe Valenzuela Landfill	South Texas	Contract
Kerville Landfill	South Texas	Contract
Jeff Davis Landfill	South Texas	Contract
Washington County Landfill	Mountoin	Contract
Mohave Valley Landfill	Southwest	Contract
Lake Havasu Landfill	Southwest	Contract
La Paz County Landfill	Southwest	Contract
Laughlin Landfill	Mountoin	Contract
Sonoma Central Landfill	Northern California	Contract
Ado County Landfill	Northwest	Contract
Arlington Landfill	North Texas	Leased
Pinehill Landfill	North Texas	Leased
Pleasant Oaks Landfill	North Texas	Leased
Greenwood Farms Landfill	North Texas	Leased
Abilene Landfill	North Texas	Leased
Sunset Farms	South Texas	Leased
Golden Triangle Landfill	South Texas	Leased
Southwest Regional Landfill	Southwest	Leased
Charter Waste Landfill	North Texas	Owned
CSC Disposal and Landfill	North Texas	Owned



Lease/Operation of Sanitary Landfill + Waste Collection Services
3: Experience, Background, Qualifications, References - Landfill

Site Name	Area	Lease, Contract, Owned
ECD Landfill	North Texas	Owned
Mexio Landfill	North Texas	Owned
Lewisville Landfill	North Texas	Owned
Itasca Landfill	North Texas	Owned
Southwest Landfill	North Texas	Owned
North County Landfill	South Texas	Owned
El Centro Landfill	South Texas	Owned
La Gloria Ranch	South Texas	Owned
Blue Ridge	South Texas	Owned
McCarty Road Landfill	South Texas	Owned
Galveston County Landfill	South Texas	Owned
Gulfwest Facility	South Texas	Owned
Whispering Pines Landfill	South Texas	Owned
Tessman Road Landfill	South Texas	Owned
Copper Mountain Landfill	Southwest	Owned
Imperial Landfill	Southwest	Owned
Cactus Landfill	Southwest	Owned
Sycamore Landfill	Southwest	Owned
Otay Landfill	Southwest	Owned
Borrego Landfill	Southwest	Owned
Apache Junction Landfill	Southwest	Owned
Sunshine Canyon Landfill	Los Angeles	Owned
Apex Regional Waste Management Center	Mountain	Owned
ECDC	Mountain	Owned
Foothills Landfill	Mountain	Owned
Tower Landfill	Mountain	Owned
Vasco Road Landfill	Northern California	Owned
Forward Landfill	Northern California	Owned
Keller Canyon Landfill	Northern California	Owned
Ox Mountain Sanitary Landfill	Northern California	Owned
Newby Island Landfill	Northern California	Owned



Lease/Operation of Sanitary Landfill + Waste Collection Services
3: Experience, Background, Qualifications, References - Landfill

Site Name	Area	Lease, Contract, Owned
Coffin Butte Landfill	Northwest	Owned
Roosevelt Regional ASH Monofill	Northwest	Owned
Roosevelt Regional Landfill	Northwest	Owned
Missoula Landfill	Northwest	Owned
Wasatch Regional Landfill	Mountain	Owned/Partnership

This chart helps demonstrate that Republic clearly has the expertise and engineering infrastructure to continue partnering with the City to manage its San Angelo facility.

Additionally, the table on the following two pages indicates landfill projects producing power or pipeline-quality gas. Regardless of the City's needs for landfill infrastructure improvement projects in the future, Republic has the experience to successfully design, permit and construct the required infrastructure, including any required ongoing operation and maintenance needs.



Lease/Operation of Sanitary Landfill + Waste Collection Services
3: Experience, Background, Qualifications, References - Landfill

Landfill Gas/Power Projects	State	Type of Beneficial Use System	Size MW	Gas Flow (SCFM)	Energy use and user
Austin Rd. Landfill	CA	Electric Gen.	0.8		Power sold to PG&E
Sycamore Landfill	CA	Electric Gen.	4.42		Power sold to SDG&E
Otay Landfill	CA	Electric Gen.	7.5		Power sold to SDG&E
West County Landfill	CA	Electric Gen.	2		Power sold to Alameda Power (WE OWN)
Ox Mountain Sanitary Landfill	CA	Electric Gen.	11.6		Power sold to Palo Alto
Keller Canyon Landfill	CA	Electric Gen.	3.8		Power sold to Palo Alto
Hickory Ridge	GA	Medium BTU		1,700	Gas sent to Coca-Cola for use in CHP
Oak Grove	GA	High Btu		2,500	Pipeline quality gas sold to Municipal Gas Authority of Georgia
Roxana Landfill	IL	Electric Gen.	4		Power sold to Illinois power market
Envlrontech Landfill	IL	Electric Gen.	4		Power sold to Illinois power market
Lee County Landfill	IL	Electric Gen.	4		Power sold to Illinois power market
Streator Area Landfill No. 3	IL	Electric Gen.	1		Power sold to Illinois power market
Upper Rock Island County Landfill	IL	Electric Gen.	4		Power sold to Illinois power market
Brickyard Landfill - (Units 1 & 2)	IL	Electric Gen.	3		Power sold to Illinois power market
Zion Landfill, Sites 1A, 1B and 2	IL	Electric Gen.	5.4		Power sold to Illinois power market
Mallard Lake Landfill	IL	Electric Gen.	23.2		Power sold to Illinois power market
National Serv-All Landfill	IN	Medium Btu		1,800	Gas sold to GM
Newton Co. Landfill	IN	Medium BTU		1,200	Gas sold to United Forest Products (WE OWN)
Sycamore Ridge Landfill	IN	Medium Btu		650	Gas sold to Boral Brick Co.
Laubscher Meadows Landfill	IN	Medium BTU		1,500	Gas sold to Mead-Johnson
Green Valley Landfill	KY	Electric Gen.	2.5		Power used by East Kentucky Power Coop
Jeff Davis Landfill	LA	High Btu		2,400	Pipeline quality gas sold to natural gas transmission line
Woolworth Road Landfill	LA	Medium Btu		1,600	Gas sold to industrial user
Fall River	MA	Electric Gen.	7.05		Power sold to NE power grid
Plainville	MA	Electric Gen.	5.6		Power sold to NE power grid
Adrian Landfill	MI	Electric Gen.	2.4		Power sold to DTE
Ottawa County Farms Landfill	MI	Electric Gen.	5.4		Power sold to MI utility
Citizens Disposal, Inc.	MI	Electric Gen.	4		Power sold to MI utility
Oakland Heights Development	MI	Medium BTU		2,500	Gas sold to GM (new Volt plant)
Lyon Development	MI	Electric Gen.	5		Temporarily down for restructuring
C and C Expanded Sanitary Landfill	MI	Electric Gen.	6		Power sold to MI utility
Arbor Hills East Landfill	MI	Electric Gen.	29.3		Power sold to MI utility
Vienna Junction Industrial Park	MI	Medium Btu		1,300	Gas sold to Jeep
Carleton Farms Landfill	MI	Electric Gen.	11.2		Power sold to MI utility
Forest Lawn Landfill	MI	Leachate Evap.		2,000	Gas used to evaporate landfill's leachate
Whitefeather	MI	Electric Gen.	3.2		Power sold to MI utility
Pine Bend Landfill	MN	Electric Gen.	16		Power sold to MN utility
Jefferson City Landfill	MO	Electric Gen.	3.2		Power sold to MO electric coop
Courtney Ridge Landfill, LLC	MO	Medium BTU		2,000	Gas sold to LaFarge



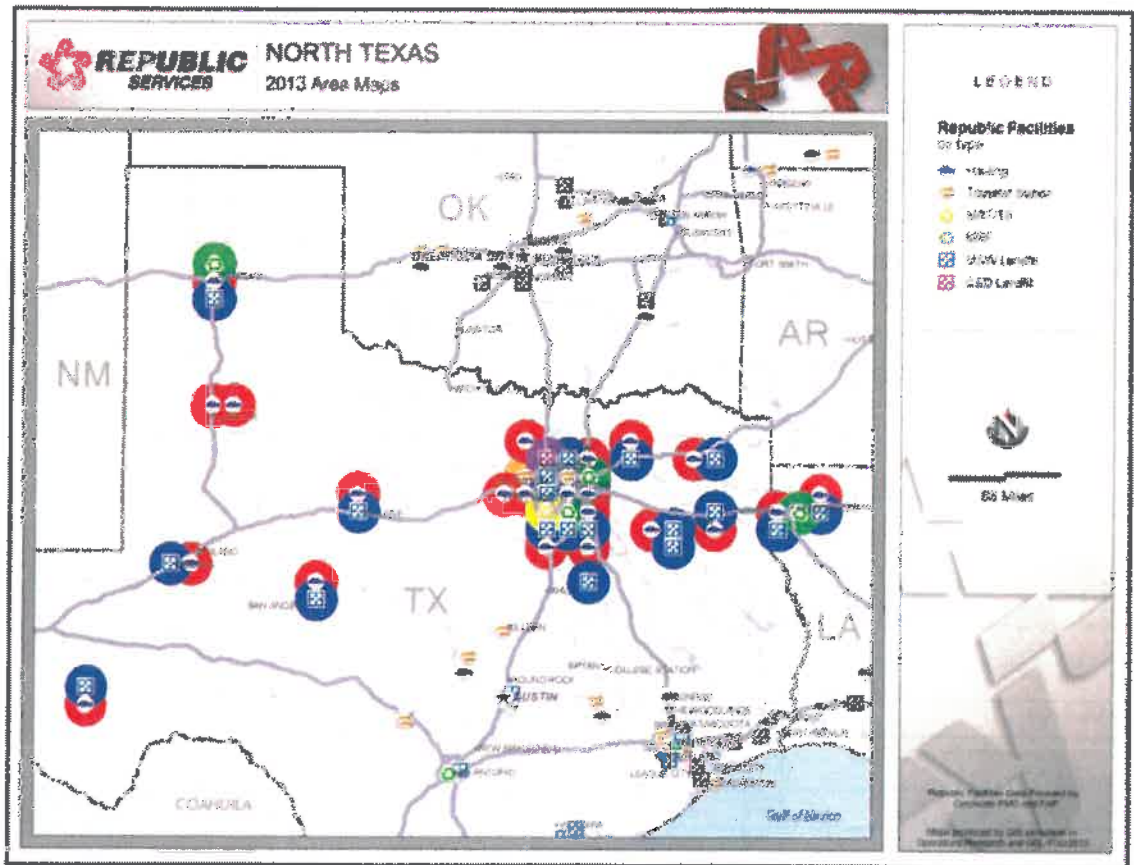
Lease/Operation of Sanitary Landfill + Waste Collection Services
3: Experience, Background, Qualifications, References - Landfill

Landfill Gas/Power Projects	State	Type of Beneficial Use System	Size MW	Gas Flow (SCFM)	Energy use and user
Prarie View	MO	Electric Gen.	3		Power sold to MO utility
Charlotte Motor Speedway	NC	Electric Gen.	16		Power sold to Duke
Lorain County II Landfill	OH	Electric Gen.	11		Power sold to AMP Ohio
Carbon Limestone Landfill	OH	Electric Gen.	19.1		Power sold to AMP Ohio
Ottawa County Landfill	OH	Electric Gen.	4.1		Power sold to AMP Ohio
Cherokee Run Landfill, Inc.	OH	Electric Gen.	5		Power sold to AEP
Southeast Landfill OKC	OK	Medium Btu		1,200	Gas sold to GIM (temporarily down)
Coffin Butte Landfill	OR	Electric Gen.	6		Power sold to OR utility
Conestoga Landfill	PA	Medium Btu		2,000	Gas sold to multiple industrial users
Greenridge Landfill	PA	Leachate Evap.		1,500	Gas used to evaporate landfill's leachate
Imperial Sanitary Landfill	PA	High Btu		4,000	Pipeline quality gas sold to natural gas transmission line
Modern Landfill	PA	Electric Gen.	5.5		Power sold to PJM NE power market (WE OWN)
Lee County Landfill	SC	Electric Gen.	5.4		Power sold to Santee-Copper
South Shelby Landfill	TN	Medium Btu		4,000	Gas sold to Solae
Middle Point Landfill	TN	Electric Gen.	3		Power sold to TN utility
Carter Valley Landfill	TN	High BTU		800	Pipeline quality gas sold to Atmos gas
Fort Worth Regional Landfill	TX	Electric Gen.	2		Power sold to TX utility
Sunset Farms	TX	Electric Gen.	4		Power sold to TX utility
McCarty Road LF Area A	TX	High Btu		6,000	Pipeline quality gas sold to TX gas transmission line
Tessman Road Landfill	TX	Electric Gen.	8.2		Power sold to TX utility
Trinity Oaks Landfill	TX	Electric Gen.	2		Power sold to TX utility
McCarty Road LF Area B/C	TX	Medium BTU		4,000	Gas sold to Anheuser-Busch
Greenwood Farms Landfill	TX	High BTU		2,000	Pipeline quality gas sold to TX gas transmission line
Blue Ridge	TX	Electric Gen.	1.6		Power sold to TX utility
Blue Ridge	TX	Medium BTU		3,500	Gas sold to Champion
Brunswick Waste Management Facility	VA	Electric Gen.	8		Power sold to PJM NE power market
Old Dominion	VA	Electric Gen.	4.8		Power sold to Old Dominion Electric Co-op
Richmond Landfill	VA	Electric Gen.	2		Power sold to VA utility
King and Queen Landfill	VA	Electric Gen.	12		Power sold to PJM NE power market
Roosevelt Regional MSW Landfill	WA	Electric Gen.	10.5		Power sold to WA utility
Kestrel Hawk Landfill	WI	Medium Btu		1,500	Gas sold to SJ Johnson (WE OWN)
Totals			298	57,650	



North Texas Facilities

The drawing below depicts the 49 facilities located specifically within the North Texas Area and includes 19 collection/hauling facilities, 19 active landfills, four closed landfills, three material recycling facilities (including the new \$22M state-of-the-art North Texas Recycling Complex completed in July 2013 and located in Fort Worth) and 4 transfer stations. A list of the 19 active landfills and 4 closed landfills is provided in the table following this North Texas Area facilities map.



North Texas Landfills

The following landfills are located specifically within the North Texas Area and have a similar regulatory environment as the San Angelo Landfill. Republic currently operates and is responsible for operation and cell construction activities at each of these 19 active landfills and for inspecting and maintaining the 4 closed landfills (within BU 209), which qualifies Republic to perform the services being procured through this RFP.

Business Unit No	Div	Division - Site Name	Address	City	State	Zip
BU202	3415	CSC Disposal Landfill	101 Republic Way	Avalon	TX	76623
	3473	Arlington Landfill	800 Mosier Valley Road	Eules	TX	76040
	4076	Ellis County LF	5703 North I-45	Ennis	TX	75119
	4169	Fort Worth Southeast LF	6288 Salt Road	Fort Worth	TX	76140
	4222	Mexia LF	3054 LCR 460	Mexia	TX	76667
	4525	Camelot LF	580 Huffines Boulevard	Lewisville	TX	75056
	5109	Lewisville LF	801 East College Street	Lewisville	TX	75057
BU205	5110	Itasca LF	2559 F.M. 86	Itasca	TX	76055
BU205	3412	Charter Waste LF	12035 West Murphy	Odessa	TX	79763
BU206	3416	Maloy Landfill & Sanitation	2811 FM 1568 (3 mi N of IH 30, & 4	Campbell	TX	75422
	4072	Pinehill LF	1102 Four S Industrial Blvd (N of H	Longview	TX	75803
	4074	Pleasant Oaks LF	3031 FM 3417	Mt Pleasant	TX	75456
	4075	Greenwood Farms LF	12920 FM 2767	Tyler	TX	75708
	4077	Royal Oaks LF	440 Heath Lane	Jacksonville	TX	75766
BU207	4126	Webster Parish LF	493 Landfill Road	Minden	LA	71055
	4230	Woolworth Solid Waste LF	10580 Woolworth Road	Kethville	LA	71047
BU210	5121	Southwest (Amarillo) Landfill	20700 Halum Rd	Canyon	TX	79015
BU215	3405	San Angelo LF	3002 Old Ballinger Hwy	San Angelo	TX	76905
	5137	Abilene Landfill	Hwy 277/83N @ FM 3034	Abilene	TX	79601
BU209	4524	Trinity Oaks Landfill	11340 C.F. Haw n Freeway	Dallas	TX	75253
	4537	Pt. Worth Regional Landfill	2100-A Minnis Drive	Forth Worth	TX	76117
	4540	Mill Creek Landfill	7797 Confederate Park Road	Forth Worth	TX	76108
	5022	Hutchins Landfill	1450 E. Cleveland Rd	Hutchins	TX	75141

Detailed Citations

As required by the RFP, following are two detailed citations for Texas landfill operations experience providing services most similar to those requested in this RFP. These two landfills were selected since both facilities share similar characteristics to the San Angelo Landfill:

- a. Closed pre-subtitle D areas in a closed pod and contiguous to active subtitle D areas.
- b. Active groundwater and landfill gas monitoring systems.
- c. Include landfill gas collection and control system (with potential to transform into gas-to-energy facility for beneficial use).
- d. Adjacent to residential/commercial areas.



Citation 1 – City of Arlington Landfill

Annual tons landfilled

823,907 tons

Description of Services Provided

Per the existing contract with the City of Arlington, Republic conducts waste screening, scale house operations, landfilling, facility repairs and maintenance, cell construction, environmental systems monitoring, landfill closure, closed landfill inspection and maintenance, leachate and landfill gas collection and recovery systems construction and operation; in addition, Republic manages concrete crushing and mulching/composting operations under contract with qualified contractors. Furthermore, the City of Arlington Landfill also has an on-site landfill gas-to-energy plant for beneficial use (landfill gas for fuel usage at a nearby wastewater treatment plant). Lastly, Republic operates a Citizens' Convenience Center for the recovery of recyclable materials including e-waste, aluminum, metal, white goods, tires, paper, and cardboard.

Permitting, Engineering and Regulatory Compliance

Republic directs, contracts, funds, and conducts all permitting, engineering and regulatory compliance activities associated with landfill operations at the City of Arlington Landfill

Contact Information

City of Arlington – Steve Cooke (817-459-6564), 100 West Abram St., 2nd Floor; Arlington, TX 76011 and Bob Weber (817-459-6220), 800 Mosier Valley Rd., Euless, TX 76040

Regulatory Agency Representative Contact Information

Texas Commission on Environmental Quality, MSW Permits Section (MC 124)
Christine Bergren (512-239-2335)
2100 Park 35 Circle, Building F; Austin, TX 78753

Regulatory Environment

Since the City of Arlington Landfill is located in Texas, it is subject to the same set of state municipal solid waste regulations as the City of San Angelo Landfill

Inspection Reports - Last Two Inspections

The required regulatory inspection reports for the City of Arlington Landfill are provided, following this citation.

Use of Alternative Daily Cover (ADC)

- a. Name of site: City of Arlington Landfill
- b. Tons per day: 10.64 TPD
- c. Type(s) of ADC used: Tarps, contaminated soil (TPH < 1,500 ppm)
- d. Relative annual percentage use of ADC vs. cover soil: Of the budgeted 10% of annual airspace allocated for daily and intermediate cover soils at City of Arlington Landfill, approximately 58% (or 8.7% of the total) corresponds to cover soil and 42% (6.3% of total) is attributed to savings associated with ADC usage (tarps and contaminated soil)



Methods Used to Maximize In-place Solid Waste Density (1,670 pcy) and Average Densities for Past Three Years (2,078 pcy)

Equipment operation (number of passes, extent of compaction path, cross compaction) and preventative maintenance (proper wheel cleat height), waste monitoring at working face (to eliminate disposal of unauthorized materials, such as tires, white goods, etc.); use of ADC materials; operator training (for efficient equipment operation); exclusion of landscape and woody waste (goes to the mulching/composting operations area).

Tracking and Minimizing Cover Soil Usage

- a. Development of soil budgets: currently 10% of annual airspace is allocated for daily and intermediate cover soils at City of Arlington Landfill; this percentage is evaluated on an annual basis and adjusted accordingly based on prior year's usage and anticipated future needs.
- b. Tracking of cover soil usage: cover soil usage (including ADC material usage) is tracked daily by facility operations and management teams.
- c. Soil scalping: daily and intermediate cover soils are removed when additional waste layers are installed within the covered area in order to minimize cover soil consumption.
- d. Optimal cell construction: the cell construction sequence and size of construction area are evaluated by facility, business unit, area, and region management team to ensure that permit conditions are being met and that the area to be constructed meets anticipated waste volume intake and associated operational in-place density for the next approximately 24-month period.

Leachate Collection System Operation and Maintenance

Operation and maintenance of the leachate collection and recovery system (which includes a network of five pneumatic pumps from the pre-subtitle D area, five additional pumps from the subtitle D area, and a 100,000 gallon leachate storage tank) is conducted by Republic Environmental Technicians and, when needed, supported by qualified consultants and contractors. A similar arrangement is used for operation and maintenance of the active landfill gas collection and control system installed at the facility.

Inspection and Maintenance of Closed Landfill Sites and Closed Areas of Active Sites

Republic Environmental Managers, Environmental Specialist and Environmental Technicians are responsible for inspection of closed landfills. Maintenance of closed landfills is conducted at Republic's direction by qualified consultants and contractors. Specifically for the inspection of closed areas of the active City of Arlington Landfill, said activities are conducted by the Environmental Manager assigned for the facility and, as needed, supported by Republic Environmental Specialist and Environmental Technicians.



Bryan W. Shaw, Ph.D., *Chairman*
Carole Rubenstein, *Commissioner*
Toby Baker, *Commissioner*
Zak Cover, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

July 17, 2013

Mr. David Cieply, Division Manager
City of Arlington Landfill
800 Mosier Valley Drive
Euless, Texas 76040

Re: Compliance Evaluation Investigation at:
City of Arlington Landfill, 800 Mosier Valley Drive (Tarrant County), Texas
Regulated Entity No.: RN102336039, TCEQ ID No.: 358A, Investigation No.: 1099627

Dear Mr. Cieply:

On June 12, 2013, Kendra Houston of the Texas Commission on Environmental Quality (TCEQ) DFW Region Office conducted an investigation of the above-referenced facility to evaluate compliance with applicable requirements for municipal solid waste. No violations are being alleged as a result of the investigation.

The TCEQ appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions regarding these matters, please feel free to contact Ms. Houston in the DFW Region Office at (817) 588-5817.

Sincerely,

A handwritten signature in cursive script that reads "Erin Gorman".

Erin Gorman
Solid Waste Work Leader
DFW Region Office
Texas Commission on Environmental Quality

EG/kh

TCEQ Region 4-Dallas/Fort Worth • 2309 Gravel Dr. • Fort Worth, Texas 76113-6951 • 817-588-5500 • Fax 817-588-5700

Austin Headquarters: 512-239-1000 • tceq.texas.gov • How is our customer service? tceq.texas.gov/customer-survey

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**Lease/Operation of Sanitary Landfill + Waste Collection Services
3: Experience, Background, Qualifications, References - Landfill**



Corporate Notification Fax Transmittal Form

4/14/11

From: Edwardo Choquis, P.E. Phone: (800) 465-0792
 Position: AEM Fax: (817) 468-4663
 Facility Name: Arkylos Landfill Division #: 3476 Number of Pages included in Fax: 2
 Facility Address: 800 Mosler Valley Rd City: Buena State: TX Zip: 78068

Type of Notification / Assignment	Distribution:	Phone #
<input checked="" type="checkbox"/> Regulatory Inspection (EPA, STATE, DOT, OTHER) <input type="checkbox"/> Notice of Violation <input type="checkbox"/> Response/Status to Notice of Violation <input type="checkbox"/> Administrative Order or Settlement Agreement <input type="checkbox"/> Response to Adm. Order / Settlement Agreement	Tim Parsons Disclosure Coordinator	(480) 716-4300
	Marcos Elizondo Region Director - Engineering and Environmental Management	(281) 673-2068
	Edwardo Choquis Area Environmental Manager / Environmental Manager	(817) 468-4663
<input type="checkbox"/> News Articles regarding Facilities <input type="checkbox"/> AST/UST Changes <input type="checkbox"/> Reportable Spill or any Company Fire (including SSO events) <input type="checkbox"/> 3 rd Party Disposal Sites <input type="checkbox"/> Permit Additions or Revisions (Modifications)	Tim Parsons Disclosure Coordinator	(480) 716-4300

REGULATORY INSPECTIONS

Date of Inspection: April 14, 2011 Date of NOV: Not Applicable
 Inspecting Agency: TCEQ - Region 4 Agency Dept: Environmental Investigations, Air Program
 Agency Address: 2288 Gravel Dr City: Fort Worth State: TX Zip: 76118

* If the inspection report is not available, please provide a brief inspection summary:
TCEQ investigators were following up on a complaint re: odors on Thursdays & Saturdays. Investigation did not identify any odor issue associated with the facility. See attached for details.

RESPONSE/STATUS TO NOTICE OF VIOLATION:

SPILL / FIRE
(Please Check One)

Date and Time of Incident: _____
 • **SPILL:** Provide description of what was released, how much, where, what was affected and any actions taken or to be taken.
 • **FIRE:** Provide description of damage, place of fire, cause, cost estimate of damages, and any actions taken or to be taken.

Have you notified any Agency of this incident? YES NO
 Person Contacted: _____ Phone: _____
 Agency: _____
 Agency Address: _____ City: _____ State: _____ Zip: _____

AST / UST

Date / Time of Change: _____
 Description of Change: _____

3rd Party Disposal Sites
 New / No Longer Using

Date / Time of Change: _____
 Facility Name: _____ Phone: _____
 Address: _____ City: _____ State: _____ Zip: _____



Choquis, Eduardo

From: Bartels, Gary
Sent: Thursday, April 14, 2011 2:54 PM
To: Cox, Robert; Choquis, Eduardo; Steve Cooke; Bob Weber
Subject: TCEQ - Environmental Investigators - Unannounced Appearance at the Arlington Landfill

Importance: High

Gentlemen,

TCEQ Investigators Michael Dedeke and Ariel Yeh arrived at the Arlington Landfill sealhouse office at approximately 2:00pm this afternoon, unannounced. I had a conversation with them that lasted approximately 15 minutes where they identified the purpose of their visit to be follow up on an odor complaint they received regarding odors on Thursday's and Saturdays. In response to their question of whether we do or accept anything out of the ordinary on these days, I'd shared with them that Thursdays and Saturdays are typical of our daily operations Mon - Sat. They were not able to share the general location the complaint came from, limiting our ability to evaluate whether or not an off-site source might be the cause of the complaint.

This is their second field investigation pertaining to the complaint they received with the same outcome. Their investigation did not identify any odor issue associated with the Arlington Landfill. The results of their investigation will be prepared and a copy mailed to us for our files.

As follow up on our end, we will pay particular attention to Thursdays and Saturdays to determine if there is a particular source of odor that has gone unidentified that requires attention and/or correction and will more closely monitor odors everyday and will review our waste acceptance procedures with operations staff to ensure we are properly managing our waste materials.

If you have any questions or would like to discuss this further, please give me a call.

Gary

Gary J. Bartels | Republic Services, Inc.
Arlington Landfill and Southeast Ft. Worth Landfill | Division Manager
Office 817.354.2306 | Mobile 817.705.6072
800 Mosier Valley Rd, Euless, TX 76040
gbartels@republicservices.com



Citation 2 – City of Fort Worth Southeast Landfill

Annual tons landfilled

784,000 tons

Description of Services Provided

Per the existing contract with the City of Fort Worth, Republic manages waste screening, scale house operations, landfilling, facility repairs and maintenance, cell construction, environmental systems monitoring, landfill closure, closed landfill inspection and maintenance, leachate and landfill gas collection and recovery systems construction and operation; in addition, Republic manages mulching/composting operations under contract with a qualified contractor.

Permitting, Engineering and Regulatory Compliance

Republic directs, contracts, funds, and conducts all permitting, engineering and regulatory compliance activities associated with landfill operations at the City of Fort Worth Southeast Landfill.

Contact Information

City of Fort Worth
Mr. Kim Mote (817-392-5153)
4100 Columbus Trail
Fort Worth, TX, 76133

Regulatory Agency Representative Contact Information

Texas Commission on Environmental Quality, MSW Permits Section (MC 124)
Christine Bergren (512-239-2335)
12100 Park 35 Circle, Building F
Austin, TX 78753

Regulatory Environment

Since the City of Fort Worth Southeast Landfill is located in Texas, it is subject to the same set of state municipal solid waste regulations as the City of San Angelo Landfill.

Inspection Reports - Last Two Inspections

There are no regulatory inspection reports for the City of Fort Worth Southeast Landfill.

Use of Alternative Daily Cover (ADC)

- a. Name of site: City of Fort Worth Southeast Landfill
- b. Tons per day: 9.64 TPD
- c. Type(s) of ADC used: Tarps, contaminated soil (TPH < 1,500 ppm)
- d. Relative annual percentage use of ADC vs. cover soil: Of the budgeted 13% of annual airspace allocated for daily and intermediate cover soils at City of Fort Worth Southeast Landfill, approximately 83% (or 10.9% of the total) corresponds to cover soil and 17% (2.1% of total) is attributed to savings associated with ADC usage (tarps and contaminated soil)



Methods Used to Maximize In-place Solid Waste Density (1,670 pcy) and Average Densities for Past Three Years (2,078 pcy)

Equipment operation (number of passes, extent of compaction path, cross compaction) and preventative maintenance (proper wheel cleat height), waste monitoring at working face (to eliminate disposal of unauthorized materials, such as tires, white goods, etc.); use of ADC materials; operator training (for efficient equipment operation); exclusion of landscape and woody waste (goes to the mulching/composting operations area).

Tracking and Minimizing Cover Soil Usage

- a. Development of soil budgets: currently 13% of annual airspace is allocated for daily and intermediate cover soils at City of Fort Worth Southeast Landfill; this percentage is evaluated on an annual basis and adjusted accordingly based on prior year's usage and anticipated future needs.
- b. Tracking of cover soil usage: cover soil usage (including ADC material usage) is tracked daily by facility operations and management teams.
- c. Soil scalping: daily and intermediate cover soils are removed when additional waste layers are installed within the covered area in order to minimize cover soil consumption.
- d. Optimal cell construction: the cell construction sequence and size of construction area (including overliner areas to be constructed over previously closed pre-subtitle D areas) are evaluated by facility, business unit, area, and region management team to ensure that permit conditions are being met and that the area to be constructed meets anticipated waste volume intake and associated operational in-place density for the next approximately 24-month period

Leachate Collection System Operation and Maintenance

Operation and maintenance of the leachate collection and recovery system (which includes a network of four pumps from the subtitle D area) is conducted by Republic Environmental Technicians and, when needed, supported by qualified consultants and contractors. A similar arrangement is used for operation and maintenance of the active landfill gas collection and control system initially installed at the facility in December 2012 (including the associated gas flare) and expanded in February 2014.

Inspection and Maintenance of Closed Landfill Sites and Closed Areas of Active Sites

Inspection of closed areas of the active City of Fort Worth Southeast Landfill is conducted by the Environmental Manager assigned for the facility and, as needed, supported by Republic Environmental Specialist and Environmental Technicians.

Please also see the following letter of recommendation from the City of Fort Worth.





March 6, 2014

Mr. Shane Kelton, Director of Operations
City of San Angelo
72 W. College Avenue
San Angelo, Texas 76903

Subject: Letter of Recommendation for Republic Services

Dear Mr. Kelton:

This letter is provided as a recommendation for Republic Services. The City of Fort Worth has been in a long term, mutually beneficial relationship with Republic. Republic currently operates, under contract, the City owned Southeast Landfill where all of our residential waste is taken for disposal by a third party collection contractor. In every step in their relationship with us Republic has been highly professional resulting in Fort Worth having very well run landfill. Reporting is timely and operating staff has always been responsive to the City's needs and those of our collections contractor. Our collections contractor's staff has always been very complimentary of the manner in which the landfill is operated allowing their driver the ability to get in, make a rapid turn around and get back on their routes even during periods of inclement weather.

Republic's landfill management staff has always coordinated closely with us to ensure smooth transitions during challenging periods such as gatehouse and scale system improvements, cell development, landfill design and permit modifications/amendments and have always kept an eye on sustaining solid customer service to the drivers allowing them to get in and out quickly to return to collection operations. Management staff has also been conscientious in environmental issues whether dealing with landfill gas system improvements or leachate management. They came to us within the past year to work with us to provide a mulching operation on site to process the city's residential yard waste collections helping us to divert it from disposal and provide a commercially viable mulch product for the greater community.

I highly recommend Republic Services. They have been a great partner for the City of Fort Worth. Should you have any questions feel free to contact me at 817-392-5153 or by email at kim.mote@fortworthtexas.gov

Sincerely,

Kim A. Mose
Assistant Director, Code Compliance Department
Solid Waste Services Division

CODE COMPLIANCE DEPARTMENT

SOLID WASTE SERVICES DIVISION

The City of Fort Worth • 1100 Calmes - Suite 100 • Fort Worth, Texas 76103
817-392-3279 • Fax 817-392-5170

RECYCLING MATERIALS



3 Experience, Background, Qualifications, References

3.3 Experience Operating Landfills Under Lease

Republic has been under the current lease for the landfill site and site operations in San Angelo since 1984, with the latest 10-year extension starting on August 1, 2004. During the latest ten-year lease extension, Republic has partnered with the City to provide the requested landfill management services and construction activities. In doing so, Republic has focused its efforts on increasing landfill operating efficiency and life, keeping costs of operation down, providing long-term service stability and mitigating the neighborhood and environmental impacts traditionally associated with operating a landfill.

As indicated previously, in addition to San Angelo, Republic has similar landfill lease/operating agreements in place associated with these landfill sites operated by Republic via lease or contract, making it very highly qualified to continue operating the City's landfill:

Site Name	Area	Lease, Contract, Owned
Royal Oaks Landfill	North Texas	Contract
Webster Parish Landfill	North Texas	Contract
Fort Worth Southeast Landfill	North Texas	Contract
Woolworth Road Landfill	North Texas	Contract
Victoria Landfill	South Texas	Contract
Cefe Valenzuela Landfill	South Texas	Contract
Kerrville Landfill	South Texas	Contract
Jeff Davis Landfill	South Texas	Contract
Washington County Landfill	Mountain	Contract
Mohave Valley Landfill	Southwest	Contract
Lake Havasu Landfill	Southwest	Contract
La Paz County Landfill	Southwest	Contract
Laughlin Landfill	Mountain	Contract
Sonoma Central Landfill	Northern California	Contract
Ada County Landfill	Northwest	Contract
Arlington Landfill	North Texas	Leased
Pinehill Landfill	North Texas	Leased
Pleasant Oaks Landfill	North Texas	Leased
Greenwood Farms Landfill	North Texas	Leased
Abilene Landfill	North Texas	Leased
Sunset Farms	South Texas	Leased
Golden Triangle Landfill	South Texas	Leased
Southwest Regional Landfill	Southwest	Leased



3 Experience, Background, Qualifications, References

3.4 Transition Experience

Republic is the incumbent landfill operator in San Angelo. Also, each of the landfills listed in the previous chart included in *Section 3.3* indicate Republic's transition experience through the fact that, since they are all operated by Republic through a lease or contract, they each necessarily represent a successful transition. Should the City elect to renew its contract with Republic to continue operating its landfill, there will be no operational transition to undertake. However, Republic is providing a relevant example of its transition experience taken from outside its San Angelo landfill operations. Please see the information included in the table below and the letter of recommendation which follows.

Facility: **City of Victoria Landfill – Permit No. MSW 1522**

Contact info:	Mr. Darryl Leack, Director of Environmental Services, City of Victoria
Contract Start/ Completion Dates:	October 1, 2007; Contract Term = 20 years.
Type of Waste Accepted:	Municipal Solid Waste

Quantities of Waste Disposed (5 years):	728,577 tons
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Number of Employees:	5 - 10
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Equipment Permanently Assigned to Facility:

- 1 Caterpillar 826 – Compactor
- 1 Caterpillar D6 – Bulldozer
- 1 Caterpillar 730 or Volvo A25 – Articulated Dump Truck
- 1 Caterpillar 325 – Excavator
- 1 Caterpillar 126 or 140 H – Motor Grader
- 1 Ledwell LPW4000 – Water Truck (4,000 g.)
- 1 John Deere 452 – Tractor
- 1 Mack – Fuel/Service Truck
- 1 John Deere Gator TH – Service Gas System and Leachate Sumps
- 1 Honda – Pressure Washer/Air Compressor
- 1 Boss – Light Plant/Generator
- 1 Goodwin – 6" Water Pump
- 1 Ford F150 – Pickup Truck
- 6 Windscreens – 8' x 8'

Obstacles Encountered and Resolution:

No obstacles to note.

Republic assisted with upgrades to the facility included constructing a new entrance road, scalehouse, scales, wheelwash, leachate forcemain, and leachate tanks with secondary containment.

Please also see the following letter of recommendation from the City of Victoria.



Lease/Operation of Sanitary Landfill + Waste Collection Services
3: Experience, Background, Qualifications, References - Landfill

February 26, 2014

Roger Banks, Division Manager
Purchasing Division, and
Shane Kelton, Director of Operations
City of San Angelo
72 W. College Avenue
San Angelo, Texas 76903

Letter of Recommendation

Dear Mr. Banks and Mr. Kelton:

This letter is provided as a letter of recommendation for Republic Services. Republic has operated the Victoria County Landfill since 2007. Republic provides outstanding management of the facility and great service to all who access it, and is an excellent partner with the City.

Most recently Republic partnered with us to construct a new entrance road, scale house, and leachate tankage at the Victoria County Landfill. Not only did Republic do exactly what it said it would do, but it executed on its promises on time and with a high level of professionalism. I can honestly say it was an enjoyable process.

I highly recommend Republic for the continued operation of San Angelo's landfill. I am happy to answer any questions you may have about working with Republic Services.

Sincerely,



Darryl Lesak, Director of Environmental Services
City of Victoria

Cc: Harold Barber,
Director of Engineering and Environmental Management, West Region, Republic Services



3 Experience, Background, Qualifications, References

3.5 Qualifications of Key Personnel

The Respondent and legal entity to enter into a landfill operations contract is Republic Waste Services of Texas, LTD, a Texas Limited Partnership, dba Republic Services of San Angelo (Republic). The partners of Republic Waste Services of Texas, Ltd. are direct subsidiaries of Republic Services, Inc. (NYSE: RSG).

Since the bidding entity is a Limited Partnership, there are no officers to list. The *Corporate Data Sheet* for Republic Services of Texas, LTD is presented below. Parent company Republic Services, Inc. officers are listed in the accompanying *2012 Annual Report*.

Corporate Data Sheet Report

As of February 24, 2014

Republic Waste Services of Texas, Ltd.

Incorporated in Texas on 11/17/1999

Status:	Current		
Entity Type :	Limited Partnership		
Federal ID #:	65-0963067	Internal #:	VI
Domicile:			

Primary Address

18500 North Allied Way
 Phoenix, Arizona 85054

Partners

	<u>Title</u>
Republic Waste Services of Texas GP, Inc.	General Partner
Republic Waste Services of Texas LP, Inc.	Limited Partner

Direct Owners

	<u>Registered in</u>	<u>%Ownership</u>
Republic Waste Services of Texas GP, Inc.	Delaware	1.0000 %
Republic Waste Services of Texas LP, Inc.	Delaware	99.0000 %

Registrations

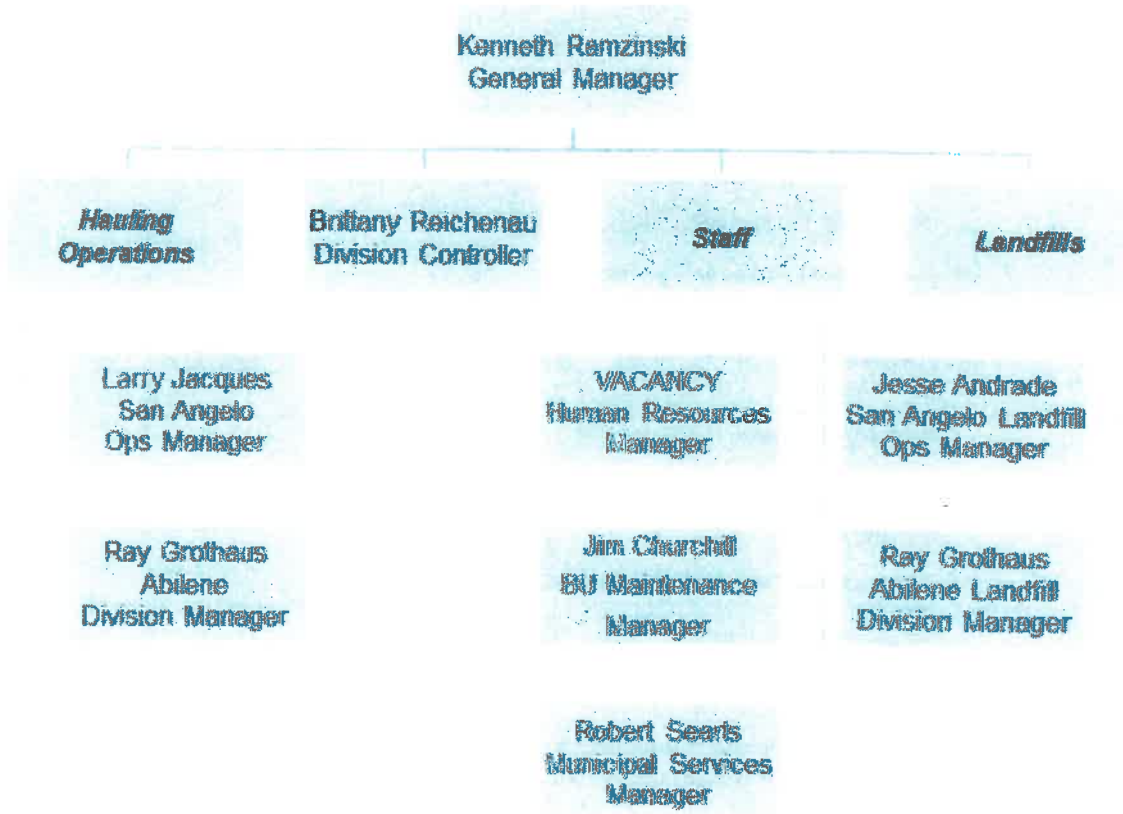
		<u>Charter No.</u>	<u>Date</u>	<u>End Date</u>
New Mexico	Qualification	LPF2000050301	05/03/2000	
Texas	Incorporation	0012916510	11/17/1999	



Lease/Operation of Sanitary Landfill + Waste Collection Services
3: Experience, Background, Qualifications, References - Landfill

Business Unit Organization

The overall organization of the Business Unit is captured below, followed by the organization of the landfill staffing and accompanied by additional information on key personnel and positions.

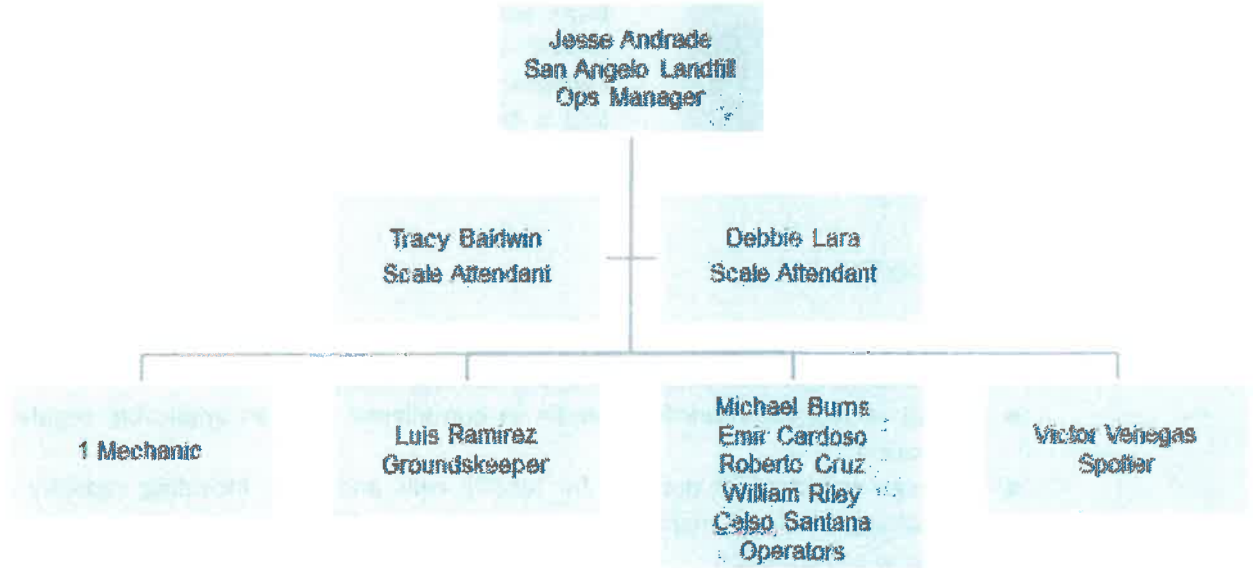


BU-215



Landfill Organization Chart

The general organization of the landfill team is presented below. Landfill personnel are supported by Republic's North Texas Area management, accounting, municipal sales, human resources, recruiting, safety, customer service, and engineering team.



BU-215



Engineering Support

Eduardo Choquis, Area Environmental Manager



Biography

Eduardo has been a landfill engineer since 1995 when he first became a staff and project engineer for Weaver Boos Consultants based out of Illinois and New Mexico. He has been working in Texas as an engineer since 1998 and has served on project teams awarded the SWANA Landfill Excellence Award. Eduardo received a BS in Civil Engineering and a MS in Environmental and Geotechnical Engineering from Iowa State University.

Responsibilities

- Prepare landfill budgets, managing all spending for Engineering department, and overseeing consultants and contractors during site development.
- Permit and ensure landfills remain in compliance with all applicable regulations during operation.
- Manage construction projects for landfill cells and sites, including capacity calculations, scheduling/timeline, management of third-party CQA and contractors, and resource and material coordination.
- Prepare landfill construction and ongoing operational budgets; maintains financial responsibility for construction/cell development, closure/post-closure, engineering, operations, and cost tracking.
- Coordinate completion of permit applications and designs, including regulatory interface, site expansion, modification to operating plan applications, and other related data.
- Prepare notifications/responses to regulatory inspections and administrative warnings.
- Assist Landfill and Site Managers with development of fill sequencing plans.
- Participate in review of targeted acquisitions, including Phase I assessment/property survey coordination, engineering review of design and operations, and pro-forma modeling assistance.
- Perform ongoing public relations and due diligence activities through communication with corporate office, regulatory agency representatives, third party consultants and investors.
- Complete monthly soil tracking reports and other status reports.
- Regularly supervise Environmental Managers, Technicians and Specialists, including responsibility for hiring, training, mentoring, developing, scheduling, directing, managing performance and other related issues; review work of, and accountable for performance of Environmental Managers, Technicians and Specialists.
- Ensure continued compliance by coordinating air, water monitoring, environmental data review and reporting.



Operations Oversight

Jesse Andrade, Landfill Operations Manager



Biography

Jesse first began his landfill experience as a landfill operator in for Republic in 1991. He was promoted to lead operator in 1994 and Operations Manager in San Angelo in 2012. He has extensive experience managing site construction projects, which include cell development, final capping, trash relocations, and gas systems installation. Jesse is committed to running a fully compliance landfill while optimizing compaction. Jesse maintains a Class A MSW Operator license which is included on the following page.

Responsibilities

- Responsible for the management of the staff, including hiring, training, coaching, performance management; develop supervisory goals and objectives; and effective resolution of safety issues and claims.
- In conjunction with the General Manager, evaluate the site and service requirements of the landfill to develop an effective and efficient operational plan.
- Monitor and ensure compliance with all safety, environmental and equipment maintenance policies; ensure landfill is operated in a manner that is consistent with conditions stipulated in the applicable permit.
- Work closely with the General Manager, Regional Engineer and Environmental Manager to develop and maintain fill sequencing plans and ensure density goals are achieved.
- Ensure landfill equipment is properly maintained.
- Drive functional plans within the operations group to execute against the business plan to achieve or exceed the Business Unit's strategic plan.
- Plan and implement the operational procedures for the receiving and disposing of waste, completion of construction projects and yard maintenance.
- Oversee refuse being received; ensure proper handling; supervise and monitor all required testing, including sampling of monitoring wells; monitors utilization of cover material; review soil reports and provide information to Environmental Manager.
- Monitor and control all liquid and/or gas extraction systems on or around the landfill site.
- Establish productivity goals where needed; ensure adherence to operating standards; and manage labor hours and disposal expenses.
- Coordinate with Maintenance Department to ensure all equipment remains in working order and in compliance with safety standards. Oversee effective safety and accident prevention programs to ensure all reasonable action are taken to prevent accidents and injuries; ensure a safe and productive work environment for all employees; implement and maintain an effective loss control and safety program.





3 Experience, Background, Qualifications, References

3.6 Community Involvement

Republic is committed to being an active member of every community in which it is fortunate enough to work. The chart below indicates some of the organizations, events, and activities that Republic has given to in the last twelve months. In that time, Republic gave over \$150,000 in sponsorships and service to these important members of the San Angelo community.

Republic Services: Public Relations and Community Involvement SUMMARY San Angelo	Schools + Education Sponsorship	Schools + Education Scholarship	Local Event Sponsorship	Volunteer	Civic Organizations	Charitable Groups	Recycling Partners	Service Donations
Artober Fest								•
ASU Alumni	•							
ASU Alumni Tournament	•							
ASU Athletic Foundation	•							
ASU Conference Media Guide	•							
ASU Various								•
Back to School Bash	•							
Boy Scouts	•							
Campus Crusade for Christ						•		
Central High School	•							
Chamber of Commerce					•			•
Children's Miracle Network						•		
City of San Angelo 5k Color Run				•				
City of San Angelo Silver Sponsor					•			
Christmas at Old Fort Concho						•		•
Cornerstone Christian School	•							
DESK	•				•			
Downtown San Angelo – Roosevelt Hotel			•					•
Drag Boat Races			•					•



Lease/Operation of Sanitary Landfill + Waste Collection Services
3: Experience, Background, Qualifications, References - Landfill

**Republic Services:
 Public Relations and
 Community Involvement
 SUMMARY
 San Angelo**

	Schools + Education Sponsorship	Schools + Education Scholarship	Local Event Sponsorship	Volunteer	Civic Organizations	Charitable Groups	Recycling Partners	Service Donations
Good Fellow Appreciation Day				●				
Helping Hands of San Angelo								●
Holy Angels								●
Home Builders Association					●			
Lake View High School	●							
Memorial Fun								●
Paulann Baptist						●		
Ports to Plains <i>Workforce Event + Silver Sponsor</i>			●		●			
Relay for Life								●
Riverfest								●
Rotary Club					●			
SAFE Recycling Center							●	●
San Angelo Bandits			●					
San Angelo Blues Fest			●					
San Angelo Broadway Association			●					
San Angelo Coalition of Police					●			
San Angelo Eco Fair			●					
San Angelo Museum of Fine Arts					●			
San Angelo Soccer	●							
San Angelo Stock Show + Rodeo			●					●
San Angelo Stock Show Shoot			●					
San Angelo Stock + Rodeo Carnival			●					
Select Baseball	●							
Shannon Medical Center Shoot			●					
Spring Chicken Affair								●
St. Ambroso's Catholic Church								●
St. Mary's Church								●
Texas State Bank								●



**Republic Services:
 Public Relations and
 Community Involvement
 SUMMARY
 San Angelo**

	Schools + Education Sponsorship	Schools + Education Scholarship	Local Event Sponsorship	Volunteer	Civic Organizations	Charitable Groups	Recycling Partners	Service Donations
TTCCV Scholarship		●						
TLCA Athletic Booster Club	●							
TLC Easter Fest								●
Townsquare Media								●
West Texas Boys Ranch						●		
West Texas Rehab						●		●
Various Other Recycling							●	

Republic has been a firm partner with the Association and continues to support other charitable and non-profit organizations throughout the community.

– Tom Thompson, Marketing Director, San Angelo Stock Show and Rodeo



3 Experience, Background, Qualifications, References

3.7 References

The following references serve to satisfy the requirements requested by the RFP in Appendix C, C3.2 as well as in C4.

Reference 1 – Tessman Road Landfill

Landfill Name + Address	BFI Waste Systems of North America, Inc. Tessman Road Landfill, San Antonio
Generator Names	Atascosa, Bandera, Bexar, Comal, DeWitt, Guadalupe, Lavaca, Kendall, Wilson, Travis & San Patricio Counties
Contact Info - Name, Address, Phone Number	David McDaniel, District Manager P.O. Box 239966 San Antonio, Texas 76283 210-207-6414 E-mail: david.mcdaniel@sanantonio.gov
Contract Start/ Completion Dates	Not applicable: Republic-owned facility.
Contract Value	Not applicable: Republic-owned facility.
Type of Waste Accepted	Municipal solid waste resulting from or incidental to municipal, community, commercial, institutional, and recreational activities; waste resulting from construction or demolition projects; Class 1, 2 & 3 industrial solid wastes; liquid waste for solidification; special wastes
Quantities of Waste Disposed (average, annual, 5 years)	Budget yr 2014: 1,257,755 tons Budget yr 2013: 1,026,763 tons Budget yr 2012: 914,063 tons Budget yr 2011: 865,224 tons Budget yr 2010: 931,452 tons
Number of Employees	42
Equipment Permanently Assigned to Facility:	Articulated Dump Truck (4), Backhoe, Excavator (4), Motor Grader, Track Dozer (6), Trash Compactor (4), Wheel Loader (2), Sweeper, Water Truck, Misc Pickups & Service Trucks, Light Plants, Manlift
Use of ADC	Not applicable.
Methods Used to Maximize In-Place Solid Waste Density	Waste is spread with a dozer in 24" lifts on the working face. Each load spread receives 4-6 passes of a steel wheeled compactor before additional waste is added.
Average Densities for Past 3 Years	1308 lbs/cy, 1532 lbs/cy, 1360 lbs/cy
Methods Used to Minimize Cover Soil Usage	The working face is kept as small as practical. Grade stakes are used to ensure daily cover does not exceed 6 inches.
Leachate Collection System Operation and Maintenance	Leachate is recirculated. The site has above ground storage tank capacity of 42,000 gallons to ensure levels never exceed 12" above the liner.
Inspection and Maintenance of Closed Landfill Sites and Closed Areas of Active Sites	NA
Obstacles + Solutions	Not applicable.





CITY OF SAN ANTONIO

P. O. BOX 639966
SAN ANTONIO TEXAS 78283-3966

March 7, 2014

Mr. Shane Kelton
Operations Director
PO Box 1751
San Angelo, Texas 76902

Subject: Republic Services

Dear Mr. Kelton:

The City of San Antonio has had a long-term disposal contract with Browning-Ferris Inc, (Republic Services) since 1995 when disposal services for the City were privatized.

During this period, Republic Services has performed satisfactorily on all contract requirements to include participating in quarterly Free Landfill Disposal events with the City. In addition to serving our needs, Republic Services has continuously upgraded the facility to incorporate the latest requirements and new technology. We have always found that Republic Services staff can be relied upon to be accommodating and responsive to the needs of the City of San Antonio.

Please contact me at (210)207-6414, should you have additional questions.

A handwritten signature in black ink, appearing to read 'David McDaniel'.

David McDaniel
District Manager
City of San Antonio
Solid Waste Management Department



Reference 2 – Abilene TX, LP Landfill

Landfill Name + Address	Abilene TX, LP FM 3034 & HWY 277/83 N Abilene, TX 79601
Generator Names	City of Abilene's waste represents 50% of the total waste received at the Abilene TX, LP Landfill.
Contact Info - Name, Address, Phone Number	Jim Winward, Operations Manager Public Works Department, City of Abilene P.O. Box 60 Abilene, TX 79604 325-676-6497 E-mail: jim.winward@abilenetx.com
Contract Start/Completion Dates	Not applicable: Republic-owned facility.
Contract Value	Not applicable: Republic-owned facility.
Type of Waste Accepted	Municipal solid waste resulting from or incidental to municipal, community, commercial, institutional, and recreational activities; waste resulting from construction or demolition projects; Class 1, 2 & 3 industrial solid wastes; liquid waste for solidification; special wastes.
Quantities of Waste Disposed (average, annual, 5 years)	2009: 190,000 2010: 180,000 2011: 180,000 2012: 175,000 2013: 175,000
Number of Employees	8
Equipment Permanently Assigned to Facility:	Articulated Dump Truck (2), Backhoe, Excavator (2), Motor Grader, Track Dozer (2), Trash Compactor (1), Sweeper, Water Truck, Misc Pickups and Service Trucks
Use of ADC	Not applicable.
Methods Used to Maximize In-Place Solid Waste Density	Waste is spread with a dozer in 24" lifts on the working face. Each load spread receives 4-6 passes of a steel wheeled compactor before additional waste is added.
Average Densities for Past 3 Years	1308 lbs/cy, 1532 lbs/cy, 1360 lbs/cy
Methods Used to Minimize Cover Soil Usage	The working face is kept as small as practical. Grade stakes are used to ensure daily cover does not exceed 6 inches.
Leachate Collection System Operation and Maintenance	Leachate is recirculated. The site has above ground storage tank capacity of 42,000 gallons to ensure levels never exceed 12" above the liner.
Inspection and Maintenance of Closed Landfill Sites and Closed Areas of Active Sites	NA
Obstacles + Solutions	Not applicable.

Please also see the following letter of recommendation from the City of Abilene.





Shane Kelton, Operations Director
City of San Angelo
City Hall, Second Floor
72 W. College Ave.
San Angelo, TX 76903

Dear Mr. Kelton:

Republic Services has been operating the Abilene Landfill since 1983. Our consistent experience with Republic is that the company delivers a high degree of service. Landfill operations run smoothly and reliably, with excellent turn times and customer service.

Republic responds promptly and professionally to any City communications. Furthermore, Republic has been an excellent partner and an involved member of our community.

They have consistently accommodated our requests to change their operating hours, on short notice, when bad weather or our operational needs required unforeseen adjustments.

If you have any questions about Republic Services, please call my Public Works Operations Manager, Jim Winward at 325-676-6497 or my office at 325-676-6201.

Sincerely,

A handwritten signature in blue ink, which appears to read "Larry D. Gilley".

Larry D. Gilley
City Manager

P.O. BOX 60 - 555 WALNUT STREET - ABILENE, TEXAS 79604

We work together to build a community of the highest quality for present and future generations.

Reference 3 – Southwest Landfill

Landfill Name + Address	Southwest Landfill, Tx LP Southwest Landfill, Canyon, Texas
Generator Names	City of Canyon and City of Hereford. Potter, Randall, Deaf Smith, Armstrong, Oldham, Moore, Hutchinson & Hartley County. City of Canyon waste is equal to just over 4% of the total tons received.
Contact Info - Name, Address, Phone Number	Randy Criswell, City Manager City of Canyon 301 16 th Street, Canyon, TX 79015 (432) 368-3511 rcriswell@canyontx.com
Contract Start/Completion Dates	Not applicable: Republic-owned facility.
Contract Value	Not applicable: Republic-owned facility.
Type of Waste Accepted	Municipal solid waste resulting from or incidental to municipal, community, commercial, institutional, and recreational activities; waste resulting from construction or demolition projects; Class 1, 2 & 3 industrial solid wastes; liquid waste for solidification; special wastes
Quantities of Waste Disposed (average, annual, 5 years)	Budget yr 2014: 234,267 tons Budget yr 2013: 221,728 tons Budget yr 2012: 220,102 tons Budget yr 2011: 270,238 tons Budget yr 2010: 210,603 tons
Number of Employees	11
Equipment Permanently Assigned to Facility:	Articulated Dump Truck (2), Backhoe, Excavator (2), Motor Grader, Track Dozer (3), Trash Compactor (2), Wheel Loader (1), Sweeper, Water Truck, Misc Pickups & Service Trucks, Light Plants
Use of ADC:	Spray mulch used for ADC for daily cover M-F.
Methods Used to Maximize In-Place Solid Waste Density	Waste is spread with a dozer in 24" lifts on the working face. Each load spread receives 4-6 passes of a steel wheeled compactor before additional waste is added.
Average Densities for Past 3 Years	1580 lbs/cy, 1613 lbs/cy, 1482 lbs/cy
Methods Used to Minimize Cover Soil Usage	The working face is kept as small as practical. Grade stakes are used to ensure daily cover does not exceed 6 inches.
Leachate Collection System Operation and Maintenance	Leachate is recirculated. The site has above ground storage tank capacity of 42,000 gallons to ensure levels never exceed 12" above the liner.
Inspection and Maintenance of Closed Landfill Sites and Closed Areas of Active Sites	NA
Obstacles + Solutions	The City of Canyon asked about diverting their brush from the working face if they dedicated loads to brush only. Beginning in March 2014, Republic gave the City brush trucks special access to an area of the landfill that only Republic trucks were allowed to use. This gave the City trucks quick access and also helped cut their disposal cost.

Please also see the following letter of recommendation from the City of Canyon.





March 12, 2014

Shane Keiton, Operations Director
City of San Angelo
City Hall, Second Floor
72 W. College Ave.
San Angelo, TX 76903

Re: Republic Services

Dear Mr. Keiton:

I was asked to provide a letter of recommendation for Republic Services, which I am happy to do. The City of Canyon has contracted with Republic Services (or a previous company now owned by Republic) since 1990. They are our sole landfill service provider. Our relationship with them is one that we highly value. They are professional, knowledgeable, responsible, and a pleasure to work with. They are involved in our community, and are a visible supporter of Canyon and Canyon-related events.

They have always been very responsive to our needs, and requests, and I can even say they are good neighbors, because the City of Canyon owns a closed landfill directly across the fence to the east of Republic's landfill. In the rare event that we had a big storm or one of our famous 70 mph winds out of the west and some trash escaped their landfill, it was cleaned up almost immediately. Also, we recently relocated a community wood waste disposal site to our landfill property, and Republic has been very helpful throughout that process and will continue to work with us to monitor and manage that site.

To summarize, we are extremely satisfied with Republic, and would highly recommend them.

Please feel free to contact me at 806-655-5000 or randywell@canyontx.com if you have any questions or would like to further discuss.

Sincerely,

Randy Criswell
City Manager

Quinn J. Alexander
Joe Welch
David Logan

Mayor
Municipal Police Team
City Manager

Gary Hinders
Jon Behrens
Randy Criswell

Commissioner
Commissioner
City Manager

301 Oak Street ★ Canyon, Texas 79013 ★ 806.655.5000 ★ Fax 806.655.5025 ★ www.canyontx.com



Reference 4 – Charter Waste Landfill

Landfill Name + Address	Republic Services, Charter Waste Landfill 12035 W. Murphy, Odessa, TX 79763
Generator Names	City of Odessa (39% of total incoming volume).
Contact Info - Name, Address, Phone Number	Oscar Maldonado City of Odessa, Solid Waste Supervisor 411 W. 8 th Str., PO Box 4398 Odessa, TX 79760 (432) 368-3511 omaldonado@odessa-tx.gov
Contract Start/Completion Dates	July 11, 1995 – August 31, 2027
Contract Value	\$3.1 million
Type of Waste Accepted	Municipal solid waste resulting from or incidental to municipal, community, commercial, institutional, and recreational activities; waste resulting from construction or demolition projects; Class 1 (due to ton only); 2. Industrial solid wastes; liquid waste for solidification; special wastes.
Quantities of Waste Disposed (average, annual, 5 years)	2014: 369,962 2013: 346,110.66 2012: 333,433.65 2011: 275,571.7 2010: 279,637
Number of Employees	12
Equipment Permanently Assigned to Facility:	Articulated Dump Truck (2), Excavator (2), Motor Grader (1), Track Dozer (2), Trash Compactor (2), Wheel Loader (1), Sweeper, Water Truck, Misc Pickups & Service Trucks, Light Plants,
Use of ADC	Spray mulch used for ADC for daily cover M-F.
Methods Used to Maximize in-Place Solid Waste Density	Waste is spread with a dozer in 24" lifts on the working face. Each load spread receives 4-6 passes of a steel wheeled compactor before additional waste is added.
Average Densities for Past 3 Years	1580 lbs/cy, 1613 lbs/cy, 1492 lbs/cy
Methods Used to Minimize Cover Soil Usage	The working face is kept as small as practical. Grade stakes are used to ensure daily cover does not exceed 6 inches.
Leachate Collection System Operation and Maintenance	Leachate is recirculated. The site has above ground storage tank capacity of 42,000 gallons to ensure levels never exceed 12" above the liner.
Inspection and Maintenance of Closed Landfill Sites and Closed Areas of Active Sites	NA
Obstacles + Solutions	As the Midland/Odessa area has grown with the oil boom, congestion at the landfill became a concern issue. The City of Odessa expressed its concern about landfill turn times. To speed up the process, it was decided to stagger the arrival times for the Republic and City trucks; Republic allowed the City to arrive earlier to avoid overlap with Republic vehicles. Also the scale-house was modified with an EZ Tag system allowing a separate line for the high volume accounts to be processed quicker.





Shane Kelton, Operations Director
City of San Angelo
City Hall, Second Floor
72 W. College Ave.
San Angelo, TX 76903

Dear Mr. Kelton:

Republic Services has been operating the Odessa Charter landfill since 1996. Our consistent experience of Republic is that the Company delivers a high degree of service. Landfill operations run smoothly and reliably, with excellent turn times and customer service.

Republic responds promptly and professionally to any City communications. Furthermore, Republic has been an excellent partner with and an involved member of our community. A recent example is last month. We needed cover material for an old land fill which now sits in private property. I contacted Jason Quinton and Chad Davis, and they responded in a favorable manner by allowing us to use enough caliche to provide the proper cover. Republic's cooperation in this matter resulted in a savings to the city, plus the quick response satisfied the property owner.

If you have any questions about Republic Services, please feel free to contact me.

Sincerely,

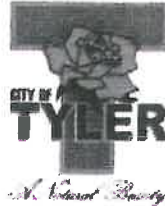
Oscar Maldonado
Solid Waste Superintendent
Office: (432) 368-3511
Cell: (432) 238-8031
Fax: (432) 368-3533
Email: omaldonado@odessa-tx.gov



Additional Letter of Support

Barbara R. Bars
Mayor

Mark McDaniel
City Manager



The City of Tyler
Office of the City Manager
P.O. Box 2039
Tyler, Texas 75710-2039

Phone: (903) 531-1250
Fax: (903) 531-1186
www.cityoftyler.org

March 13, 2014

Shane Kelton, Operations Director
City of San Angelo
City Hall, Second Floor
72 W. College Ave.
San Angelo, TX 76903

Dear Mr. Kelton:

Republic Services has been operating the Greenwood Farms Landfill for decades under a long term working relationship with the City of Tyler. Our consistent experience with Republic is that they provide a high degree and quality of service. Landfill operations run smoothly and reliably, with excellent turn times and customer service. Republic staff are highly responsive and immediately attentive to any need or concern that may arise from time to time. In summary, they are a great partner for the City of Tyler and a highly regarded corporate citizen.

If you have any questions about Republic Services, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark McDaniel'.

Mark McDaniel
City Manager



3 Experience, Background, Qualifications, References

3.8 Financial Qualifications

As previously stated, Republic Services, Inc. and its affiliates are the second largest integrated waste management company in the United States and one of the strongest financially among the major publicly-held solid waste management companies in the nation, with annual revenue of approximately \$8.1 Billion and total assets of almost \$20 Billion.

The financial prospects for the Republic companies are very strong and indicate long-term stability based on the companies' assets and free cash flow. The Republic companies have the financial capabilities and more than sufficient working capital or access to sufficient working capital to fund or finance and perform the required work. Our strong financial base serves to lend more value.

Republic Services, Inc. files consolidated tax returns on behalf of itself and all of its subsidiaries, including Republic Waste Services of Texas, Ltd. The 2012 *Annual Report to Shareholders* and *Form 10-K* demonstrates the companies' substantial financial resources and stability, as well as the companies' ability to finance any future capital expenditures related the San Angelo contract. The *Annual Report* and *Form 10-K* also includes information as to available working capital, annual revenue figures, total assets, net worth, and key financial ratios. This financial information is for Republic Services, Inc. and its subsidiaries, including the responding entity.

A complete 2012 Annual Report (Form 10-K) along with its most recent 10-Q is included with this submittal (see *Annual Report*); the Form 10-K and subsequent 10-Q's for Republic Services, Inc. and its affiliates can also be viewed and downloaded from www.RepublicServices.com.

The following table summarizes five years of financial data.

*Summary 5-years of Financial Data
(In millions)*

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Revenue	\$8,118.3	\$8,192.9	\$8,106.6	\$8,199.1	\$3,685.1
Operating income	\$1,320.6	\$1,552.7	\$1,539.1	\$1,589.8	\$283.2
Net income	\$571.8	\$589.2	\$506.5	\$495.0	\$73.8
Total assets	\$19,616.9	\$19,551.5	\$19,461.9	\$19,540.3	\$19,921.4
Stockholders' equity	\$7,705.7	\$7,683.4	\$7,848.9	\$7,567.1	\$7,282.5

The table below provides the additional information the City has requested relative to net book equity, assets and liabilities, cash/cash equivalents, long-term debt to capitalization ratio for Republic Services, Inc. and its subsidiaries.



Lease/Operation of Sanitary Landfill + Waste Collection Services
3: Experience, Background, Qualifications, References - Landfill

(\$ in Millions)	FY 2013	FY 2012	FY 2011	Reference
Net Book Equity	\$ 7,906.1	\$ 7,705.7	\$ 7,683.4	Consolidated Balance Sheets
Pre-Tax Earnings	\$ 851.2	\$ 823.9	\$ 906.3	Consolidated Statements of Income
Current Ratio	82.8%	72.6%	66.7%	Consolidated Balance Sheets
Cash and Cash Equivalents	\$ 213.3	\$ 67.6	\$ 66.3	Consolidated Balance Sheets
Long-Term Debt to Capitalization Ratio	47.0%	47.8%	47.3%	Consolidated Balance Sheets

* No material adverse changes to financial position since 12/31/13 that would impact the above.

See the additional relevant material on the financial strength and credit worthiness of Republic Services, Inc. and its affiliates from a recent presentation in the following *Appendix* included at the end of this subsection.

Also, please see the *Sample Contract – Section 9* for language pertaining to the guaranty from Republic Services, Inc. to the City of San Angelo.



Appendix: Credit Ranking Information

See the relevant information excerpted from a presentation, following.



**Municipal Marketing &
Credit Quality
June 2013**



RepublicServices.com



Republic's Credit Quality

- ☆ Highest Rating in Solid Waste Industry
 - BBB/Stable with Standard & Poor's
 - Baa3 /Stable with Moody's
 - BBB/Stable with Fitch Ratings
- ☆ RSG has always maintained Investment Grade status
- ☆ Ready access to Bank and Capital Markets
 - Ability to reinvest and improve business platform



Industry Credit Quality

Company	Moody's Rating	S & P Rating
Republic Services, Inc.	Baa3/Stable	BBB/Stable
Waste Management	Baa3/Stable	BBB/Stable
Progressive Waste	Ba1/Stable	BB+/Stable
Advanced Disposal	B2/Stable	B/Stable
Waste Industries	B1/Negative	B+/Negative
WCA Waste	B2/Stable	B+/Stable
Waste Pro	Not Rated	Not Rated

Investment Grade
Non-Investment or Junk Grade



Republic's Strengths

- ✧ Two bank unsecured revolving Credit Facilities with an aggregate value of \$2.25 billion
 - \$1.5 billion in excess capacity
- ✧ Investment Grade status provides us with easy access to Long-term Debt Capital Markets
- ✧ Improved Credit Profile
 - Disciplined approach to capital spending and acquisitions
 - Shareholder cash returns funded by operating cash flow



Key Comparisons per Last Public Filing

Organization	Last Public Filing	Debt to EBITDA ⁽¹⁾	Debt to Total Cap	EBITDA Margin
Republic Services	March 31, 2013	3.1x	48%	29%
Waste Management	March 31, 2013	2.9x	60%	23%
Waste Pro	Private	Not Rated	Not Rated	Not Rated

1) Adjusted EBITDA (Rolling 12 months): Excludes adjustments for loss on extinguishment of debt and divestiture gains/losses



Rating Agency Comments

“The outlook is stable...we believe that economic recovery and pricing discipline will allow more solid performance in the future. We also expect that operating efficiencies will help the company maintain sufficient measures of credit quality...”

Standard & Poor's, April 2013

“Republic continues to produce solid results despite a mixed operating environment. Consistent results reflect the stability in the industry as a whole as well as RSG's pricing discipline.”

Fitch Ratings, August 2012

Rating Agency Comments

“The Baa3 rating reflects Republic's sector-leading margin position, broad geographic footprint, and moderate financial leverage. Good scale of the company's waste collection/disposal assets and their steady cash flow characteristics make the credit resilient.”

Moody's, September 2012

Appendix: Republic Awards and Honors

EIA Driver of the Year (2013):

The Environmental Industry Associations named two Republic Services' drivers "Driver of the Year." Daniel Parker of Republic Services in Birmingham, Alabama received top honors in the large industrial category and Terrance Johnson of Republic Services in Baton Rouge, Louisiana won the large residential category.

CIO of the Year 2013:

Bill Halton, Republic's SVP and CIO, was honored by the Phoenix Business Journal as one of the top CIOs in Phoenix.

US EPA LMOP 2012 Projects of the Year (2012)

Republic's Hickory Ridge Landfill near Atlanta was honored as one of seven projects that generate renewable energy from a local source while also protecting the climate and strengthening the economy. Mas Energy developed a project that provided landfill gas to Coca-Cola's Atlanta Syrup Branch facility.

Honor Award for Environmental Sustainability for the Hickory Ridge Landfill Solar Energy Cover (2012)

The American Council of Engineering Companies gave Republic this prestigious distinction for exceptional engineering achievement.

1st Place and Grand Award from the American Academy of Environmental Engineers (2012)

The Phytoremediation project at the Gulf Pines Landfill (Mississippi) won the award for Engineering Excellence.

EIA Driver of the Year (2012)

The Environmental Industry Associations named three Republic Services' drivers "Driver of the Year." Mike Buczkowski of Republic Services in Erie, Michigan received top honors in the large residential category; Brett Popke of Allied Waste in Sandusky, Ohio won the large industrial category; and Jesus Pena of Republic Services of North Las Vegas, Nevada won the large commercial category.

Top CEO and Top Investor Relations Professional (2012)

Republic Services has achieved the top positions in the Institutional Investor All-American Executive Team in the Business, Education and Professional Services section within the capital goods/industrials category. Donald Slager ranked number one in Top CEOs and Edward Lang III ranked number one in Top Investor Relations Professionals categories.

EIA Driver of the Year (2011)

The Environmental Industry Associations named two Republic Services' drivers "Driver of the Year." Danny McIntyre, Republic Services, Inc. in Nevada received top honors in the large commercial category; Keith Pilot, Republic Services of Southern Nevada, won the large residential category.

Valley's Healthiest Employer (2011)

Republic Services ranked 4th out of 18 mid-sized Phoenix-area companies. The Company was acknowledged for an exemplary health and wellness program and for innovative strategies for keeping its workforce healthy.

Environmental Business Journal "Business Achievement Award" (2010)

Republic Services won a Business Achievement Award from the Environmental Business Journal for upgrading its Pacific Region Compost Facility in Corvallis, Oregon, to serve as the state's first food composting facility.

Climate Change Business Journal "Business Achievement Award" (2010)

The Climate Change Business Journal recognized Republic Services' investment in landfill gas projects and the expansion of its natural gas vehicle fleet.



Lease/Operation of Sanitary Landfill + Waste Collection Services 3: Experience, Background, Qualifications, References - Landfill

AFP Pinnacle Award (2010)

The Association of Financial Professionals honored Republic Services with this award for its outstanding achievement in treasury and financial management throughout the integration of the Allied Waste merger.

SWANA Excellence Award (2010)

The Republic Services' Tessman Road Landfill solar energy project in San Antonio was given the 2010 Excellence Award by the Solid Waste Association of North America. The Excellence Awards program is committed to the recognition of technically and economically sound municipal solid waste management programs that are protective of public health and the environment.

EIA Driver of the Year (2010)

The Environmental Industry Associations named three Republic Services' drivers "Driver of the Year." Ken Aldrich, Republic Services of Illinois, received top honors in the large commercial category; Anthony Lucious, Republic Services of Southern Nevada, won the large residential category; and Rodney Poe, Republic Services of Indiana, won the large industrial category.

U.S. EPA LMOP Project of the Year (2010)

Three Republic Services' Landfill Gas-to-Energy projects won Landfill Methane Outreach Program Project of the Year awards. The U.S. Environmental Protection Agency-sponsored awards went to Ox Mountain Landfill in Half Moon Bay, California, Jefferson City Landfill in Jefferson City, Missouri, and Oak Grove Landfill in Winder, Georgia. Republic Services won three of eight awards given.

Best CEO (2009)

Institutional Investor Magazine named Republic Services CEO, Jim O'Connor, Best CEO in the environmental services category for the 5th consecutive year.

Best CFO (2009)

Institutional Investor Magazine named Republic Services CFO, Tod Holmes, Best CFO in the environmental services category for the 6th consecutive year.

Most Shareholder Friendly Company (2009)

Institutional Investor Magazine named Republic Services the most shareholder-friendly company in the environmental services category for the 4th consecutive year.

EIA Driver of the Year (2009)

The Environmental Industry Associations named two Republic Services' drivers "Driver of the Year." Kevinald Lederer, Allied Waste of Lake Navasota City took top honors in the large commercial category. John D. Thomas, Republic Services of Southern Nevada, took top honors in the large residential category.

NSWMA Distinguished Service Award (2009)

The National Solid Waste Management Association presented this award to Will Flower, executive vice president, communications to recognize the highest spirit of volunteerism and involvement, personal integrity, professionalism and performance in an honorable and ethical manner.

NSWMA Special Governor's Award (2009)

The National Solid Waste Management Association presented Jamey Arnick, Gino Dugan and Max Goolsby for meritorious contributions to their respective NSWMA chapters.

America's 400 Best Big Companies (2008)

Forbes.com named Republic Services one of America's 400 Best Big Companies.

EIA Driver of the Year (2008)

The Environmental Industry Associations named two Republic Services' drivers "Driver of the Year." Richard Lial, Republic Services of Southern Nevada, took top honors in the large residential category. Jerome Overton, also of Republic Services of Southern Nevada, took top honors in the large commercial category.



Lease/Operation of Sanitary Landfill + Waste Collection Services 3: Experience, Background, Qualifications, References - Landfill

NSWMA Distinguished Service Award (2007)

The National Solid Waste Management Association presented director of corporate safety, Michael Lambert, with the Distinguished Service Award.

EIA Driver of the Year (2007)

The Environmental Industry Associations named Cleotha Williams, Jr., from Republic Services of Southern Nevada, "Driver of the Year" in the large commercial category.

NSWMA Distinguished Service Award (2006)

The National Solid Waste Management Association presented vice president of employee and labor relations, Ken Baylor, with the Distinguished Service Award.

NSWMA Special Governor's Award (2006)

The National Solid Waste Management Association presented to municipal marketing and development manager, Bill Schrum, with the Special Governor's Award.

EIA Driver of the Year (2006)

The Environmental Industry Associations named two Republic Services' drivers "Driver of the Year." Ron Settle from Republic Waste Services of Winston-Salem won the large industrial category, and Michael Thomas from Duncan Disposal of Arlington received the large residential category award.

Woman of the Year (2006)

The Association for Women in Communication, South Florida Chapter named Nancy Bretas, manager corporate communications, the 2006 Woman of the Year in Corporate Communications.

EIA Driver of the Year (2005)

The Environmental Industry Associations named three Republic Services' drivers "Driver of the Year." Paul Muth from Raritan Valley Disposal took top honors in the small residential category, Zacarias Pelayo from Teomina Industries took top honors in the large residential category and David Alderman from Florida Refuse took top honors in the small industrial category.

NSWMA Distinguished Service Award (2005)

The National Solid Waste Management Association presented central regional environmental manager, Dan Magoun with the Distinguished Service Award.

Best Managed Company (2004)

Forbes Magazine named Republic Services, Inc. one of the Best Managed Companies in America—Business Services & Supplies.

EIA Driver of the Year (2006)

The Environmental Industry Associations named two Republic Services, Inc. drivers "Driver of the Year." Republic Services took two of the seven categories. Keith Bohac from Republic Waste Services of Detroit took top honors in the commercial small company category, and Felipe Villegas from Consolidated Disposal of Long Beach Hauling took top honors in the industrial large company category.

EIA Hall of Fame Inductee (2003)

The Environmental Industry Associations inducted H. Wayne Huizenga, chairman, into the Hall of Fame.

EIA Hall of Fame Inductee (2002)

The Environmental Industry Associations inducted H. Whit Hudson, vice chairman, into the Hall of Fame.

EIA Driver of the Year (2000)

The Environmental Industry Associations named a Republic Services, Inc. driver "Driver of the Year." Johnnie Roberson from All Service Refuse took top honors in the residential large company category.



Lease/Operation of Sanitary Landfill + Waste Collection Services
3: Experience, Background, Qualifications, References - Landfill

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4

Proposed Plan



4 Proposed Plan

4.1 Scope of Services

As indicated in the *RFP*, the San Angelo landfill is a 259-acre Type I Municipal Solid Waste Disposal Facility owned by the City of San Angelo and operated by Republic. The facility accepts approximately 180,000+ tons per year from jurisdictions situated in Tom Green, Coke, Irion, and Runnels Counties and surrounding areas. Republic currently holds the combined contract for waste collection and landfill operations. The current contract extension was awarded to Republic in 2004. Waste has been landfilled on the current general site since the 1960s.

Under a new contract, Republic will continue to be responsible for the safe disposal of all acceptable commercial, industrial, and residential waste generated in the City of San Angelo and delivered to the site, as well as all other acceptable waste generated for disposal in the City as

delivered by San Angelo residents, businesses, and contractors as well as City-directed loads of residential and commercial/industrial waste collected by its waste collection contractor.



Also, under a new contract, Republic will continue to maintain diligent operation of the City of San Angelo Landfill to the level agreed upon by the City and Republic as is Republic's current practice.

Republic will continue to assume all operational responsibilities including the daily operation and maintenance of the landfill and all associated property, and all State, local and federal reporting responsibilities.

Republic will also, most importantly, be responsible, indemnify, and hold the City of San Angelo harmless for any liabilities regarding the premises, assume closure and post-closure responsibilities associated with the landfill, and provide safe disposal of acceptable City waste, self-haul waste, and non-city wastes delivered to the landfill.

Approach to Landfill Operations

As the incumbent lessee and operator, the City eliminates the risk and disruption associated with a change in contractor, which will impact not only the City's own waste collection operations, but waste collection activities of all jurisdictions and individual/private customers who rely on the landfill daily.



As described in the *RFP*, Republic is currently filling lined cells 10A, 10B, and 10C. According to the *RFP*, using the 2013 annualized calculated waste consumption rate of 26,000 cubic yards per month and the current approach, the remaining landfill life is estimated to be approximately 17 years.

The principal activities to be implemented during the contract duration at the San Angelo Landfill are:

1. Extend the life of the site by:
 - a. Increasing in-place waste density by using new, state of the art compactor.
 - b. Increasing waste diversion/resource recovery activities.
 - c. Pursuing a vertical and/or horizontal expansion of existing facility to include land adjacent to the north (life of site contract only).
2. Reduce soil usage via use of alternate daily cover materials (such as tarps).
3. Implement infrastructure improvements for the benefit of San Angelo residents through the:
 - a. Construction of Citizens' Convenience Center and associated onsite resource recovery activities.
 - b. Construction of wheel wash or similar BMP to reduce tracking of mud onto public roadways.
 - c. Erection of perimeter fence netting to minimize wind-blown materials onto adjacent properties.
4. Direct and manage groundwater and landfill gas monitoring activities, including:
 - a. Groundwater corrective action monitoring and testing
 - b. Gas collection system operation and maintenance activities, including expansion of the gas extraction well field and gas flare replacement, if required during contract life

Extending Landfill Life

As indicated in *Appendix A* there is unused airspace over constructed lined areas of approximately 742,000 cubic yards according to the December 2013 ground survey. Republic will use all available airspace at the San Angelo Landfill either under the currently-permitted elevations or –under a life-of-site contract– by increasing the permitted elevations via a permit amendment to achieve a vertical and/or horizontal expansion of existing facility to include land adjacent to the north.

1. Increasing In-place Waste Density

Republic will continue to use the new, recently-purchased high-tech, GPS-guided compactor, which allows site operators to closely evaluate areas that achieve proper compaction in real time. The use of this new compactor allowed the site to achieve densities 40% greater than previously recorded densities using conventional compaction equipment.

2. Increasing Waste Diversion/Resource Recovery

A recovery rate of between seven and ten percent is anticipated through implementation of curbside recycling throughout San Angelo and construction of a citizens' convenience center within the landfill property.



3. Pursuing Vertical and/or Horizontal Expansion (life of site contract only)

A few of the potential options for expansion include:

a. Conceptual Expansion Option 1

This option assumes: (1) existing permitted waste footprint remains the same (225.2 acres), (2) peak elevation is increased by 100 ft., and (3) construction of overliner over the western pre-subtitle D area. This configuration requires yields approximately 15M CY of additional capacity. This option will extend landfill life an estimated 37 years.

b. Conceptual Expansion Option 2

This option assumes: (1) limits of waste is increased laterally by 12 acres, (2) peak elevation is increased by 100 ft., and (3) overliner is constructed over western pre-subtitle D area and closed pod area. This configuration yields approximately 21 M CY of additional capacity. This option will extend landfill life an estimated 46 years.

c. Conceptual Expansion Option 3

This option assumes: (1) permit boundary is expanded by approximately 320 acres north to FM 2105, (2) peak elevation is increased by 100 ft., (3) existing roadway, electrical distribution lines and gas pipelines dividing the currently permitted area and proposed expansion areas are able to be abandoned and/or relocated, and (4) overliner is constructed over western pre-subtitle D area and closed pod area. This configuration yields approximately 65M CY of additional capacity. This option extends landfill life an estimated 106 years.

Maintaining Regulatory Compliance

Republic has successfully executed operations in compliance with applicable regulations and the City's TCEQ MSW Permit No. 79 conditions during daily waste handling activities. As part of new contract requirements, Republic will also direct operation and maintenance activities associated with the existing landfill gas (LFG) system installed as part of a compliance order in response to the detection of unacceptable levels of volatile organic compounds (VOCs) above national primary maximum contaminant levels (MCLs). Since the LFG collection and control system was installed and became operational in 2006, and particularly within the last two years, VOC detection indicates improvement in groundwater quality.

To achieve regulatory compliance as well as function as an environmental steward of the City's landfill, Republic supplies engineering support and well managed operational oversight/expert execution of operational tasks. These two aspects of regulatory compliance are considered below.

Engineering and Technical Assistance

Republic routinely contracts with qualified engineering consultants, contractors and vendors to support compliant operations at post-collection facilities. Specifically for the San Angelo Landfill, Republic—in consultation with and upon authorization by the City—will assemble a qualified team of consultants and contractors to assist with required engineering, permitting, landfill gas and groundwater monitoring (including remedial activities), construction, and maintenance activities associated with the landfill.



Internally within Republic, landfill operations and management teams are supported by a dedicated Environmental Manager (licensed as a professional engineer in the state of Texas), an Area Environmental Manager (also a Texas-licensed professional engineer), and Region/Corporate engineering and environmental teams with specialists in their respective disciplines.

General Operations Plan

Traffic Flow Management Procedures

During the current contract with the City, Republic has developed effective and efficient traffic flow procedures for the San Angelo landfill. The traffic flow management will remain the same as those procedures that are now in-place at this site. Republic is constantly reviewing its standard procedures to obtain maximum efficiencies and cost effectiveness. Traffic flow management procedures for vehicle maneuvering, tipping, weighing, and other landfill operations are detailed in the following subsections.

Vehicle Maneuvering

The landfill access road contains several speed bumps which serve to regulate traffic speed for both ingress and egress. Speed limit signs are posted and enforced. Access to the landfill is limited to times when an attendant is on duty at the scale house. Hours of operation and delivery instructions are prominently displayed on signage at the entrance to the landfill. A gate is used to block access during off hours.

Landfill Tipping

After refuse vehicles have weighed in, they are directed to the working face of the landfill. This is accomplished by landfill personnel and directional signs.

At the working face of the landfill, vehicles are staged for disposal. The lead operator directs the vehicle to the proper disposal area (e.g., truck tipper, wet weather disposal area, etc.). Vehicles then proceed to the designated disposal area and dump their loads. Republic randomly inspects incoming loads to help ensure that no unacceptable materials are deposited in the landfill. After emptying, operators are then asked to clean their vehicles and exit the disposal area of the working face, as soon as possible. This minimizes delays, as well as being a sound safety procedure. Vehicles are directed back to the scale house (and associated outbound scale) in order to obtain their tare weight.

Weighing

Collection vehicles enter the landfill through the main gate and proceed to the scale house, where they are weighed. A radiation meter at the scale house detects any loads containing radioactive waste. The certified inbound and outbound scales are operated by a supervised scale master who is continually trained. The vehicles return to the scale house, where the tare weight is recorded and a certified scale ticket printed. This data is recorded and stored in TRUX Weigh-it software.



The scales are inspected and maintained according to the manufacturer's standards to insure accuracy. They are certified annually by the Texas Department of Agriculture.

The vehicles return to the scalehouse outbound scale, where the tare weight is recorded and a certified scale ticket printed. This data is recorded and stored using TRUX Weigh-it software.

Republic utilizes two above ground scales at the landfill (one for ingress and one for egress). The two scales help to provide a more orderly traffic flow throughout the site. This reduces traffic congestion, improves safety, and minimizes queuing times. Pre-determined tare weights will not be established for vehicles providing service under this contract. Vehicles are weighed in and out each trip.

Receiving and Operating Hours

Currently, San Angelo Landfill is open to receive waste from 5:00 am to 7:30 pm, Monday through Friday, and from 6:00 am until 11:00 am on Saturday. San Angelo Landfill is open all day on Saturdays after holidays in order to service the City's needs. San Angelo Landfill is permitted to receive waste from 5:00 am to 8:00 pm, Monday through Saturday, if needed. Therefore, if San Angelo Landfill were selected as a disposal site, the existing receiving hours can be changed to receive waste within these hours in order to comply with the City's desired delivery schedule. The landfill will continue to stay open on Saturday to serve the City's needs after holidays.

Staffing

The San Angelo Landfill employs a total of 11 people. The landfill workforce has very low turnover which results in a more efficient and safe operation. This low turnover is a result of Republic efforts to provide a safe, positive work environment, the best benefits package in the industry, and support for continued education. Personnel policies and procedures are described in *Section 13.2g*.

A summary of Republic's San Angelo Landfill workforce is presented in the general organization chart below. In addition to the operations team, the landfill is supported by Republic's North Texas Area management, accounting, municipal sales, human resources, recruiting, safety, customer service, and engineering team. The resumes of all team members are included in *Section 3.5*.



Lease/Operation of Sanitary Landfill + Waste Collection Services
4: Proposed Plan - Landfill



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Housekeeping Procedures

Housekeeping procedures at the San Angelo Landfill are directed by the Operations Manager. The Operations Manager will perform inspections of site conditions and operations including the following:

- Leachate Collection and Detection System Manholes and Riser Pipes
- Sedimentation Pond Retention Basins
- Surface Water Drainage Structures (i.e., swales, downchutes and piping)
- Leachate Storage Tank and Secondary Containment Areas
- Daily Monitoring to Confirm the Absence of Landfill Vectors
- Access (Paved and Gravel) Roads and Surface Water Collection Swales leading to and from the Working Face
- Waste Elevation and the Working Face
- Wind Blown Litter Fences
- Site Paved Asphalt Roads
- Equipment Operator's Checklists
- Equipment Maintenance Schedules
- Landfill Perimeter and Site Security
- Employee's Work Schedules
- Environmental Compliance Issues (i.e., leachate collection and treatment, groundwater monitoring, landfill gas well, erosion and sedimentation measures and landfill dor minimization)
- Landfill Gas Collection and Control System (extraction wells, lateral piping, blower and flare system)
- Leachate Treatment Facility
- Maintenance Facility and Parts Supply
- Office and scale house.

The Operations Manager directs the remedy of any deficiencies at the landfill. In addition to the above items, quarterly inspections are conducted on the cap and surface water control systems. All access control fences and gates are checked regularly.

Republic owned and/or operated facilities each have a Preparedness, Prevention and Contingency (PPC) Plan which details the procedures that facilities must follow. This plan further details: inspection and monitoring, preventative maintenance, housekeeping, security, training, emergency procedures, evacuation procedures and a list of local and state agencies.

Fire, Dust, Litter, Vector, and Odor Control Procedures – Please see Section 4.4 – Environmental Compliance.

Equipment Repair and Replacement Policy and Protocol

A benefit of a joint landfill and waste collections contract is economies of scale. Republic's landfill equipment is expertly maintained at its San Angelo facility according to Republic's high standards. It is Republic's policy to inspect all equipment daily (both before and after operation). The daily inspection includes, but is not limited to, checking all fluids,



lights, brakes and safety features. In the event the equipment requires the attention of a mechanic, the equipment is brought to Republic's maintenance shop prior to operating the equipment. In the event it is not safe to operate the equipment, it is then locked and tagged out. The operator then uses a backup piece of equipment until the equipment is repaired. This daily equipment inspection program ensures proper equipment operation and identifies problems that occur between scheduled preventative maintenance checks.

Spare equipment is kept at the site. If a critical piece of equipment goes down for an extended period, standby equipment can be obtained from local equipment dealerships and rented as appropriate. Standby equipment is available for use within 24 hours of a breakdown. Since both the bulldozers and waste compactors are used to spread and compact waste, each of these pieces of equipment provide backup to the other equipment.

Typically, Republic purchases new equipment to replace existing equipment that has reached its' useful life. Republic has standard depreciation schedules for landfill equipment. These depreciation schedules are based on Republic's cumulative historical experience with various types of landfill equipment. Occasionally, some pieces of equipment last past their depreciable life while still staying in good repair. However, in most cases, landfills replace equipment after it becomes fully depreciated. Accordingly, standard capital appropriations for replacement equipment are planned well in advance of new equipment requirements.

Republic has national accounts with the manufacturers of landfill equipment. This allows Republic to purchase in volume discounts, obtain parts quickly, maintain blanket warranties, and receive technical support and maintenance training. This helps to minimize equipment down-time. Minimal equipment down-time helps make for smooth, efficient landfill operations.



4 Proposed Plan

4.2 Lessee Obligations

Republic has reviewed the City's extensive list of Lessee Obligations documented in the City's RFP, page 6 and will continue to fulfill those documented obligations. New obligations are specifically addressed below.

Citizens' Convenience Center

Republic will construct a Citizen's Convenience Center at the landfill with easy access for self-haulers so that San Angelo citizens can make use of the facility without having to navigate their way to the site working face along with commercial collection vehicles. Self-haulers will simply deposit their solid waste at the facility and Republic will transfer materials to the landfill face, and will bale and ship their recyclables as per the plans included in *Section 13*.



In addition, as a **VALUE**

ADD, Republic will staff this area, and will encourage and assist individuals to source separate their recoverable materials. To accomplish this, Republic proposes to locate four bays into which customers can unload trash (two bays), commingled recyclable materials (one bay), and metals (one bay). Republic already diverts tires and white goods at the landfill.

This additional diversion will be tracked and reported to the City.



Household Hazardous Waste Removal

Republic's Preparedness, Prevention, and Contingency (PPC) Plan includes procedures for handling any hazardous wastes that may come to the landfill in violation of the disposal policies of the landfill. Republic developed these policies as a standard for all facilities and places a great deal of emphasis on the enforcement of these company policies. This benefits us, as well as Republic's customers. Each employee involved in disposal operations will be required to recognize questionable waste that arrives at the landfill and prohibit its disposal. If unauthorized waste arrives at the working face of the landfill, employees will:

- Instruct vehicle to stop unloading
- Direct driver to park in the holding area
- Obtain vehicle and license numbers
- Contact site manager
- Isolate and secure the immediate area if necessary
- Contain the material (if possible)
- Arrange for the unauthorized waste's removal.



Hazardous and household hazardous wastes that have been recovered, double-contained, and stored in a locked cabinet will be removed by properly credentialed handlers according to all federal, state, and local regulations. Should any sort of hazardous waste incident occur (extremely rare), Republic contracts with Talent LPE. Talent's qualifications and some general information about the company begin on the following page.

Diversions Programs

In addition to the resource recovery efforts through the waste collection contract, as indicated in *Section 13* along with Republic's current landfill resource recovery efforts (brush, tires, white goods), Republic will utilize its Citizen Convenience Center as a public drop off center for single-stream and source separated recyclable materials as well. This diversion, as previously described, will be captured and reported to the City.



About Talon/LPE

Overview

Talon/LPE is a full-service firm specializing in customized, innovative applications for environmental consulting, engineering, drilling, construction and spill management. Talon/LPE employs a staff of professionals which includes: professional engineers, professional geoscientists, geologists, chemists, biologists, and environmental scientists. Our drilling division is comprised of air/mud rotary rigs, hollow stem auger rigs, direct push rigs, geoprobos, and Smeal units for well maintenance and rehabilitation. Talon/LPE's Construction Division offers a broad range of services that include: oil field construction and remediation, engineered remediation system installation, waste transportation, spill response, and general contracting.

Talon/LPE is headquartered in Amarillo with offices in Midland, and San Antonio Texas; Artesia and Hobbs, New Mexico; and Oklahoma City, Oklahoma. Talon/LPE offices are strategically located to provide our clients with responsive service in a cost-effective manner.

Qualifications

- Registered Professional Engineers in Texas, Oklahoma, New Mexico, Kansas, Colorado and Nevada
- Registered Professional Geoscientists in Texas and Oklahoma
- Licensed Drillers in Texas, Oklahoma, New Mexico, Kansas and Louisiana
- Certified Hazardous Material Managers
- Licensed Contractor in New Mexico, Colorado, Arizona and Florida
- Texas Corrective Action Project Managers
- Texas Registered Corrective Action Specialist
- Texas Licensed Class B UST Supervisor
- Oklahoma UST Removers License
- Oklahoma Licensed Remediation Consultant
- ISO 9001 Compliant and DOE Approved Vendor
- EPA (NESHAP) Certified Asbestos Inspector, Air Monitoring Technician, Asbestos Contractor Supervisor, and Asbestos Management Planner
- Texas Department of State Health Services Licensed Asbestos Inspector, Air Monitor Technician, and Projector Manager



Oilfield Construction & Spill Management

SPILL MANAGEMENT

Talon/LPE is dedicated to providing clients with turn-key environmental service. Integration of Spill Response Services enables clients to address all aspects of incident response and mitigation with one phone call to Talon/LPE. With over fifteen years of experience performing spill response, site assessment, remediation, and regulatory closure activities, Talon/LPE can ensure professional service in every situation.

SERVICES:

- Spill Abatement & Remediation
- Oil Spill Response
- Transformer Spill Response
- Commercial Transport Incident Response
- Sampling & Analysis
- Vacuum Truck Services
- Waste Management
- Waste Characterization & Disposal
- Site Restoration
- Regulatory Compliance & Reporting



Talon/LPE is an authorized distributor for Micro Bioze Microbial Products®.



Lease/Operation of Sanitary Landfill + Waste Collection Services
4: Proposed Plan - Landfill

Preferential Use of Local Businesses

In addition to the \$150,000 Republic donated locally in cash and services to local community and civic groups over the last twelve months, Republic has infused the local economy through the purchase of over \$1.75 million in goods and services, as per the chart below.

Vendor	Amount	Vendor	Amount
3Ds Plumbing	5,343.45	House of Chemicals	1,182.07
Affordable Pest Control	1,623.75	Jim Bass Ford	16,286.93
Air & Hydraulic Equipment	4,300.96	Local Temp Office Labor	42,339.24
Airgas Strategic Accounts	4,858.79	Ken Bolander Welding	63,784.00
All About signs	4,290.20	KIDY-TV	3,795.00
Allen Young Office Machine	1,747.91	Labor Ready	287,772.25
American Sales & Service	5,957.91	Lowes – San Angelo	11,252.69
Angelo Archives & Security	9,478.84	Mayfield Paper Company	2,384.43
Angelo Auto Glass	4,797.80	Mesquite Bean Cafe	3,042.30
Angelo Bolt & Indst Supply Inc.	1,795.81	Myers Drug, Inc.	1,550.00
Angelo Pellets Inc.	1,036.21	Nan Chowning Cleaning	7,274.40
Angelo Tire & Alignment	8,934.44	Napa Auto – San Angelo	5,392.62
Angelo Water Service Inc.	1,484.84	North American Transaction	138,565.27
B & W Truck-Trailer	37,576.44	Oliver Rainey & Wojtek	17,500.00
Barron Plumbing	1,446.86	PAK Quality Foods	2,104.61
Best Buy – San Angelo	15,617.51	Paul Bradley Welding	1,039.21
Bill Williams Tire Center	15,065.11	Porter Tool Equipment	1,431.76
Century Trailer of San Angelo	13,124.28	Red Wing Shoes	10,063.45
Cintas	33,514.61	Robert's Truck Center	132,919.51
Concho Valley Radiator Service	8,665.90	San Angelo Paint Supply	1,651.56
Concorde	2,808.01	Sansing Electric Co.	2,862.01
Dix Key Shop	2,111.52	Schneider Distributing Co.	28,305.48
Don Cassaro	3,247.56	Suddenlink	2,078.76
Lawn/Landscape		Superior Services	1,194.71
E & R Supply Co	38,239.04	Texas Communications	4,234.09
Echo Pump Service	373.47	The Reproduction Center	2,272.44
Eggemeyers	1,357.02	Twin Mountain Fence	4,484.72
Eli Ornelas Tire Service	69,481.00	TLR & Sons Hydraulics & Design	16,846.68
Ener Tel Services	5,364.51	West Texas Fire Extinguisher	2,628.38
Field and Streams	1,659.93	Warren Cat	479,224.44
Fleetpride	17,488.08	West Central Wireless	19,439.47
Fuelman – San Angelo	104,273.82	West Office Supply	12,931.05
Gandy Inc.	2,817.76	West Texas Fire & Industrial	8,683.83
Hale Painting & Construction	55,413.00	West Texas Steel & Supply	13,931.18
Hargraves Tire & Alignment	7,354.34	Western Trailer & Equipment	1,847.04
Home Motors	10,153.50		



4 Proposed Plan

4.3 Waiver or Reduction of Disposal Fees

Republic will, as requested in the *RFP* provide a waiver or reduction in disposal fees or site processing fees for waste generated from certain events and clean-ups in the City throughout the lease term. These include, but are not limited to:

- City of San Angelo waste;
- Clean-up events such as Keep San Angelo Beautiful is sponsored by the City; and
- Citizen's Free Dumping Program.

Additionally, as conveyed in *Section 3.6 – Community Involvement*, Republic has supported many community events, activities, and organizations through generous sponsorships and service donations.



"Republic Services supports various community and charitable causes for a better San Angelo and is dedicated to creating a safe and clean environment for all to enjoy." - Boyd Polhamus



4 Proposed Plan

4.4 Environmental Compliance

As conveyed throughout this proposal, Republic has a strong track record of environmental compliance. The following measures are utilized to help maintain environmental compliance. Republic takes environmental management and compliance seriously and is proud, as indicated in addendum 2, that there have been no Notice of Violations (NOV's) at the landfill in the last three years.

Landfill Controls

Republic has effective, in-place, working procedures for Fire, Dust, Litter, Vector, and Odor Control at the San Angelo Landfill as follows.

Fire Procedures

Fire control is achieved by the application of daily cover, inspection of loads, and the maintenance of pumps, hoses and sedimentation ponds. All landfill personnel are trained in fire prevention, detection, and suppression. All equipment and facilities have fire extinguishers that are regularly inspected and maintained. Fire emergency phone numbers are posted near all phones.

Dust Control Procedures

Fugitive dust is suppressed by use of the following practices:

- Access roads are cleaned by watering and sweeping as needed.
- Water will be applied, as necessary, to unpaved road surface to reduce fugitive dusts.
- Upon leaving the landfill, the undercarriage, wheels, and chassis of the refuse collection vehicles will be cleaned, if necessary, to prevent earthen material from being carried out onto the public roadways.
- Speed limits are signed and enforced.
- All trucks entering the landfill are required have their loads covered.

Litter Control Procedures

Litter is controlled by the perimeter fence. The fence is regularly maintained and blown litter is collected.

Vector Control Procedures

Daily cover of approved material is applied to minimize the attraction of vectors to the landfill. The landfill is also graded to eliminate standing water to minimize the presence of flies and mosquitoes. Due to the daily cover practices and compaction of the waste, vectors have not been a problem.



Landfill Odor Control Procedures

Controlling and preventing odors at San Angelo Landfill is a major objective. Landfill odors are generally caused by: (1) landfill gas; (2) by waste that is exposed while being placed in the working face of the landfill; and (3) by leachate, which is water that percolates through the waste material before being collected, pumped out, and disposed.

The primary factors that affect the strength of odors are: (1) type of waste; (2) the time it takes to unload and cover the waste; (3) weather conditions; and (4) the size of the working face of the landfill.

San Angelo Landfill has adopted a comprehensive Odor Control Plan. This plan has four objectives:

- Identification of odors and sources of odors that may originate at the landfill
- Identification of employees responsible for implementation of the Odor Control Plan
- Establishment of actions to minimize and control identified odors
- Documentation and reporting of odor control efforts

Odor Control Plan

At the end of each working day the waste at the working face is covered with a 6-inch thick (minimum) layer of soil and/or approved Alternate Daily Cover (ADC) material. Covering the waste, encapsulating it from the atmosphere, assists greatly in reducing waste odors. Additional odor control measures, include: (1) expansion of the active gas collection system; and (2) application of odor control products around the working face of the landfill.

Landfill Gas Recovery

San Angelo Landfill has a modern landfill gas collection and control system (LFG CCS) consisting of LFG extraction wells, control well heads, and a network of piping that conveys LFG to a blower and enclosed flare system that combusts the gas.

Storm Water Management

Disposal areas when closed are capped with a 40-mil geomembrane and final cover soils. The placement of final cover geosynthetics and soils across the in-place waste mass greatly reduces the amount of surface water infiltration and hence reduces the magnitude of LFG generation.

The San Angelo Landfill runs a working face that minimizes the length and width of waste placement operations, while accommodating the heavy daily waste traffic that comes to the landfill. Landfill operation managers coordinate the operation of garbage compactor and dozer to compact as much waste in as little of space as possible while also minimize the MSW surface area exposed to the atmosphere.



Noise and Traffic

Republic has an impeccable record regarding management of traffic and noise impacts having received **no related complaints from residents or regulatory agencies during over 30 years of operating the City of San Angelo Landfill**. This is a significant achievement considering that the nearest occupied residences are located along Old Ballinger Road immediately across the facility entrance. This significant achievement is a result of superior facility traffic management, including implementation of proper speed controls in the vicinity of the landfill entrance and scheduling during business hours of the 125-190 trucks per day (Monday through Friday) that use the landfill.

In addition, noise originated from landfill activities is minimized by implementing a rigorous maintenance program on all heavy equipment used at the landfill and minimizing activities in the early hours of each day and late in the evenings. Furthermore, the current and future waste disposal cells are located in areas away from the facility entrance and nearby residences, which help mitigate potential noise impacts to surrounding properties.

Republic operates several large-volume landfills in urban environments with residential developments in close proximity that require effective management of traffic and noise impacts. Should additional measures be needed in the future to minimize traffic and noise impacts at the City of San Angelo Landfill, Republic will readily and effortlessly implement the proper combination suitable abatement strategies to address such traffic and/or noise impacts.

Reclamation Activities

Republic has also partnered with communities and regulatory agencies to transform active and closed landfill properties into parks, golf courses and water reclamation areas. It is Republic's primary mission to both protect the environment and perform as a good corporate citizen.

The following chart represents a sampling of reclamation activities that demonstrate Republic's responsible handling of active and closed landfills to the benefit of communities and the environment. This also underscores the extent of Republic's landfill operations history and the associated depth of landfill management experience throughout Republic's ranks.



Landfill Reclamation Examples

Poland Township, OH	Seventy-two acre public park that includes sports fields, hiking trail and playground equipment made out of recycled material
Houston, TX	The 400-acre Katy Wildlife Habitat was developed in collaboration with the Blue Ridge Landfill as a wildlife refuge and wetlands mitigation area and is listed with the Audubon Society
Egg Harbor, NJ	The closed 134-acre Pinelands Park landfill was converted into a public golf course in 2002
Charlotte, NC	Charlotte Motor Speedway has public walking trails around the perimeter
Houston, TX	The Wildcat Golf Club is constructed on the closed Holmes Road Landfill and coexists with an active landfill gas collection system
Half Moon Bay, CA	Corrinda Los Trancos Creek Restoration project to restore a creek, create channel stabilization and improve surrounding wetlands
San Diego, CA	6.5 acres of landfill property was restored resulting in the successful transformation of coastal sage scrub
Stockton, CA	Relocation and restoration of Little Johns Creek a major tributary to the San Joaquin River

Landfill Safety

Also key to all Republic operations is safety. Republic has an extensive safety library and training programs associated with its landfill management system. The following general information included as a section *Appendix*—an excerpt from Republic’s *Landfill Operating Standards & Best Practices*—is provided, as well as site-specific winter and summer safety plans. Additional information on Republic’s approach to landfill safety, training, and landfill management can be provided upon City request.



Appendix: Landfill Safety Plans

SITE SAFETY

STANDARD

Site leadership will continuously educate employees and enforce safety rules and practices that keep the site, its workers, and its visitors in full compliance with company policies and procedures and with government regulations.

Site leadership is personally responsible for knowing, understanding, and applying safety policies and procedures – and complying at all times with local, state, and federal safety regulations, health laws and standards, and the standards set forth by the American National Standards Institute (“ANSI”).

BEST PRACTICES

Safety is #1 at all Republic Services sites.

- Our safety manuals, guides, and training tools cover everything our personnel need to maintain safe working environments at our sites.
- All sites must have on-site copies of all related company safety documents
- All site operations personnel must comply with safe-working practices
- Site Manager must check *inside Republic* daily for relevant and timely training materials, toolbox talks, policy directives, and periodic safety updates appropriate to your site and its activity.
- Transfer Stations must always maintain a current copy of the *Transfer Station Equipment Operator Guide* and the *Loader Operator Guide*

SITE WORKING-AREA SAFETY OPERATING PROCEDURES

These are the minimum operating safety rules and procedures for all sites:

- Only the truck driver can be out on the active face or in the tipping area of a Transfer Station or Recycling Facility. Helpers must stay in the cab or wait in a designated area by the scale house.
- Drivers must maintain at least ten feet between vehicles. Semi-dumps must maintain a 50-foot separation from other vehicles.
- Equipment operators must maintain a distance of at least 20 feet from vehicles when pushing trash.
- All landfill compactors, working-face trash dozers, and transfer station end-loaders less than 10 years old must have fire suppression systems.
- All compactors and TX loaders must also have back-up cameras. (Working face dozers do not need back-up cameras since they have adequate visibility.)

- **All personnel outside of a vehicle must wear PPE** – including gloves, ANSI Class II high-visibility lime yellow clothing, and hard hats. (NOTE: lime yellow color is for internal customers only.)

Landfill spotters must wear ANSI Class III high-visibility outerwear, hard hats, gloves, safety glasses and steel-toed boots with puncture-resistant soles.



“DANGER – We can't see you!”

- **Drivers must be close to their trucks at all times.**
- **Drivers must not walk under a raised tailgate.**
- **Roll-off drivers must use caution when opening rear door latches that may be under pressure. Always stand clear of opening doors and extended handle latch.**
- **Provide Drivers a designated area close to the active face or tipping area for reconnecting turnbuckles and cleaning out behind the blade.**
- **Provide the public a separate area to unload materials, away from the active face or commercial tipping area.**

CUSTOMER USE RULES

The rules listed below are minimum requirements for every site. Each site may also have other site-specific rules, depending on local ordinances or permit conditions. All such rules must be readily available as a handout at the gate for general public customers and mailed out to contract or professional drivers using the site.

- **State the site's public operating hours.**
- **Identify times for accepting the first and last loads.**
 - if a load is expected to arrive later than the posted last-load time, it must be called in at least two hours before that time to allow site management time to determine whether the load will be accepted that day*
 - if you accept a late load, you must process it according to the site Operating Permit and add a rate surcharge to cover costs associated with waiting.*
- **Trucks arriving at the site before the designated opening time may not stage in front of the site or in surrounding neighborhoods.**
- **All loads must be completely tarped to prevent any waste from blowing off and littering the route to the site.**
- **All tarps must be in good repair and completely cover the load / open top.**
- **Drivers cannot remove their tarps before arriving at the working face.**
- **All truck drivers must sweep off their open-top boxes, rear tail gates, and bumpers before leaving the working face area to prevent materials from falling off outside the gate and causing a nuisance or unsafe condition.**

Landfill Operating Standards & Best Practices – B1



- Drivers must close and latch their tailgates and turnbuckles before leaving the working face areas.
- Drivers must not walk under a raised tailgate
- If a truck becomes stuck, we will tow the truck out of the traffic pattern with the driver's permission. The truck driver must hook the tow cable or strap to his/her vehicle to prevent damage.
 - We will connect the tow device to the site equipment.
 - No chains are allowed for towing.
 - Tows are only to remove the stuck vehicle from the traffic pattern.
 - Any tow beyond that is the responsibility of the hauler.
- Transfer trailers should not run in convoys on the way to the landfill site. Multiple tractor-trailers in a row can be dangerous and disruptive to traffic patterns in the local communities. If the route takes trucks through a municipal area where stop lights can cause traffic back-up, or where passing is hazardous on a two-lane road, ask drivers to stay separated to avoid adding congestion to local traffic.
- During inclement weather, divert exiting trucks through wheel washes or require them to hose off before leaving the site to prevent tracking mud on public roads.
 - Drivers must use the wheel wash diversion lane if available.
 - No bypassing allowed.
- All customers must wear high-visibility vests, hard hats, and sturdy puncture-resistant work boots at all times on the site. Allow no tennis shoes or open toed shoes.
- No minors are allowed out of the vehicle at any time.
- Maintain a 15 mph speed limit on the site.
- Allow smoking only in designated smoking area(s).
- Special waste loads require prior approval and a special waste acceptance notification form. All special waste loads must be tarped.
- Reject all regulated or hazardous waste at this site.
- Randomly inspect loads. Ask drivers for cooperation to avoid delays.
- Only the driver is allowed to exit his/her vehicle in the working area. Driver must stay close to the truck, not wander around, and never scavenge.
- Require all truck drivers and helpers to follow local rules, regulations, and traffic control devices on route to the site: *Come to a complete stop at all lights and stop signs... Obey all traffic laws, including posted speed limits.*
- All professional hauling customers using the site must follow designated truck routes at all times. Provide a route list as needed.
- Failure to follow the rules of the site can result in rejection of the waste load or banning the driver from the site.
- All outside drivers and personnel enter the site at their own risk. Never accept responsibility for vehicle damage.

The site leader and the local Safety Manager should develop additional site-specific or job-specific rules as needed for local conditions.

PERSONAL PROTECTIVE EQUIPMENT (PPE)

Issue proper PPE to all employees and require them to wear it whenever on site.

- All PPE must be lime yellow.
- Employees must wear at least high-visibility safety vests or outerwear, an approved high-visibility hardhat, safety glasses, and hard-soled safety shoes.

Wear the high-visibility vest as the outermost garment.

Rain gear or other cold weather outerwear must either be the approved high-visibility type, or the individual must wear a high-visibility vest over it.

Regularly clean or change high-visibility vests, which become soiled over time.

The vest keeps each person highly visible and safe – so we will never compromise on this safety requirement.



Always wear proper PPE at the working face.

- Provide other safety PPE as needed for specific jobs, such as neoprene gloves and boots when working in a wash bay or water-wash environment.
- Wear Tyvax coveralls when working in heavy dust or potentially contaminated material areas.
- Refer to the Safety Manual for the correct PPE in each job situation.

SPOTTER

In addition to the high-visibility vest and hardhat, provide the Spotter safety PPE, including rain suits or cold weather outerwear.

- Rain suits or cold weather outerwear.
- High-visibility gloves.
- Safety glasses or goggles (for protection from dust and wind-blown material at the working face).
- Hearing protection for heavy-equipment working areas.

OPERATORS

Operators must wear high-visibility vests at all times, and hard hats when outside of the equipment cab, as well as:

- Safety glasses outside the cab in the working area.
- Hearing protection in the heavy-equipment working areas.

CONFINED SPACES

Personnel must have proper training and supervision before entering a permit-required confined space. Consult your Safety Manager or company Safety Manual for training requirements in or around confined spaces.

WORK RULES

Minimum work rules apply to all company operations.

- Many jobs have job-specific rules, such as how to work around a solidification pit.
- Site Manager is responsible for implementing and enforcing all of these job-specific rules at all times.
- Implement other appropriate job-related safety rules only with the Safety Manager's approval.
- Minimum work rules for all sites are detailed in company publications, such as *Safety Manual*, *Site Equipment Maintenance Guide*, *Heavy Equipment Operators Training materials*, and the *Transfer Station Loader Operator Guide*.

BACK-UP ALARMS

No one may operate heavy equipment unless that equipment has a fully functional back-up alarm system. If the alarm is not working, immediately perform the necessary repair before putting the unit back into service.

FIRE SUPPRESSION SYSTEM

Equipment less than ten years old must have a fully-functional fire suppression system before working at the active face.

- **Train operators** in proper machine start-up procedures related to the fire suppression system.
- Have your local fire inspection contractor **regularly check the fire suppression system and certify it as operational** before putting the equipment back into service. If you discover a problem, remove the equipment from active service until repaired.

BRAKES

All heavy equipment operating on site must have a fully operational brake system. Refer to your *Safety Manual* and *Landfill Equipment Maintenance (LEM) Program Guide* for specific policies on brakes and brake systems.

OPERATOR TRAINING

Site Manager must verify that every heavy equipment operator successfully completes the *Heavy Equipment Operator Training Program*.

- **Transfer Stations use the *Transfer Station Equipment Operator Guide* and the *Loader Operator Guide*.**
- Keep signed copies of these two training tools on site in personnel files.

MACHINE FIRES AND FIRE IN THE REFUSE

Refer to the *Heavy Equipment Operators Training material* or the fire control chapter of this guide for operating procedures related to fires on the machines or in the refuse.

FIRST AID

Maintain an approved and easily accessible first aid kit on site at all times.

- Site Manager is responsible to make sure someone trained in basic first aid procedures is available on site at all times.
- Post in a public place all local emergency phone numbers for medical and rescue response. Make sure all employees know where they can find these numbers and contact procedures.

OSHA COMPLIANCE PROGRAMS

There will be **written OSHA plan requirements** for every site dealing with important compliance topics:

- Blood-borne pathogens
- Confined space entry
- Emergency action plans
- Energy Control (LOCO) lock-out / tag-out
- Hazardous communication
- Hearing conservation
- PPE programs
- Respiratory protection

Maintain a site-specific plan and comply with it at all times. See the Safety Manual for more details on these topics and sample plans.

RESOURCES FOR SAFETY AND SAFE OPERATING PROCEDURES

Republic Services makes available various **policy and procedure publications** to every site to ensure that everyone has all the information needed to operate safely and efficiently at all times. **Keep a current copy of these publications on-site and know how to access the on-line versions:**

- *Safety Manual*
- *Post-Collection Equipment Maintenance User Guide*
- *Post-Collection Equipment Operator's Training material*
- *Transfer Station Equipment Operator's / Loader Operator's Guides*
- *Inside Republic Intranet site – Safety section*

PUSH POINTS

- **100% compliance with safety at all times.**
- **Know your different safety resource guides.**
- **Enforce all safety rules all the time.**

See *Inside Republic* for more information on how to apply this standard at your site

TOWING OR PUSHING STUCK OR DISABLED VEHICLES

STANDARD

The best, safest method for assisting a stuck or disabled vehicle is to tow it. Pushing is allowed only under specific circumstances (see Best Practices below)
All towing requires that you use weight-appropriate straps or at least 3/4-inch wire cable.
Never use chains for towing heavy equipment.

BEST PRACTICES

Our standard is to tow or pull any stuck or disabled vehicle. This standard helps insure safe and efficient procedures to expedite the turn-around of vehicles into and out of the working face area.

- Use a **wire cable** at least 3/4-inch in diameter or a **nylon toe strap weight-rated for the vehicle you're towing.**
- **Chains are banned for towing** – Do not use chain leads on straps or cables.
- The truck driver **ALWAYS** does the hook-up to his or her vehicle – and the equipment operator **ALWAYS** hooks up to the heavy equipment.
- **Towing is only to dislodge or remove a disabled vehicle from the traffic pattern.** Once the vehicle is out of the pattern and found to be completely disabled, call a wrecker service to remove the truck from the property.
- Managers should train all operators in the proper towing technique.
- See the on-line guide and safety manuals for detailed towing procedures.

Pushing a vehicle is a last resort – only when you cannot tow, or the vehicle has no towline hookup.

- **Maintain clear communication with the driver being assisted.**
- **Always use a spotter or designated grounds person to direct the push,** who must at all times be able to see both the pushing equipment and the driver of the truck being pushed.
- **Align pushing equipment in-line and slightly offset to the left of the vehicle being pushed,** so the pushing driver can see the pushed driver's side truck cab, side mirror, window, and the driver if possible.
- **Operators may push a stuck vehicle only one truck length** in an effort to get the vehicle moving; **if one truck length is obviously not sufficient to get the stuck vehicle moving under its own power, the equipment operator must stop pushing and begin procedures to pull the vehicle.**



Proper position when pushing a vehicle to maintain eye contact

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- If at all possible, **keep a wedge of trash as a buffer between the pushing equipment blade and the stuck vehicle being pushed.** If you must have metal-to-metal contact, make sure the blade is **against the truck frame as low as possible.** Do not push directly on the DOT bumper bar.
- **Push only with bulldozers or trash compactors – and always forward,** with both the pushing equipment and stuck vehicle facing the same way.
- Pushing a stuck vehicle is a **team effort** between the landfill equipment operator, a second landfill employee acting as a ground spotter, and stuck vehicle driver. *Where available, use CB radio communication.*
- **Push only to get stuck vehicles out of the active working area** of the landfill. Pull any vehicles stuck on haul roads and adjacent areas.
- **Don't push tri-axle dump trucks, or rear- and front-load trash trucks –** except in an emergency that threatens serious personal injury.
- **Don't push roll-off trucks against the container.**
- The truck driver must be fully aware of any equipment-to-truck contact. Such action must be done gently, applying power gradually.
- Pull disabled vehicles.

This mandatory standard will help keep your landfill safe and efficient.

PUSH POINTS

- **Avoid the need to tow by maintaining quality driving surfaces.**
- **Use only ¾-inch wire cable or weight-rated straps (chains are banned).**
- **Pushing is a last resort.**
- **Train operators on this standard.**

See the *on-line Reference Section* for a sample SOPQ template and more information on how to apply this standard effectively.



Winter Safety Plan
San Angelo Landfill
3405



**Lease/Operation of Sanitary Landfill + Waste Collection Services
4: Proposed Plan - Landfill**

Purpose:

Each winter our divisions in the North Texas Area experience adverse weather conditions that can effect safe operations. In analyzing past performance, we have made the observation that the winter months represent a disproportionate experience of our losses directly associated with weather.

Below are some specific Winter Challenges:

- Roadway and walking surfaces (slips, trips, and falls).
- Weather – Ice, Snow, and Cold Temperatures
- Operating in the dark (mornings and evenings)
- Staffing Levels
- Increased Incidents (Accidents and Injuries)

The goal and purpose of this outline is to provide a comprehensive plan of action to provide safe & efficient operations during the winter months. It will apply to all employees. Every employee will be required to be trained and informed of the plan and all levels of management will take an active roll in its implementation.

Winter Safety Supplies:

The following Winter Safety Supplies should be reviewed and determined if needed at the division. Items listed as "required" should be received by the anticipated completion date.

	Required	Name of Product	Cost	Vendor	Person Responsible for Ordering	Date to be Completed	Completed
1	Yes	Bomber Jacket (RTZ751301)	\$39.95	Ritz Safety	Tracy	11/04/13	Yes
2	Yes	Knit Hat (Rt 756 10-17)	\$6.45	Lake Points	Tracy	11/04/13	Yes
3	No	Fuel Blend (additives)		Various			
4	No	Rock Salt		Various			
5	Yes	Windshield Fluid (winter)		Various	Tracy	In-stock	Yes
6	Yes	Deicing for Locks		Various	Tracy		Yes
7	Yes Spotted/Labor	Outdoor Thermometers		Various	Tracy	In-stock	Yes
8	Yes	Snow Shovels		Various	Tracy	In-stock	Yes
9	Yes	Ice Scrapers		Various	Tracy		Yes
10	Yes	Hooded Sweatshirts (RTZREPH5W-)	\$27.95	Ritz Safety	Tracy	11/04/13	Yes
12	No	Ice Cleats for Boots		Various			
13	Yes	Hot Chocolate		Various	Tracy	11/04/13	Yes
14	Yes	Winter Head Liner	\$3.40/\$6.79	Ritz Safety	Tracy	11/04/13	Yes
15	No	Shop Torpedo Heaters		Various			
16	Yes	Gloves w/liner			Tracy	In-stock	Yes
17	No	Extension Cords (trucks)					



Management:

- Establish means for employees to call in to check for delays of start times.
- Post and share the appropriate phone number for employees to call in to report absence, late arrival etc due to weather.
- Post Temperature and wind chill reminders on employee exit doors on days that are < 20 degrees.
- Conduct daily Tool Box talks with all Safety Sensitive employees.
- Conduct Slip, Trip, and Falls prevention with all employees (including office staff).
- Review specific driving characteristics by truck type with drivers and operators. Special attention should be given to all new hire drivers who may be experiencing their 1st winter season as a RSG employee.
- Continue to have Supervisors manage from the road (when possible).
- Empower Operators to make real time decision about safe operations.
- Review cold weather Start-Up procedures for the Heavy Equipment.

Facility:

- Ensure snow removal equipment is in place and in good working order.
- The division should ensure that snow melting supplies such as salt should be used in employee walkways, parking lots, steps, sidewalks, etc.
 - This will be the responsibility for: Jesse Andrade

Equipment Operators / Labors

- Ensure all operators/labors have on proper clothing and Personal Protective Equipment (PPE) for the weather conditions. If the jacket they are wearing does not meet ANSI Class II Safety standards, then a Republic Services issued Safety Vest must be worn.
- Provide knit Safety caps to all operators/labors.
- Provide winter gloves to all operators and Labors.
- All air tanks should be drained on a daily basis.

Maintenance:

- Ensure all mechanics have on proper clothing and Personal Protective Equipment (PPE) for the weather conditions.
- Provide knit Safety caps to all mechanics.
- Ensure all Service / Supervisor trucks are set up for the winter. Emergency Kits.
- Ensure there is an abundant supply of cold weather windshield washing fluid available.
- Ensure Heat, defrost, and windshield wipers are working properly.
- Inspect / repair all handles and steps that may have been damaged.



Winter Safety Incentive Program:

- Hot Chocolate should be made available free of charge on days below 32 degrees.
- Divisions should consider having cookouts that provides soup or chili instead of hamburger and hot dogs. Breakfast cookout with eggs and sausage are another option that can be used.
- For the months of November - February additional safety incentive program shall be established above and beyond DTS/DTE. All Safety Sensitive Employees will be included in the program. To be eligible you must have no preventable incidents, accidents, injuries, written warnings or unexcused absences.
 1. The reward for going the full month of November - February with no violations of the program will be a \$60 voucher.
 2. Every employee will be tracked individually

Summary:

- Employee's not equipped with heaters during cold adverse weather will take more frequent breaks and hot chocolate will be available for employees.
- Winter Personal Protectant Clothing will be provided to employees for the winter months.
- Post and share appropriate phone number for employees to call in to report absence, late arrival etc. due to weather.
- Conduct tailgate meetings on trips, slips and falls.
- Safety incentive reward for no preventable incidents, accidents, injuries, written warnings or unexcused absences starting from November – February.



2013 Summer Safety Plan – San Angelo LF

Purpose:

Each summer many Republic Services divisions have a difficult time maintaining excellence safety performance. In analyzing past performance at San Angelo Landfill, we have made the observation that the summer months represent a disproportionate experience of our losses. Not just our hours of service increase, the frequency of losses during those hours also increases. Some of the factors that contribute in increased losses include:

Specific Summer Challenges Contributing to higher frequencies

- Trash volumes go up causing our employee's to work longer hours.
- An increase in the hours worked along with the increased heat in the summer and fall.
- Vacations. Not properly staffed
- More difficult working conditions (heat/humidity, heavy loads, etc...) results in higher turnover rates. Turnover equals new employees working on routes and in areas they are not familiar with.
- Equipment issues

Scope:

The action items detailed in this Summer Safety Plan apply to all Safety Sensitive personnel. All employees will be informed of the plan and all levels of management will take an active roll in the implementation of the plan.

Time Frame:

The actions items in this plan will be implemented prior to the summer increase in losses. The plan itself and the specific actions required by the plan will be followed throughout the summer months.

- Plan implementation deadline: May 28, 2013
- Plan action items will be followed from May 27, 2013 to September 2, 2013

Operational Activities

All divisions must consider each of the following sections when developing their summer hump plan. A special emphasis must be applied that will allow the plan to increase additional attention on preventing Focus Six accidents. Procedures on all items implemented by the divisions must be included in the plan.

Route Observations:

- Resop's must target Focus Six, using Focus Six Observation Form
- Divisions must be providing drinks and snacks for the drivers and helpers.
- Cab Inspections need to be a part of a quality EOR.
- Divisions must make Safety Foundational
- Supervisors must Coach & hold operators accountable

Summer Incentive Plan

- Divisions must implement a summer safety incentive plan that will recognize employee's achievements monthly for the duration of the summer safety plan. Ideally, divisions should pick teams and offer some "determined" reward monthly for the plan duration. Ideas for rewards can from: A letter of recognition to a company die-cast truck, cookouts, DTS certificates etc.

Heat Considerations

- Make sure full heat stress training has been conducted before the summer months begin.
- Make sure all employees have uniforms that are proper for the conditions.
- It is highly recommended that the division provide Class II T-shirts.
- Make sure to stress prevention at the beginning of every hot day in a tailgate meeting or some other form of communication.
- It is highly recommended the division have a functioning ice machine.
- Supervisors should be cautioning employees to get more rest in the heat of the summer to help avoid fatigue.
- It's not just heat; make sure employee's cautioned about the sun. The division should provide sunscreen to avoid burns and sun poisoning.
- Dispatch should broadcast occasional reminders to the drivers about heat management during the day on days where the temperature is over 90 degrees F.
- The division must have a procedure for emergency response should a heat related emergency occur on a route.

Supervisor Evaluations

- Are the supervisors well versed in summer activities relating to the Safety plan for their facility?
- Supervisor will positively motivate and educate the operators to perform safely?
- Do they look and act professional?
- Must target Focus Six Prevention
- Observation and vehicle condition reports evaluated for accuracy and honesty?

Vacation Management

- The division must have a vacation management schedule to help spread out times that drivers are on vacation.

Temporary Labor

- The division must ensure temp labor has been adequately trained and have documented training in hand. Temp employees must be aware of heat related issues and should be provided access to ice and drinks provided to employees.
- The division must ensure temp labor personnel have the proper PPE.

- Make sure temp labor know how to recognize heat related symptoms in themselves as well as others.

Vehicle Condition

- Air shall be working in vehicles equipped with AC
- Can inexpensive 12 volts cab fans be added to cabs to help circulate air?
- Have cooling systems been evaluated and serviced so vehicles do not overheat on warm days?
- Are windshields kept clean to avoid bright sun glare and eye strain?

Summer Safety Incentives-All Employees

All Republic Services San Angelo Landfill employees will be divided up into two (2) teams. Supervisor captains will select teams in a draft. Each line of business will be equally represented in each team. Team rosters will be posted on the safety board. The competition starts on May 28, 2013 and ends Sept 5, 2013. The team with the lowest number of A/L and W/C claims will be awarded the grand prize. A condition of the award is that the divisions overall combined frequency at the end of the competition is at or below the division's goal. Standings will be posted weekly on the safety board.

Grand Prize: Group Team Reward – Trip to Dallas Cowboy Game Date and details TBA

Accident/Injury Prevention Challenge- Safety Sensitive Employees (Ops & Maintenance)

This incentive program is to focus on the elimination of accidents and worker compensation claims during the summer plan period. The summer time historically has a higher accident/injury rate due to the reasons noted earlier in the plan. This program will reward safety sensitive employees for raising their awareness and having no accidents or injuries. This will be a three-tiered program, for each 30 consecutive day period their team goes without a preventable accident or worker compensation claim, each safety sensitive employee will receive a reward. If the team goes 30 consecutive days without an accident/injury the safety sensitive employees will receive a Republic Services Hat. For a 60 consecutive day period the team goes without an accident/injury the employees will receive a All-Sport Cooler with logo. For a 90 consecutive day period without an accident/injury the employees will receive a Mid Length Jacket with logo. Team results will be posted in the ops trailer on the safety board.

Summer Safety Kit

Kits will be distributed to all safety sensitive employees during a safety meeting before the summer temperature rise. (Water and Gatorade will be kept at the working face and may be used by everyone.)

Kits will include the following:

- Cooling Neck Shade
- Cooling Skull Cap
- Hard Hat Cooling Liner
- Cooling Wraps
- Gallon jug
- Sunscreen

Stay Focused-Focused on Safety



Hat -30 Days Prize



Duffel Bag-60 Days Prize



Jacket-90 Day Prize

4 Proposed Plan

4.5 Landfill Gas Collection and Control System

As indicated previously, and in order to continue improving groundwater quality at the San Angelo Landfill, Republic will direct and manage groundwater and landfill gas monitoring activities, including:

- a. Groundwater corrective action monitoring and testing
- b. Gas collection system operation and maintenance activities, including expansion of the gas extraction well field and gas flare replacement, if required during contract life

Additionally, please see the chart in *Section 3.2* which documents Republic's proven commitment for finding beneficial uses for landfill gas to which the nearly 40 projects documented testify.



4 Proposed Plan

4.6 Implementation Schedule and Transition Plan

As the incumbent lessee and landfill operator, Republic's *Implementation Schedule and Transition Plan* is simple and will result in no disruption whatsoever to waste collection and disposal activities. This being the case, all energy and focus can be placed on implemented the following new initiatives as desired by the City:

- Citizen's Convenience Center
- Expanded Landfill Resource Recovery Efforts
- Landfill Gas Project

During the construction of the Citizens Convenience Center, Republic will hold two town hall meetings as well as communicate via newspaper and direct mail with customers on the plans and benefits to them with the addition of the Citizens Convenience Center.

The above are detailed in the following schedule.

4.6a Schedule and Plan

Transition Schedule

Dates are approximate

ID	Task	Start Date	End Date
1	Citizens' Convenience Center		
	Engineering / Design	August	October
	Permitting	October	December
	Bid Package / RFP	January	March
	Construction	March	May
	Total Elapsed Time	9 months	
2	Expanded Resource Recovery		
	Simultaneous with CCC Constr.	March	May
	Total Elapsed Time	3 months	
3	Landfill Gas Project		
	GCCS	July	September
	Engineering/Design	September	November
	Permitting	December	January
	Bid Package / RFP	February	April
	GCCS Expansion (Initial Phase)	Every 2 Yrs.	
	GCCS Expansion (Subsequent Phases)		
	Total Elapsed Time	8 months (initial phase)	



4.6b Existing and Usable Cell

The remaining airspace (or capacity) of the current cell is anticipated to be fully depleted by the end of the current contract with Republic in July 2014. The City of San Angelo will construct a new cell prior to that date and, as required by the RFP, Republic will reimburse the City for the cost of the additional airspace associated with the new cell to be constructed (Cell 11A). Please see *Section 5 – Compensation Schedule (Remaining Airspace Purchase)*.

On the basis of permitted cell liner grades and associated maximum waste elevations within Cell 11A, the additional airspace associated with the new cell is estimated to be approximately 580,000 cubic yards. This additional airspace will allow operations at the City of San Angelo Landfill to continue uninterrupted for at least 2.2 years (assuming an initial incoming waste gate rate of 653 tons per day and an effective in-place waste density of 1,350 pounds per cubic yard) prior to the next required waste disposal cell construction event. As part of the new contract, Republic will be responsible for all future cell construction activities and associated costs.



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5

Compensation Schedule



Compensation Schedule – Landfill Lease and Operations

Landfill Charges Proposal	Example	30 Yrs./Extensions	Life-of-Site	Combined Award w/ Collections Contract - 10 year Landfill	Combined Award w/ Collections - Life of Site
Municipal Tipping Fee (per ton)	\$ 25.00	\$ 40.00	\$ 35.50	\$ 40.00	\$ 35.50
County Tipping Fee (per ton)	\$ 30.00	\$ 45.50	\$ 38.00	\$ 42.50	\$ 36.00
Area Tipping Fee (per ton)	\$ 35.00	\$ 45.00	\$ 40.50	\$ 45.00	\$ 40.50
City Compensation Proposal					
Initial Lump Sum Payment	\$ 20,000,000.00	\$ 500,000.00	\$ 1,000,000.00	\$ 500,000.00	\$ 1,000,000.00
Initial Closure and Post Closure Trust Payment	\$ 20,000,000.00	\$ 4,735,000.00	\$ 4,735,000.00	\$ 4,735,000.00	\$ 4,735,000.00
Trust Payment Factor (per ton/month)	\$ 3.00	\$ 2.46	\$ 1.05	\$ 2.46	\$ 1.05
Annual Lease Payment (per year)	\$ 20,000,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
Municipal Tipping Fee Payment (per ton)	\$ 7.00	\$ 2.25	\$ 2.26	\$ 2.25	\$ 2.26
County Tipping Fee Payment (per ton)	\$ 8.00	\$ 2.25	\$ 2.26	\$ 2.26	\$ 2.26
Area Tipping Fee Payment (per ton)	\$ 9.00	\$ 2.26	\$ 2.26	\$ 2.26	\$ 2.26
Remaining Airspace Purchase (per cubic yard)*	\$ 5.00	\$ 1.81	\$ 1.51	\$ 1.81	\$ 1.51

*Represents the Airspace Generated for the Construction of Cell 13.A

Please also see *Section 14 - Compensation Schedule - Waste Collection*, which also includes pricing for landfill + waste collection scenarios.

As indicated in the *Compensation Schedule (Section 5)* Republic's total value offerings to the City are worth **\$41,484,888** and **\$27,603,369** on the life-of-site and ten-year offerings respectively, as detailed in the following chart. Each of the line items can be considered either revenue or tangible cost avoidance to the City.

See the chart on the following page.



**Lease/Operation of Sanitary Landfill + Waste Collection Services
5: Compensation Schedule - Landfill**

Landfill Value Offerings	Life of Site	10-Year Term
Initial Lump Sum Payment	\$1,000,000	\$500,000
Initial funding of Closure/Post Closure Account	\$4,735,000	\$4,735,000
Sum of Annual Lease Payments	\$1,890,000	\$1,000,000
Sum of Annual Royalties	\$9,400,000	\$4,600,000
Value Added Infrastructure/Engineering Cost Avoidance to the City	\$14,506,838	\$8,462,319
Citizens Free Disposal	\$4,047,000	\$2,400,000
Landfill Post Closure Costs -Take Back As Reported Sept 30, 2012	\$3,289,216	\$3,289,216
Elimination of Solid Waste Enterprise Fund Deficit As Proposed FY 2014 Budget	\$2,616,834	\$2,616,834
TOTALS	\$41,484,888	\$27,603,369

- The above values will be further enhanced by the annual closure/post-closure trust payments as may be adjusted upon annual engineering model reviews.
- Republic will fund 100 percent of all costs associated with any future landfill expansion in conjunction with a contract commensurate with the value of such an expansion. The term, financial arrangements—including increased royalty payments—are to be negotiated between the City of San Angelo and Republic.



6

Proof of Insurability



Willis

March 18, 2014

City of San Angelo
72 West College, P.O. Box 1751
San Angelo, Texas 76902

RE: Insurance Commitment Letter for Republic Waste Services of Texas, Ltd.
Pursuant to RFP No. ("Contractor")

Dear Sir or Madam:

On behalf of Willis of Arizona, Inc., which is an insurance broker for Contractor and its ultimate parent company, Republic Services, Inc., we are writing to express our intent to provide brokerage services related to the required insurance pursuant to RFP No. OP-10-14 for the Lease and Operation of a Sanitary Landfill and Waste Collection Department subject to any exceptions to the RFP set forth in Contractor's response to the RFP, which are as follows:

- Remove the qualifiers, as shown, regarding the identification of self-insurance - this is not applicable.
- Add "or Contractor's corporate parent" as shown in section C9.2.1.2 - Republic's cover is purchased at the corporate parent level.
- Add "or equivalent" after "workers' compensation insurance" as shown in section C9.2.1.2 and everywhere else it appears in the agreement - Republic is a registered non-subscriber to the TX Workers' Compensation Act.
- Remove the requirement that the certificate of insurance state that all applicable requirements have been satisfied - this is not verbiage that can be added to a standardized ACORD template.
- Revise the notice requirement to restrict it to notice in the event of cancellation, only, as shown - Republic's insurers have agreed to provide notice only in the event of cancellation.

Contractor has been operating the San Angelo Landfill since 2004, and the policies that the City requires have been in place for over ten years. In our capacity as the insurance broker for the Contractor and its ultimate parent, Republic Services, Inc., we will work with the Contractor and its ultimate parent, Republic Services, Inc., to arrange for the policies to remain in place if Contractor is awarded the work under the RFP.

Willis of Arizona, Inc.
16220 E. Southside Road, Suite #600
Scottsdale, AZ 85254





March 18, 2014

City of San Angelo
72 West College, P O Box 1751
San Angelo, Texas 76902

RE: Insurance Commitment Letter for Republic Waste Services of Texas, Ltd Pursuant to RFP No. ("Contractor")

Dear Sir or Madam:

On behalf of Contractor and its ultimate parent company, Republic Services, Inc., we are writing to express our intent to provide the required insurance pursuant to RFP No. OP-10-14 for the Lease and Operation of a Sanitary Landfill and Waste Collection Department subject to any exceptions to the RFP set forth in Contractor's response to the RFP, which are as follows:

- Remove the qualifiers, as shown, regarding the identification of self-insurance - this is not applicable
- Add "or Contractor's corporate parent" as shown in section C9.2.1.2 - Republic's cover is purchased at the corporate parent level.
- Add "or equivalent" after "workers' compensation insurance" as shown in section C9.2.1.2 and everywhere else it appears in the agreement - Republic is a registered non-subscriber to the TX Workers' Compensation Act.
- Remove the requirement that the certificate of insurance state that all applicable requirements have been satisfied - this is not verbiage that can be added to a standardized ACORD template.
- Revise the notice requirement to restrict it to notice in the event of cancellation, only, as shown - Republic's insurers have agreed to provide notice only in the event of cancellation

Contractor has been operating the San Angelo Landfill since 2004, and the policies that the City requires have been in place for over ten years. We intend for the policies to remain in place if Contractor is awarded the work under the RFP, and have attached the requested Certificate of Insurance.

If you have any questions or concerns, please feel free to contact me at 480-627-2218.

Sincerely,

A handwritten signature in blue ink, appearing to read "Robert Vryhof", written over a horizontal line.

Robert Vryhof
Vice President, Risk Management

Enclosure



[552.136]



CERTIFICATE OF LIABILITY INSURANCE

Page 1 of 2

DATE (MM/DD/YYYY)
03/26/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).


PRODUCER CANNON COCHRAN MANAGEMENT SERVICES, INC. 17015 N. SCOTTSDALE RD. SCOTTSDALE, AZ 85251	CONTACT NAME: PHONE NO. (City, State): EMAIL ADDRESS:	FAX NO. (City, State): WEBSITE:
	INSURER(S) AFFORDING COVERAGE	
INSURED REPUBLIC SERVICES, INC. 18200 N. ALLED WAY PHOENIX, AZ 85044	INSURER A: OLD REPUBLIC INSURANCE COMPANY 24147	
	INSURER B: E.L. HORN UNION INSURANCE COMPANY 27820	
	INSURER C: NATIONAL FIRE & MARINE INSURANCE COMPANY 20070	
	INSURER D: INSURER E: INSURER F:	

COVERAGES **CERTIFICATE NUMBER: 387761** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

NR/ LTR	TYPE OF INSURANCE	ADOL. INSR	INSR W/O	POLICY NUMBER	POLICY EFF. (MM/DD/YYYY)	POLICY EXP. (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY COMMERCIAL GENERAL LIABILITY CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GENL. AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC			[REDACTED]	06/30/2013	06/30/2014	EACH OCCURRENCE \$ 5,000,000 DAMAGE TO RENTED PREMISES (Per occurrence) \$ 5,000,000 MED EXP (Per occurrence) PERSONAL & ADW. INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 5,000,000 PRODUCTS - COMFYDP ADD \$ 5,000,000
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input checked="" type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE MED <input type="checkbox"/> RETENTIONS			[REDACTED]	06/30/2013	06/30/2014	COMBINED SINGLE LIMIT (Per accident) \$ 5,000,000 BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per occurrence)
A A A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETARY PARTNER/EXECUTIVE OFFICER/OWNER/CONTROLLER (Monday to Fri) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	[REDACTED]	06/30/2013 06/30/2013 06/30/2013	06/30/2014 06/30/2014 06/30/2014	<input checked="" type="checkbox"/> WE STAFF <input type="checkbox"/> OTHER \$1. EACH ACCIDENT \$ 2,000,000 \$1. DISEASE -EA EMPLOYEE \$ 2,000,000 \$1. DISEASE -POLICY LIMIT \$ 2,000,000
B	POLLUTION LEGAL LIABILITY:			[REDACTED]	06/30/2013	06/30/2014	\$25,000,000 Per Occurrence; \$25,000,000 Aggregate

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
 Division Number: 3426 - Named Insured Includes: Republic Waste Services of Texas, Ltd. - Dae; Trashway Service Hauling

CERTIFICATE HOLDER City of San Angelo PG Box 1751 72 West College San Angelo, TX 76902-1751 United States	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 
---	--



7

Letter of Credit



As per *Appendix C, §C.8 – Financial Security – Irrevocable Letter of Credit*, Republic will, within fifteen days following the contract date provide and maintain in force for the term of the Lease an irrevocable, direct pay Letter or Letters of Credit—or other equally acceptable and mutually agreed upon financial instrument in substantially the form shown in the *Lease* as financial security for its true and faithful performance of the *Lease*.



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8

Litigation Disclosure



Due to its sensitive nature, *Litigation Disclosure* is provided under separate cover.



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9

Sample Contract



Sample Contracts for the lease and operation of the landfill as well as for waste collection are provided with this submittal but under separate cover. Please see the envelope marked *Sample Contracts*.



Lease/Operation of Sanitary Landfill + Waste Collection Services
9: Sample Contract - Landfill

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10 Executive Summary



Republic Services

As indicated in *Section 1* of this proposal, Republic is the second largest waste and recycling services provider in the United States as measured by revenue. With the highest credit ranking of the top ten waste services providers in the Country, approximately 30,000 employees, vertical integration intentionally built in to Republic operations nationwide, and a 35-year history in San Angelo, the City can be completely assured that waste collection services will continue to be delivered reliably, efficiently, and without disruption to San Angelo residents and businesses.

- ***Natlanwide, Republic serves more than 12,000,000 residential and 860,000 commeriol costumers weekly and holds mare than 2,800 municipal contracts.***

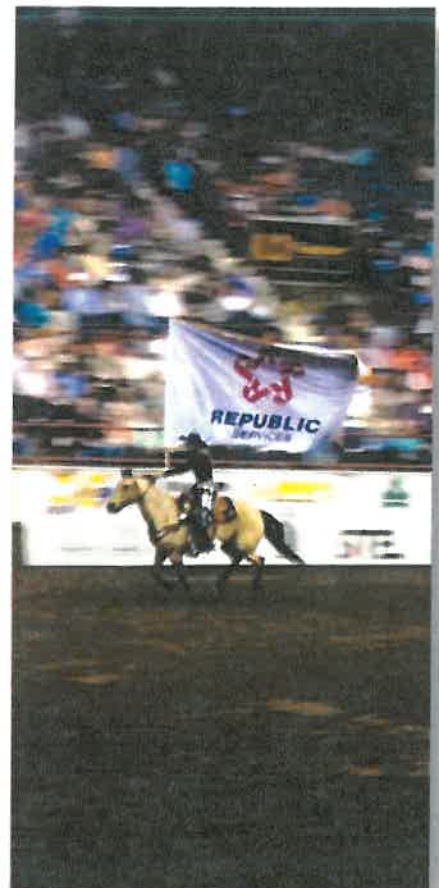
Benefits of Incumbency

As Indicated in *Section 1* and throughout this proposal, Republic has complete familiarity with the City, its neighborhoods, streets, traffic patterns, and unique service requirements. Republic also has all the operational and administrative infrastructure in place to continue providing services reliably through any new programs the City may select to implement without disruption to customers. Additionally, Republic is also actively involved in and relied upon by the community through its numerous service donations and sponsorships.

- ***Republic's experience and knowledge of San Angela costumers will allow the City and Republic ta focus an transitionng to an autamated program including recycling collectian instead af having ta channel all energy and resaurces into procuring and licensng equipment prior to the cantract start date, establishing an operations bose, customer accaunts, rautes, and ather services impartant ta costumers.***

A Local Compony

Republic employs 94 individuals in its local operations; 90 percent of these dedicated, hard-working people are San Angelo residents and the remainder reside in Tom Green County. Republic has two open positions which it intends to fill with San Angelo residents.



- **Republic has infused the local economy in the most recent calendar year through its local purchasing preference with \$1.75 million in goods and services purchased locally.**

Republic rigorously supports local organizations and events as thoroughly documented in this proposal. These organizations have come to rely upon and have expressed appreciation for Republic's support which will certainly continue throughout the term of the subject contract if the City re-awards a contract to Republic.

- **Republic's recycling processing initiatives include the use of several local recyclers including Ga Green, Butts Recycling and SAFE Recyclers. to increase even further Republic's commitment to the local economy. In fact, Republic contributes to a portion of the SAFE Recycling Directors salary.**

Quality Service Offerings

Committed to quality service, Republic's experienced local management team maintains a hands-on approach to ensure customer safety and satisfaction is kept at the forefront of everything Republic does. To enrich services under the new collection contract, Republic offers the following initiatives:

"It does my heart good to see community partners like Republic Services recognize not only those of us from the armed forces, but the many other community organizations they support throughout San Angelo.

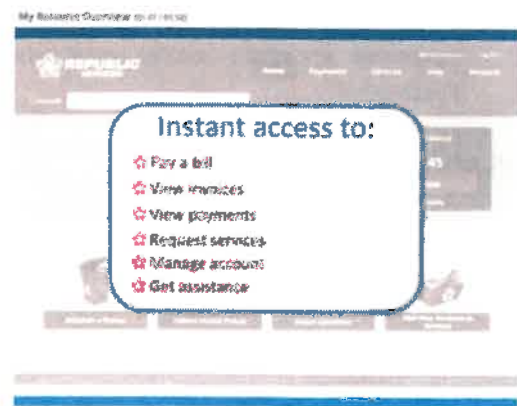
Bill Pride, Founder, Combat Veterans Outreach

- **CNG Equipment and CNG Fueling Station**

Within 12-18 months of the contract start date, Republic will procure all new CNG frontline collection equipment and will permit and construct a CNG fueling station. The City will have access to the CNG at Republic's facility at cost plus an administrative fee, which will guarantee below resale pricing throughout the contract term. The fueling station will be located at Republic's facility on Hughes in San Angelo. Other capital investments include the procurement and distribution of a two-court system in a sophisticated granite finish which will greatly improve neighborhood aesthetics.

- **Fully Functioning Website + Web Portal**

Republic will provide the businesses and residents of San Angelo with a fully functioning website which will provide information on services, important calendar information, as well as e-pay. In addition, commercial/industrial customers will have access to a web portal which will enable customers to have instant access to their accounts in order to view invoices, make payments, view their payment history, and manage their account, including the ability to request services.



■ **Scholarship Program**

Republic's proposal includes sponsoring \$10,000 in scholarships per year for ten local high schools students wishing to further their education. The scholarship contest will require an essay on an environmental theme.

■ **Annual E-Waste Event**

Republic will work with SAFE Recycling to staff and host a twice-yearly—spring and fall—e-waste drop off event. This will enable the City to capture additional diversion.

The following additional initiatives are presented as options for the City's consideration:

■ **FleetMind On-Board GPS and Routing System**

Republic's Fleetmind on-board GPS and routing system automatically creates optimal sequential routing, route entry and exit points, and sequential route sheets and computerized route and base maps for the areas to be served. This takes all the guesswork out of optimizing efficiency.

■ **A Fully-Funded Recycling Coordinator**

Should the City opt for outsourced service, Republic will fully fund a Recycling Coordinator who is an employee of the City of San Angelo. The exact job description for the position is to be created by the City. The activities of this individual will be overseen and monitored by the City. The intention is to fund an individual to assist the City in implementing recycling, as well as help to maintain and increase diversion over the contract term.

■ **Recycling Rewards Program**

Republic Services is pleased to offer San Angelo an award winning incentive-based recycling program that rewards residents for their recycling efforts. My Republic Rewards dramatically increased recycling and added substantial value for residents and their communities across the United States. My Republic Rewards will enhance curbside recycling in San Angelo in order to increase recycling, provide each household with savings, and enhance recycling awareness.

Summary

Republic's local presence, participation in the local economy and community activities only add to the benefits the City will continue to enjoy due to Republic's customer experience excellence, commitment to safety, financial strength, transparency, and experience which will bring tremendous reassurance to the City as it makes the very important decision of awarding a new contract for the lease and operation of its landfill and for waste collection services.



**Lease/Operation of Sanitary Landfill + Waste Collection Services
10: Executive Summary – Waste Collections**

During the transition to automated waste and recycling services, Republic will hold two town hall meetings as well as communicate via newspaper and direct mail with customers on the plans and benefits to them with the change in service. This plan will even include visits to all service clubs or other organizations the city believes are important to ensuring a smooth transition to automation.

Republic's commitment and dedication to not only San Angelo community groups including charitable and non-profits (over \$150,000 donated last year), but its support of local jobs and business (\$1.75 million spent locally within the last calendar year) demonstrates the importance the Company places on its partnership with San Angelo.

The belief that everyone should protect today's environment for a better tomorrow is shown by the funding of a city recycling coordinator and purchasing a new fleet of CNG trucks. This includes building the facility in San Angelo to allow for the city to benefit from the sales tax as well as the opportunity to utilize the site for its own alternate fuel vehicles resulting in fuels savings for taxpayers. Selecting Republic to continue to provide waste, disposal and recycling collection services will enhance the customer experience with the San Angelo website and new customer portal to allow for account management and even better service delivery.

Republic also believes that quality education and vocational training only enhances the opportunities for the next generation and a scholarship program advancing education incorporates that philosophy into this proposal. Residents will enjoy twice yearly an e-waste collection and recycling event and will be rewarded financial for recycling through the My Republic Rewards program.

Finally, city staff will enjoy the benefit as will customers of knowing in real time when there waste and recycling is collected through the use of FleetMind which provides actual/real-time information regarding a driver's location and service to the customer. Republic looks forward to the post-proposal process and assisting the City in creating a world-class program for residents and businesses of San Angelo.



11

General Information Form



1. Respondent Information: Provide the following information regarding the Respondent.

(NOTE: Co-Respondents are two or more entities proposing as a team or joint venture with each signing the contract, if awarded. Sub-contractors are not Co-Respondents and should not be identified here. If this proposal includes Co-Respondents, provide the required information in this Item #1 for each Co-Respondent by copying and inserting an additional block(s) before Item #2.)

Respondent Name: Republic Waste Services of Texas, Ltd.

(NOTE: Give exact legal name as it will appear on the contract, if awarded.)

Principal Address: 1422 Hughes Street City San Angelo State Texas Zip Code: 76903

Telephone No: 325.481.7700 Fax No: 325.481.7777

Website Address: www.republicservices.com

Social Security Number or Federal Employer Identification Number: 65-0963067

Texas Comptroller's Taxpayer Number, if applicable: 16509630675

(NOTE: This 11-digit number is sometimes referred to as the Comptroller's TIN or TID.)

DUNS NUMBER: 965023596

Business Structure: Check the box that indicates the business structure of the Respondent.

Limited Liability Corporation

S Corporation If checked, check one: For-Profit Nonprofit

Also, check one: Domestic Foreign

Other: If checked, list business structure: Limited Partnership

Printed Name of Contract Signatory: Keith Cordesman

Job Title: Area President

Provide an other names under which Respondent has operated within the last 10 years and length of time under for each:

See Attached



Lease/Operation of Sanitary Landfill + Waste Collection Services
11: General Information Form – Waste Collections

Provide address of office from which this project would be managed:

City: San Angelo State: Texas Zip Code: 76903

Telephone No: 325-481-7719 Fax No: 325-481-7777

Total Number of Employees: 94

Briefly describe other lines of business that the company is directly or indirectly affiliated with:

N/A

List Related Companies:

N/A

2. **Contact information:** List the one person who the City may contact concerning your proposal or setting dates for meetings.

Name: Kenny Ramzinski Title: General Manager

Address: 1422 Hughes Street

City: San Angelo State: Texas Zip Code: 76903

Telephone No: 325.481.7719 Fax No: 325.481.7777

Email: kramzinski@republicservices.com

3. **Mergers:** Does Respondent anticipate any mergers, transfer of organization ownership, management reorganization, or departure of key personnel within the next twelve (12) months?

 Yes No If "Yes", list authorizations/licenses.

4. **Licenses:** Is Respondent authorized and/or licensed to do business in Texas?

 Yes No If "Yes", list authorizations/licenses:

Texas Secretary of State, Texas Comptroller's Office

5. **Headquarters:** Where is the Respondent's corporate headquarters located?

Phoenix, Arizona



Lease/Operation of Sanitary Landfill + Waste Collection Services
11: General Information Form – Waste Collections

6. **Debarment/Suspension Information:** Has the Respondent or any of its principals been debarred or suspended from contracting with any public entity?

_____ Yes ___ No ___ No

If "Yes", identify the public entity and the name and current phone number of a representative of the public entity familiar with the debarment or suspension, and state the reason for or circumstances surrounding the debarment or suspension, including but not limited to the period of time for such debarment or suspension.

7. **Surety Information:** Has the Respondent ever had a bond or surety canceled or forfeited?

_____ Yes ___ No ___ No If "Yes" state the name of the bonding company, date, amount of bond and reason for such cancellation or forfeiture.

8. **Bankruptcy Information:** Has the Respondent ever been declared bankrupt or filed for protection from creditors under state or federal proceedings?

_____ Yes ___ No ___ No If "Yes", state the date, court, jurisdiction, causes number, amount of liabilities and amount of assets.

9. **Disciplinary Action:** Has the Respondent ever received any disciplinary action, or any pending disciplinary action, from any regulatory bodies or professional organizations?

_____ Yes ___ No ___ No If "Yes" state the regulatory body or professional organization, date and reason for disciplinary or impending disciplinary action.

10. **Previous Contracts:**

- a. Has the Respondent ever failed to complete any contract awarded?

_____ Yes ___ No ___ No If "Yes", state the name of the organization contracted with, services contracted, date, contract amount and reason for failing to complete the contract.



Lease/Operation of Sanitary Landfill + Waste Collection Services
11: General Information Form – Waste Collections

- b. Has any officer or partner proposed for this assignment ever been an officer or partner of some other organization that failed to complete a contract?

Yes No No If "Yes", state the name of the individual, organization contracted with, services contracted, date, contract amount and reason for failing to complete the contract.

- c. Has any officer or partner proposed for this assignment ever failed to complete a contract handled in his or her own name?

Yes No No If "Yes", state the name of the individual, organization contracted with, services contracted, date, contract amount and reason for failing to complete the contract.

THIS FORM MUST BE RETURNED WITH THE PROPOSAL



Lease/Operation of Sanitary Landfill + Waste Collection Services
 11: General Information Form – Waste Collections

Republic Waste Services of Texas, Ltd. – DBAs			
Texas	Accurate Transportation Services	11/15/2002	11/15/2012
Texas	Charter Waste Landfill	06/21/2002	05/25/2022
Texas	CSC Landfill	06/21/2002	05/25/2022
Texas	Duncon Disposal - Arlington	06/21/2002	05/25/2022
Texas	Duncon Disposal - Lubbock	06/21/2002	05/25/2022
Texas	Duncon Disposal - San Angelo	06/21/2002	05/25/2022
Texas	JC Duncon Company	01/20/2000	01/06/2020
Texas	Malloy Landfill	06/21/2002	05/25/2022
Texas	Seobreeze Environmental Landfill	01/04/2001	01/04/2011
Texas	Arlington Disposal	01/20/2000	01/06/2020
Texas	Arlington Landfill	03/03/2005	03/03/2015
Texas	C & T Landfill	06/21/2002	05/25/2022
Texas	Duncon Disposal	01/20/2000	01/06/2020
Texas	Duncon Disposal - Stamford	06/21/2002	06/21/2012
Texas	Grand Prairie Disposal	01/20/2000	01/06/2020
Texas	Hutchins Transfer Station	05/19/2005	05/19/2015
Texas	Tos-It Services	06/21/2002	06/21/2012
Texas	Trashaway Services	06/21/2002	05/25/2022
Texas	Duncon Disposal - Alpine	06/21/2002	05/25/2022
Texas	Duncon Disposal - Brozos	06/21/2002	05/25/2022
Texas	Duncon Disposal - Dallos	06/21/2002	06/21/2012
Texas	Duncon Disposal - Molloy	06/21/2002	05/25/2022
Texas	Duncon Disposal - Midland	06/21/2002	05/25/2022
Texas	Republic Services of Lubbock	07/01/2009	07/01/2019
Texas	Allied Waste Services of Lubbock	07/01/2009	07/01/2019
Texas	Republic Services of Dallos	07/01/2009	07/01/2019
Texas	Allied Waste Services of Dallas	07/01/2009	07/01/2019
Texas	Republic Services of Arlington	11/19/2010	11/19/2020
Texas	Republic Services of San Angelo	07/12/2011	07/12/2021
Texas	Republic Services of Midland	07/12/2011	07/12/2021
Texas	Republic Services of Campbell	07/12/2011	07/12/2021
Texas	Republic Services of Brazos	07/12/2011	07/12/2021
Texas	Republic Services of Alpine	07/12/2011	07/12/2021



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12 Experience, Background, Qualifications, References



12 Experience, Background, Qualifications, References

12.1 General

To avoid redundancy, please also see *Section 1* and *Section 3.1*.

Republic brings 35 years of San Angelo collection experience and the financial strength of parent company Republic Services, Inc. (NYSE: RSG).

As a result of providing consistently great service and retaining experienced managers with extensive knowledge of and involvement in the local community, Republic has grown its Texas market to include service in the Counties listed below. Republic deploys 31 routes daily from San Angelo, managing about 180,000 tons of waste annually. To accomplish this, Republic currently employs 94 San Angelo residents and an additional ten employees from within Tom Green County.

Republic's Texas Market – Counties Served

Anderson	Concho	Garza	Kimble	Panola	Sterling
Armstrong	Crockett	Glasscock	Limestone	Parker	Sutton
Bienville Parish	Curry	Grayson	Lubbock		Tarrant
Borden	Dallas	Gregg	Lynn	Parmer	Taylor
Bosque	Dawson	Hartley	Marion	Potter	Terry
Bossier Parish	Deaf Smith	Hill	Martin	Rains	Titus
Brewster	De Soto Parish	Hockley	McLennan	Randall	Tom Green
Cochran	Denton	Hopkins	Menard	Reagon	Upshur
Caddo Parish	Eastland	Howard	Midland	Reeves	Van Zandt
Cass	Ector	Hutchinson	Mitchell	Rockwall	Ward
Cherokee		Hunt	Morris	Runnels	Webster Parish
Claiborne Parish	Ellis	Irion	Nacogdoches	Rusk	Wheeler
Coke	Fisher	Jeff Davis	Navarro	Schleicher	Wise
Coleman	Freestone	Johnson	Nolan	Scurry	Wood
Collin	Gaines	Jones	Oldham	Smith	

As indicated throughout this proposal, as the incumbent service provider, residents and businesses will experience no disruption whatsoever to regularly scheduled collection services.

Furthermore, Republic is well equipped to assist the City with implementation of its single-stream recycling program through its extensive recycling collection, processing, and marketing experience in Texas and throughout the country. Republic has local, relevant recycling program implementation experience as noted in *Section 12.3*.

Republic is investing in a number of ways in building recycling processing capacity and infrastructure in Texas.



Lease/Operation of Sanitary Landfill + Waste Collection Services
12: Experience, Background, Qualifications, References – Waste Collections

For this contract, Republic has both an interim and a long term recycling processing solution which will allow the City and Republic to move ahead with curbside recycling implementation at any time the City so chooses. In both the short- and long-term, Republic is partnering with local recyclers, including Butts Recycling, Go Green & Recycling, SAFE, and Rivers Recycling.



“Go Green welcomes the opportunity to work with a partner like Republic Services who supports local jobs and small businesses.”

- Sam Tambunga, Go Green & Recycling



12 Experience, Background, Qualifications, References

12.2 Collection Experience

Republic serves more than 3,000 municipal and government customers nationwide. Republic's San Angelo Division provides services to the jurisdictions listed in the chart which begins below. Most relevant is Republic's service to the City of San Angelo which spans 35 years.

AETCII Privatized Housing	Years	1.5 years
	Type	Residential
Tons Collected: 112	Services Performed	Automated collection of solid waste, recycling, and yard waste, curbside and bulky item collection
	Exclusive	Yes
City of Bollinger	Years	17 years
	Type	Residential, Commercial and Industrial
Tons Collected: 4,004	Services Performed	Automated Sideload collection of solid waste Commercial mixed waste Industrial/construction mixed waste Permanent/temporary roll-offs and bins (all sizes)
	Exclusive	Yes
City of Bronte	Years	21 years
	Type	Residential, Commercial and Industrial
Tons Collected: 572	Services Performed	Automated collection of solid waste Commercial mixed waste Industrial/construction mixed waste Permanent/temporary roll-offs and bins (all sizes)
	Exclusive	Yes
Crockett County	Years	16
	Type	Residential, Commercial and Industrial
Tans Collected: 3,380	Services Performed	Automated collection of solid waste Commercial mixed waste Industrial/construction mixed waste Permanent/temporary roll-offs and bins (all sizes)
	Exclusive	Yes



Lease/Operation of Sanitary Landfill + Waste Collection Services
12: Experience, Background, Qualifications, References – Waste Collections

City of Eden	Years	16
	Type	Residential, Commercial and Industrial
	Services Performed	Automated collection of solid waste Commercial mixed waste
	Tons Collected: 1,144	Industrial/construction mixed waste Permanent/temporary roll-offs and bins (all sizes)
	Exclusive	Yes
City of Junction	Years	13
	Type	Residential, Commercial and Industrial
	Services Performed	Automated collection of solid waste Commercial mixed waste
	Tons Collected: 2,236	Industrial/construction mixed waste Permanent/temporary roll-offs and bins (all sizes)
	Exclusive	Yes
City of Menard	Years	14
	Type	Residential, Commercial and Industrial
	Services Performed	Automated collection of solid waste Commercial mixed waste
	Tons Collected: 1,300	Industrial/construction mixed waste Permanent/temporary roll-offs and bins (all sizes)
	Exclusive	Yes
City of Miles	Years	19
	Type	Residential, Commercial and Industrial
	Services Performed	Automated collection of solid waste Commercial mixed waste
	Tons Collected: 525	Industrial/construction mixed waste Permanent/temporary roll-offs and bins (all sizes)
	Exclusive	Yes
Osirus, Inc.	Years	1.5
	Type	Commercial and Industrial
	Services Performed	Commercial mixed waste Industrial/construction mixed waste
	Tons Collected: 2,405	Permanent/temporary roll-offs and bins (all sizes)
	Exclusive	Yes
City of Robert Lee	Years	16
	Type	Residential, Commercial and Industrial
	Services Performed	Automated collection of solid waste Commercial mixed waste
	Tons Collected: 853	Industrial/construction mixed waste Permanent/temporary roll-offs and bins (all sizes)
	Exclusive	Yes



Lease/Operation of Sanitary Landfill + Waste Collection Services
12: Experience, Background, Qualifications, References – Waste Collections

City of San Angelo	Years	35
	Type	Residential, Commercial and Industrial
	Services Performed	Manual collection of solid waste and yard waste Commercial mixed waste Industrial/construction mixed waste Permanent/temporary roll-offs and bins (all sizes)
	Exclusive	Yes
Tons Collected: 87,508		
City of Sonora	Years	16
	Type	Residential, Commercial and Industrial
	Services Performed	Automated sidelaad collection of solid waste Commercial mixed waste Industrial/construction mixed waste Permanent/temporary roll-offs and bins (all sizes)
	Exclusive	Yes
Tons Collected: 1,870		
City of Sterling City	Years	15
	Type	Residential, Commercial and Industrial
	Services Performed	Automated sidelaad collection of solid waste Commercial mixed waste Industrial/construction mixed waste Permanent/temporary roll-offs and bins (all sizes)
	Exclusive	Yes
Tons Collected: 1,114		



12 Experience, Background, Qualifications, References

12.3 Transition Experience

**Reference 1:
 City of Arlington**

Contact Info	Keith Melton, Director of Public Works City of Arlington
Contract Start/ Completion Dates	05-01-1951 08-06-2022
Annual Contract Value (Approx)	\$33.7 mil
Number of Employees	175
Applicable Tons/Waste Collected/Disposed (5 Years)	298,850
Description of Regulatory and Operational Environment TXDOT, TCEQ	
Equipment Permanently Assigned to Facility 85 collection and support vehicles, 5,500 commercial containers, 100,000 residential recycle carts.	
Services, Obstacles Encountered and Resolution Republic and the City of Arlington worked together over a span of six years to obtain a permit amendment and expansion of the Arlington landfill. The TCEQ approval was recently obtained to expand and amend the permit. Republic and the City worked together diligently with all regulatory agencies to satisfy the many issues related to the expansion and amendment efforts.	
Republic Services and the City of Arlington recently converted the residential recycling collection to automated cart collection services, and to begin converting our fleet to operate on compressed natural gas. There was initially some opposition to this transition, but through a joint community outreach effort, we were able to satisfy most of the opposing factions and earn their support for the new services.	

See letter of recommendation, following.





**MAYOR
ROBERT CLUCK**

*Working Together to
Make Arlington Better™*

101 W. Abram St.

P.O. Box 90231, MS 01-0310
Arlington, Texas 76004-3231

Office 817-459-6121

Robert.Cluck@arlingtontx.gov

March 4, 2014

Shane Kelton, Operations Director
City of San Angelo, Texas
City Hall, second floor
72 W. College Ave.
San Angelo, Texas 76903

Dear Mr. Kelton,

Republic Services has been the sole provider of residential and commercial trash collection services in Arlington since the early 1950's. Additionally, Republic Services assumed operations of the City of Arlington Landfill in 2005. Since the City began its partnership with Republic, the city has grown from less than 25,000 residents to the current population of over 350,000.

The City of Arlington has experienced a high degree of consistent quality services from Republic Services with a focus on the individual customer. Company management clearly understands customer service and places a high priority on individual satisfaction.

Recently the City transitioned our residential recycle collection from a manual collection method using smaller 22 gallon bins to an automated collection system utilizing larger 65 gallon recycle carts. Although there was some resistance to this change from a small portion of our residents, the overall satisfaction with the new program has been widely accepted from the vast majority of our citizens. Since the change, Arlington has seen both the participation rate and the amount of materials diverted from the landfill increase significantly.

Republic consistently provides effective and efficient response to all customer service issues, and has been an exemplary community partner. We are proud to have them in our community and highly recommend them as a service partner for the San Angelo community as well.

Sincerely,

Robert N. Cluck, M.D.



12 Experience, Background, Qualifications, References

12.4 Qualifications of Key Personnel

Republic has a proven track record of implementation success. Each of the team members whose qualifications are provided herein have directly relevant local experience and tremendous contract start-up and transition experience and serve members of the permanent management team for the San Angelo contract. All key personnel have the required five years' experience performing similar work.

The existing management team is a seasoned and professional group with many years of industry experience. Republic's San Angelo team has perfected the art of customer service, which means investing as much time as necessary in meeting the needs of individual customers and offering up tailor-made solutions. As a result, Republic is expertly positioned to continue to perform the scope of work described in the City's RFP.

90 percent of Republic employees live and work in the San Angelo area, and because of this have a vested interest and pride in keeping their community beautiful and providing exceptional service. The following chart provides a breakdown:

Republic San Angelo Employees: Landfill + Hauling			
	San Angelo Residents	Tom Green Co. Residents	Total
Landfill	10	1	11
Operations	53	5	58
Office Staff	13	4	17
Shop	8	0	8
Total	84	10	94



These two individuals are designated liaisons to the City:

Contract Liaison

Kenneth Romzinski, General Manager

Ken will continue to be responsible for working with the City and/or the City's designated representatives to oversee all contract-related matters

Service Liaison

Larry Jacques, Operations Manager

Larry will continue to be responsible for working with the City and/or City's designated representatives to address all service related matters.

Additionally, Republic is providing information on individuals with corporate and Area oversight as well. A general organization chart and then biographies and sub-organization charts for the local team follow.



Corporate Oversight

Johnnie Perkins, Corporate Director of Public Sector Solutions



Johnnie Perkins has over 22 years of private and public sector experience developing strategic communication plans, marketing and media strategies for Republic Services, the nation's second largest environmental management company, the San Diego Firefighters, Allied Waste (AW)/San Diego Landfill Systems (SDLS), one of California's leading public affairs agencies, local government officials, a California Attorney General, two California Governors and Vice President George Bush.

Mr. Perkins is currently the Corporate Director of Public Sector Solutions where he manages customer accounts over \$5 million for Republic Services. In this role he is responsible for new sales and developing strategic sales and communications plans. Previously, he served as West Region Director of Marketing, Municipal Services and Government Affairs for Republic Services responsible for managing the Company's municipal contracts in 11 western United States (Arizona, California, Oregon, Washington, Montana, Idaho, Utah, Colorado, Nevada, Texas and Louisiana).

Prior to joining Republic, he served as Director of Community, Government and Media Relations for the San Diego Firefighters. Before serving San Diego's Firefighters, he was the Area Community and Government Affairs Manager for Allied Waste and San Diego Landfill Systems.

Prior to joining AWS/SDLS, Mr. Perkins served as Vice President for NCG Porter Novelli, an international marketing and public affairs/relations firm. Mr. Perkins also served as chief of staff for San Diego City Councilmember Byron Wear.

As a member of California Attorney General Dan Lungren's senior staff, Mr. Perkins served as Assistant to the Attorney General and Director of Community Relations. While serving in the administration of California Governor George Deukmejian, Mr. Perkins served as Assistant to the Chief of Staff and Deputy Director for the California Department of Transportation (CALTRANS).

Mr. Perkins is a graduate of the University of California, Los Angeles (UCLA), where he received his Bachelor of Arts degree in political science. He is a member of the Mission Trails Regional Park Foundation Board of Directors, a volunteer at the YMCA of San Diego, the California Product Stewardship Council Board of Directors and the California Natural Gas Vehicle Coalition.

Mr. Perkins lives in San Diego with his wife, Leslie and son Lorne.



Area Oversight

Keith Cordesman, Area President

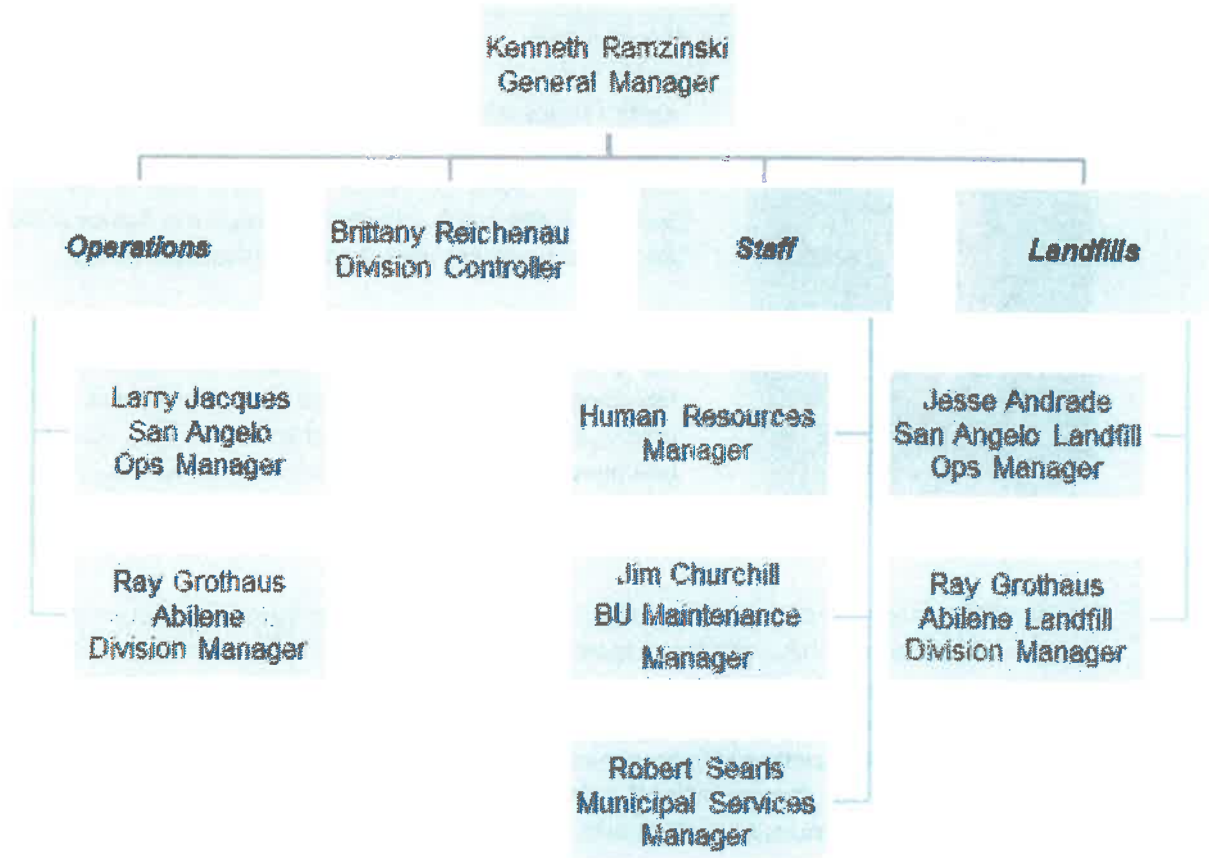


Keith Cordesman is the senior executive for the North Texas Area and currently serves as the Area President for Republic's North and West Texas / North Louisiana operations for Republic Services. Keith holds a Bachelor's Degree in Business Management and Administration from Texas Christian University.

Keith has over 14 years of industry direct experience managing many department functions within the solid waste business, including: customer service, sales, maintenance, operations and post collection. During his diverse industry career, Keith has managed large scale operations in Pennsylvania, Texas, Maryland, Virginia, Ohio and Tennessee, which include collection operations, transfer stations, landfills, and recyclable processing facilities.

Keith has been involved in many transition projects involving municipal contracts in these respective markets. He currently has ultimate responsibility for the financial and operating performance of ten large business units in North Texas and Louisiana. For San Angelo, Keith will continue to be responsible for ensuring that the San Angelo Division has all the necessary resources, (i.e., equipment, facilities, personnel), to provide the required services. Additionally, Keith will assume final responsibility for the operations' compliance with all regulatory requirements, along with the maintenance of operations consistent with company policies and practices.





BU-215



Contract Oversight

Kenneth Ramzinski, General Manager



Biography

Kenneth has 19 years of experience in the solid waste management with Republic in Texas, all of which have been in division management positions. Complementary to solid waste operations, Kenneth has extensive experience in the transportation sector as well, once working as a transportation supervisor for Stericycle in Dale, Texas, and as a center manager for UPS in Corpus Christi. At Stericycle Kenneth also gained tremendous experience in TCEQ compliance. Kenneth possesses the full spectrum of management experience areas, including employee training and supervision, transportation logistics and systems, policy and procedure development and compliance monitoring, safety practices, route management, customer service, and equipment maintenance and procurement. He holds a MSW-A License and Class A Commercial Driver's License (copy following this page).

Responsibilities

- The General Manager is responsible for the operation of the Company's field operations, including Collections, Post-Collections and Fleet Management, that includes profit and loss responsibilities.
- Working in a matrix management environment, the position manages an infrastructure team comprised of division-level managers who support the total operation of the Business Unit.
- The General Manager executes a local market strategy that complements the Area's overall strategic operating and marketing plans and implements tactical initiatives to drive functional excellence and budget achievement.
- The General Manager manages all matters related to hauling and/or post-collections operations (transfer stations, landfill and recycling stations); represents the company to customers, vendors and municipal customers and other external stakeholders; oversees effective safety and accident prevention programs and leads all operations to ensure compliance with standards; and drives change management initiatives to introduce and sustain new processes that contribute to the growth and durability of Republic.
- Implement and execute plans to complement the Area's strategic and operating plan; champion the execution of the strategic plan and tactical initiatives within the Business Unit to maximize the customer experience, growth and durability, while optimizing profitability.
- Lead all matters related to hauling and/or post-collections operations to ensure overall operations meet safety, compliance and P/L objectives.
- Oversee effective safety and accident prevention programs to ensure all reasonable action are taken to prevent accidents and injuries; ensure a safe and productive work environment for all employees.
- Lead operations to ensure compliance with all standards including environmental, operating, regulatory, safety, accounting and ethics.



Kenneth Ramzinski, Continued

- Develop a best-in-class team and workplace culture and effectively manage performance and talent development; drive best-practice sharing.
- Identify and develop key external alliances that will deliver complete customer solutions.
- Build and maintain strong and effective relations with relevant government, community and environmental groups.



TEXAS COMMISSION
ON ENVIRONMENTAL QUALITY

or Query

Search Page Search Results Search Options CR Query Licenses

TCEQ Search Licensing or Registration Information

License Detail

To report a change of address, phone number, or email address, please fill out the form located at <http://www.tceq.texas.gov/licensing/forms/contacttype.htm>.

Name: RAMZINSKI, KENNETH W
Address: 1921 VALLEYVIEW DR
City: SAN ANGELO
State: TX
ZIP: 76904 6086
County: TOM GREEN
Work Phone: 325-481-7719

License(s)

There were 1 licenses found.

Program	License Type and Level	License Number	Last Issued Date	Exp. Date	License Status	CEUs Earned
MSWDL	MSW OPERATOR A	5W0005081	07/09/2013	06/30/2016	CURRENT	0

Note: The number of CEUs needed in order to renew a license is based on the term (length) of each license. Please go to the program page for the license you hold to determine the number of CEUs needed and to view the latest information and renewal requirements for your license.

Course(s)

There were 2 courses found. **Note:** You may see the same course listed multiple times. This occurs because the course counted towards multiple license programs.

Program	Course Title	Course Code	Hours	Date	Provider
MSWDL	MSW CLASS A SUPERVISOR LICENSE	514	30.0	07/21/2011	TETE
MSWDL	MSW CLASS A SUPERVISOR LICENSE	513	30.0	06/10/2010	TETE

Note: Please allow 45 days from the last date of the training session for a record to appear in the search results. If a course does not appear on your training record after three months, please fax a copy of the course completion certificate to 512/339-6272. Include either your TCEQ license number or Social Security Number if neither is displayed on the certificate.



Operations Oversight

Larry Jacques, Operations Manager



Biography

Larry has been employed with Republic in San Angelo for over 32 years. Prior to his role as Operations Supervisor, Larry held positions as the Division Residential and Commercial Operations Supervisor and before that as the commercial relief driver and container delivery driver. Larry first acquired his Class A Commercial Driver's License in 1983 and has maintained that CDL with all required endorsements since that time. He is responsible for managing 29 routes daily, Monday through Saturday. Larry has received extensive and ongoing training in such areas as first aid, controlled substances and alcohol, hazardous materials awareness, talent assessment, formal supervisor training, harassment prevention, leadership experience, and operations manager training. He is the recipient of the 2007 Keep Texas Beautiful Award.

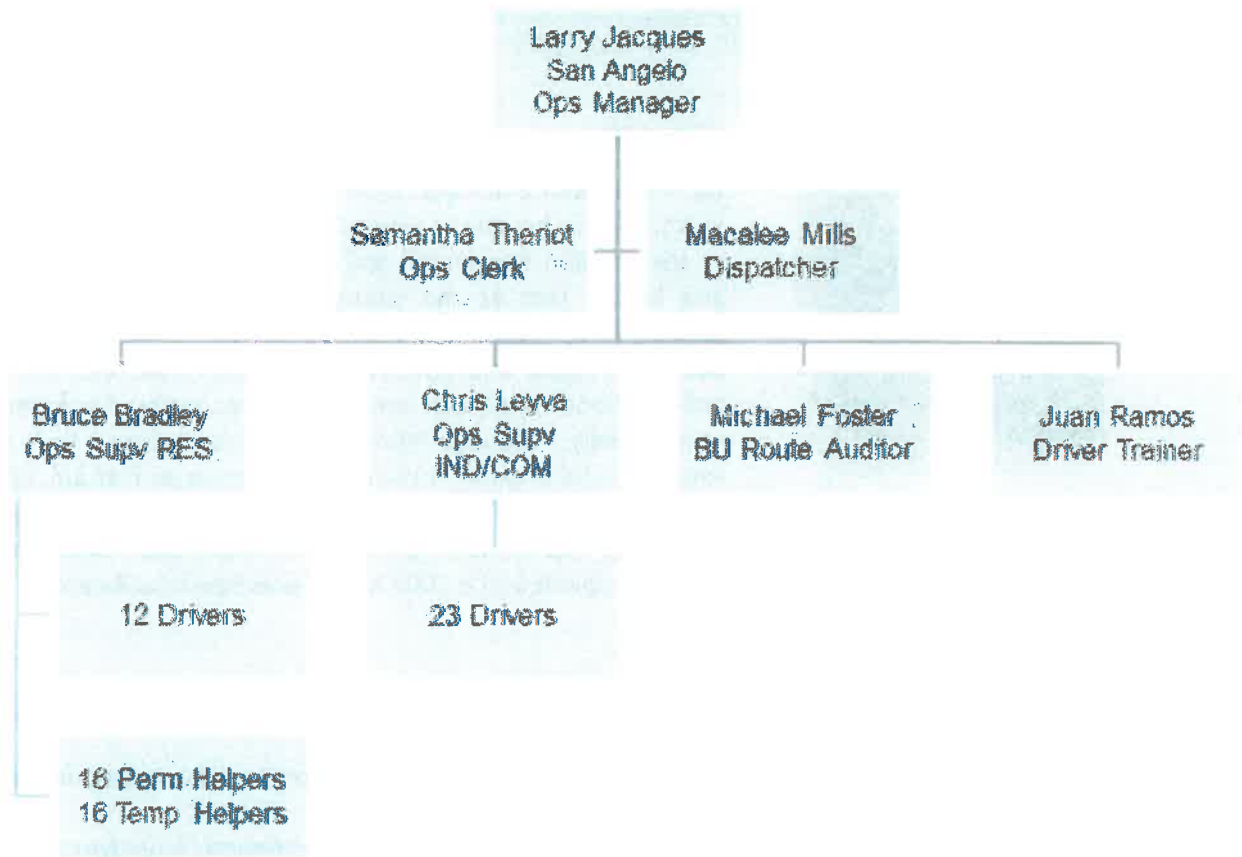
Responsibilities

- Manages daily operations of the hauling company. Implements operating procedures and ensures "excellence driven" standards are met.
- Manages department staff, including hiring, training, performance management and safety issues/claims.
- Interacts with customers and local, state and federal government employees to resolve customer service concerns, and ensure regulatory compliance standards are met.
- Ensures maximum productivity and route management systems for commercial, roll off and residential routes and establishes productivity improvement goals where needed.
- Responsible for the adherence to operating standards, the development of supervisory goals and objectives, and the management of labor hours and disposal expenses.
- Implements and maintains an effective loss control and safety program.
- Provides coaching and counseling for staff development. Trains supervisors to interpret and understand productivity and other line of business reports.
- Works with General Manager and other department managers to ensure the long-term success of the division.
- Approves expenses and manages the budget for the operations department including approval of purchase orders and vendor pricing. Approves the payroll of all employees under direct supervision.
- Oversees and supports a good working relationship between management and employees.

The organization chart for the individuals under Larry's oversight is included on the following page.



**Lease/Operation of Sanitary Landfill + Waste Collection Services
12: Experience, Background, Qualifications, References – Waste Collections**



The resumes for Operations Supervisors Bruce Bradley (Residential) and Chris Leyva (Commercial/Industrial) follow.



Operations Oversight

Bruce Bradley, Operations Supervisor – Residential



Biography

Bruce has served an impressive 37 years with Republic at Trashway Services of San Angelo; he first joined in 1977 as a commercial frontload driver; he then worked as roll-off driver and in the maintenance shop before his promotion to Operations Supervisor in 2006. During his employ at Republic, Bruce has received extensive training on a variety of important subjects including formal supervisor training, Division-specific services standards, hazardous materials awareness, harassment prevention, controlled substances and alcohol, and defensive driving. He has been recognized for his valuable contributions, including for being accident and injury free and

superior performance.

Responsibilities

- Manages daily operations of the residential routes. Enforces operating procedures and ensures Republic's excellence driven standards are met.
- Understand and provide leadership.
- Remove unsafe conditions or situations from drivers' routes.
- Partner with the maintenance department to ensure all equipment remains in working order and in compliance with safety standards.
- Oversee effective safety and accident prevention programs to ensure all reasonable actions are taken to prevent accidents and injuries; ensure a safe and productive work environment for all employees; implement and maintain an effective loss control and safety program.
- Engage assigned employees in active participation to instill a culture of safety by demonstration of a personal commitment to safe operations and active personal outreach to operational employees
- Provide service to all customers that meet or exceed customer expectations with regard to the entire customer experience.
- Minimize missed pickups. Resolve unusual service requests, equipment breakdowns, and schedule changes with timely communications to all stakeholders.
- Interact with customers to solve and rectify any issues and improve the overall customer experience.
- Lead drivers to safely meet/exceed productivity goals and expectations for all routes.
- Create, modify and improve routes to maximize density and improve efficiency.
- Understand, support and execute service delivery while actively supporting maintenance and the operational role in fleet quality and maintenance.
- Create a collaborative, communicative team environment and drive employee engagement with the Company.



Operations Oversight

Chris Leyva, Operations Supervisor – Commercial/Industrial



Biography

Chris Leyva is a life-long resident of San Angelo and graduated from San Angelo Central High School. After attending International Schools of Professional Driving and obtaining her Class A Commercial Driver's License with Tanker, Triple, and Doubles endorsements, she came to work with Republic as a Driver Instructor in 2002 and was promoted soon after to Commercial/Industrial Operations Supervisor. She has received extensive additional training since coming to work with Republic, including for supervisors, special wastes, controlled substances and alcohol, business ethics, leadership, and presentation skills to name just a few.

Responsibilities

- Manages daily operations of the residential routes. Enforces operating procedures and ensures Republic's excellence driven standards are met.
- Understand and provide leadership.
- Remove unsafe conditions or situations from drivers' routes.
- Partner with the maintenance department to ensure all equipment remains in working order and in compliance with safety standards.
- Oversee effective safety and accident prevention programs to ensure all reasonable actions are taken to prevent accidents and injuries; ensure a safe and productive work environment for all employees; implement and maintain an effective loss control and safety program.
- Engage assigned employees in active participation to instill a culture of safety by demonstration of a personal commitment to safe operations and active personal outreach to operational employees
- Provide service to all customers that meet or exceed customer expectations with regard to the entire customer experience.
- Minimize missed pickups. Resolve unusual service requests, equipment breakdowns, and schedule changes with timely communications to all stakeholders.
- Interact with customers to solve and rectify any issues and improve the overall customer experience.
- Lead drivers to safely meet/exceed productivity goals and expectations for all routes.
- Create, modify and improve routes to maximize density and improve efficiency.
- Understand, support and execute service delivery while actively supporting maintenance and the operational role in fleet quality and maintenance.
- Create a collaborative, communicative team environment and drive employee engagement with the Company.
- Build and develop talent on the team, understand employees' career goals and provide coaching to get employees ready for advancement with the Company.



Financial Oversight

Brittany Reichenau, Division Controller



Biography

Brittany Reichenau has over 12 years' experience in financial management including general account standards and practices, auditing procedures, controller and tax policies as well as understanding of business profit and loss statements. Since 2009, Brittany has served on the staff at Republic Services. From Division Accountant to Division Controller, a role she assumed after one-year on the job, Brittany ensures that the financial integrity of the San Angelo Division is maintained. As the Division's financial officer, she ensures support for customer services and that important resources are available to support the customer experience. Prior to joining Republic, Brittany was an accountant

and auditor for Jones, Hay, Marschall & McKinney. A graduate of Angelo State University with a Master of Professional Accountancy and a CPA certification from the State of Texas, Brittany teaches Sunday School at Glen Meadows Baptist Church and is a member of the Rotary Club of San Angelo.

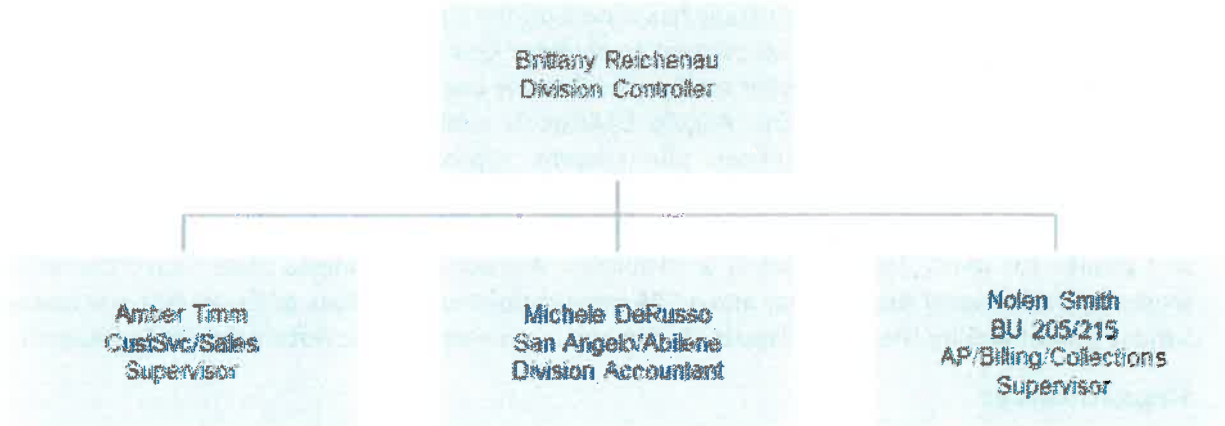
Responsibilities

- Manages accounting personnel and provides direction to the different accounting functional areas (invoice processing, billing, cash receipts, work order processing, credit analysis, receivable collections, month-end close, journal entries, and statistical data).
- Interviews, hires, trains, evaluates, and develops accounting staff at the business unit.
- Manages financial internal control processes across all business unit functional areas (sales, customer service, operations, HR, payroll, etc.) to ensure compliance with company policies and procedures, including Sarbanes Oxley and all other statutory requirements and in doing so regularly utilizes administrative discretion and judgment as to matters of significance.
- Ensures that all internal and external reporting deadlines are met.
- Manages reconciliation of all balance sheet accounts and reviews financial statements and supporting documentation to ensure compliance with GAAP and company policies and procedures.
- Provides analytical support to sales and marketing for customer pricing and profitability analysis, commercial and municipal bids, and any market development projects. Updates and maintains division pricing model per corporate policy.
- Provides the General Manager with financial analytics to support sound and profitable business decisions.
- Provides accounting direction and analytical support to all departments, as required, within the division. (General management, sales, operations, maintenance, customer service, etc.)
- Manages credit and collection function in an effort to maximize division cash-flow. Ensures division is in compliance with company credit and stop service policies.
- Manages the accounting aspects of capital expenditures, transfers and retirements. Reviews and approves all related asset management sub-ledger transactions.



Brittany Reichenau – Continued

- Manages and provides necessary support to financial audits including internal audits, external audits and peer reviews.
- Ensures completion and submission of financial filings and returns required by contractual agreements and government entities (e.g., tax filings, franchise, host and royalty fees).



Office Operations

Amber Timm, Customer Service Supervisor



Biography

Amber came to work for Republic's customer service department as a Customer Service Representative in 2001. Amber's positive attitude and commitment to customer service excellence led to her promotion in 2011 to Customer Service Lead. Soon thereafter Amber was promoted to Customer Service Supervisor. Amber is a graduate of Wall High School.

Responsibilities

- Supervises Customer Service Representatives performing customer service activities including responding to service inquiries, retaining existing accounts, and problem resolution including, but is not limited to, hiring, training, and coaching representatives. Additionally, takes corrective action to manage performance as appropriate and ensures accurate processing of employee payroll.
- Conducts side-by-side observations and quality assurance (call monitoring) reviews to ensure quality customer interactions and productivity procedures are followed.
- Coaches and develops team members in soft skills and account management skills including, but not limited to, probing, closing, supporting, mirroring, voice inflection, benefit/value statements, active listening, and call control techniques.
- Responds in a professional and courteous manner to escalated customer service concerns to reach an effective resolution. This may entail coordinating with and working through other departments, including sales, operations and accounting to resolve issues.
- Manages support functions for the team ensuring access to systems such as Salesforce.com, Cisco telephone system, and other systems required by the customer service department to achieve targets/goals.
- Monitors and assesses the department's operational performance and trends to adjust activities as appropriate. Based on current and historical data ensures the most efficient use of labor while balancing quality levels of customer service.
- Analyzes and understands customer needs based on customer feedback, call monitoring and various information sources. Uses information received to make recommendations to support business goals.
- Provides back-up support to the customer service center to respond to calls during staffing shortages, high volume activity or as needed.



Office Operations

Michelle DeRusso, Division Accountant



Biography

Michele has over twenty years of financial and operational accounting and business analysis experience that she brought to Republic Services when she came to work for Republic in 2011 as a Division Accountant after taking a few years away from the work force to raise her young daughter. She has been a Certified Public Accountant since 1993. In 1998, she and her husband moved from California back to San Angelo, Michele's hometown, to start family. At that time she went to work as business analyst for Verizon and was employed there for nine years. She is also a graduate of Wall High School and has a Bachelor's of Business Administration from

Angelo State University. Michele is a very active member in the community through the volunteer work she does at St. Ambrose Church, the Pregnancy Help Center of San Angelo, Wall PTO, and the Concho Valley Master Gardners. In previous years, she has served on the Board of the Adult Literacy Council of the Concho Valley and held Executive Board positions of Treasurer and Secretary. She also is a sustainer of the Junior League of San Angelo where she served as a Board Member.

Responsibilities

- Compiles and analyzes financial information to prepare journal entries and document business transactions. Prepares monthly and quarterly operational performance reports. In doing so, utilizes discretion and judgment as to matters of significance.
- Assists the Division Controller in ensuring there are proper internal controls in place including compliance with company policies and procedures, Sarbanes Oxley and all other statutory requirements. In doing so, utilizes discretion and judgment as to matters of significance.
- Reconciles balance sheet accounts and statistical data and fully analyses financial statements in accordance with GAAP and company policy.
- May assist the Division Controller in the management of accounting personnel. May provide direction to the different accounting functional areas (invoice processing, billing, cash receipts, work order processing, credit analysis, receivable collections, month-end close, journal entries, statistical data, and payroll).
- Supports the Division Controller during the annual budget and interim forecasting process and assists with analytical review.
- Supports the accounting aspects of capital expenditures, transfers and retirements.
- Assists with periodic financial audits including internal audits, external audits and peer reviews.
- Provides support and responds to information requests from corporate (accounting, tax, treasury, IT, HR, sales, environmental compliance, legal, etc.) as well as region and area field financial management as required.



Office Operations

Nolan Smith, AP/Billing Collections Supervisor



Biography

Nolan has an extensive background in billing collections which began in 1991 when he became manager of Wholesale Ordering and Billing in San Angelo. Nolan was responsible for co-managing annual receivables of \$12 billion. From 2005 to 2010 Nolan worked as the Director of Wholesale Credit Collections for Verizon in San Angelo; there he led a multi-national credit collection group of 150 employees in three Verizon locations across the US. Since 2010 Republic has been fortunate to have Nolan on its San Angelo team as its AP/Billing Collections Supervisor. Nolan also has general oversight of the Customer Service function.

Responsibilities

- Coordinates the work of and supervises a team of billing employees, including hiring, training, scheduling, performance management and other related issues. Sets performance standards and ensures that the appropriate coverage is in place to meet or exceed service goals.
- Reviews department performance results with the local leadership team and makes recommendations accordingly where performance falls short of targets.
- Supervises and coordinates the effective and timely preparation of monthly invoices, accurate monthly billing adjustments, and the handling of billing questions and discrepancies. In so doing, the utilization of independent discretion and judgment as to matters of significance is required.
- Develops local billing processes, procedures and policies to ensure compliance with Republic region, area and corporate policies. Ensures that the billing staff follows standard operating procedures, taking the appropriate action when performance does not meet targets and objectives.
- Acts as a resource for others in the approach, research and resolution of complex and/or escalated billing questions and discrepancies. This includes providing direction or interacting with customers to resolve customer billing issues.
- Reviews various billing system reports to identify billing discrepancies. Makes corrections as appropriate to ensure accurate billing following standard operating procedures.
- Ensures that cash receipts are properly processed and posted to customer accounts following standard operating procedures. Directs others or is involved in research where necessary to resolve differences or unidentified payments.
- Acts as a resource for other functions including credit & collections, customer service, and operations to answer questions and provide training and support on billing issues. Ensures the acceptable resolution of billing issues in a timely and effective manner, exercising judgment and discretion as appropriate.



Fleet Management

Leroy (Jim) Churchill, Maintenance Manager



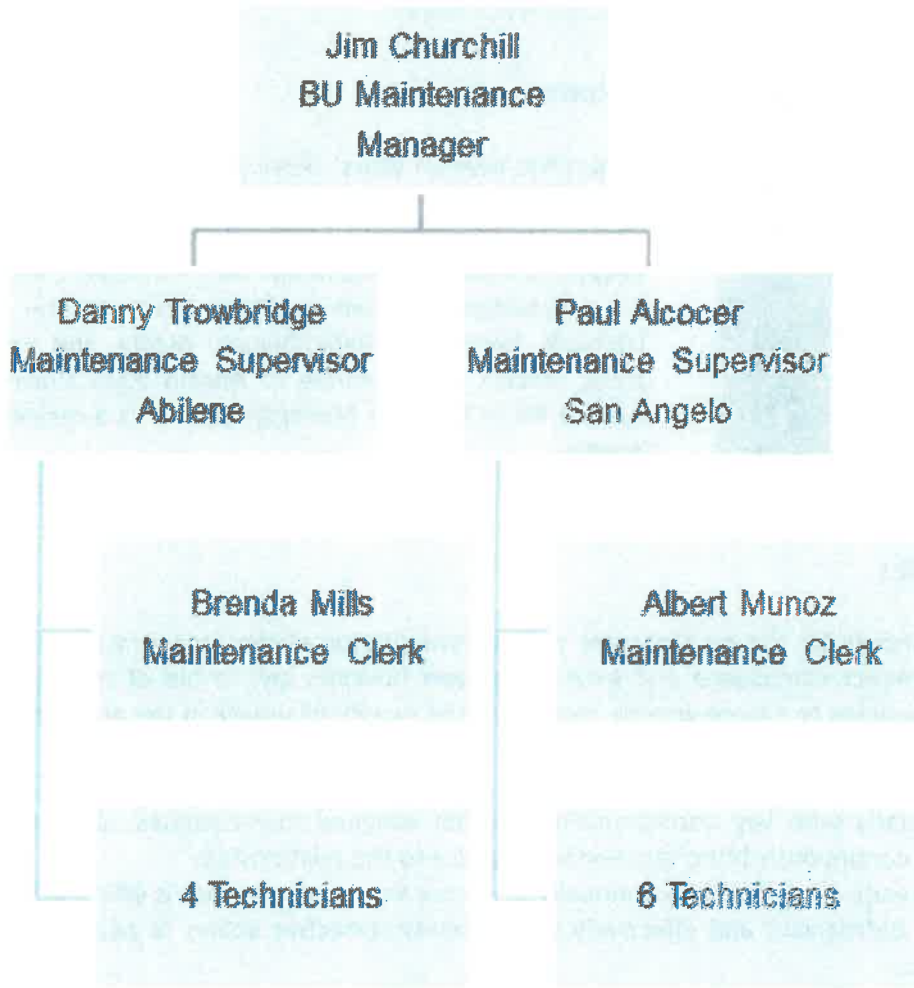
Biography

Leroy has over 12 years of direct fleet maintenance experience in the waste industry; beginning with his employment in 2002 with Waste Management where he had oversight of a fleet of 156 commercial vehicles. He moved from there to Waste Pro in 2006 where he had oversight of a 100-vehicle fleet. He has been employed with Republic since 2012, where he is directly responsible for 95 collection and support vehicles daily. He is credited with reducing maintenance staff turnover by 30 percent through a strict focus on training and advancement of employees. He manages two supervisors and ten mechanics.

Responsibilities

- Manages the department staff, including responsibility for hiring, training, scheduling work assignments, performance management, discipline, and authorization of overtime.
- Serves as an integral part of the Division's management team in assuring coordination of efforts of all departments in providing quality service to customers, budget preparation, and goal attainment.
- Regularly communicates with operations and sales regarding status of fleet vehicles, containers and/or other equipment.
- Ensures that the Maintenance department maintains quality and safety standards.
- Maintains adherence to company policy in regards to operations and safety issues.
- Maintains a safe and productive work environment for all employees. Investigates accidents, injuries and property claims.
- Sets the standard for excellence in the Maintenance department.
- Maintains an ongoing preventive maintenance program.
- Ensures corrective maintenance is performed safely, effectively, and expeditiously.
- Controls maintenance costs relating to personnel, purchasing, inventory control and outsourcing of repairs.
- Reviews status reports including road calls, break downs, and shop hours vs. work order hours. Understands and responds to trends.
- Assists in the purchasing of new vehicles, equipment, tools and containers/compactors.
- Assures all maintenance-related data is available for input into the vehicle maintenance system.
- Oversees maintenance of the building/facility including building maintenance and repairs.
- Interacts in a professional manner with employees, vendors, suppliers and contractors.
- Follows all safety policies and procedures.
- Performs other job-related duties as assigned.





BU-215



Contract Oversight

Robert Searis, Municipal Services Manager



Resume

Robert has over 14 years' experience with Republic in varying positions ranging from Controller to General Manager and now as Municipal Services Manager. Robert is responsible for helping to manage relationships with municipal clients in over 87 jurisdictions throughout West Texas in the Amarillo, Lubbock, Abilene, Midland/Odessa, Alpine, and San Angelo areas. Robert is a graduate of Angelo State University and holds a BA in Business Management. He is a resident of San Angelo.

Responsibilities

Robert is responsible for the development and implementation of the Area strategy for customer satisfaction, contract compliance and extensions, new business and re-bid of municipal hauling contract opportunities to ensure growth, retention, and quality of service in the area. Following are some specific job responsibilities:

- Meets regularly with key decision-makers within assigned municipalities, state and federal agencies to continuously bring value-added services to the relationship.
- Conducts on-site client reviews continually to ensure that quality service is effectively delivered, documents deficiencies and effectively recommends corrective action to operations team as appropriate.
- Maintains an awareness of market dynamics and competitors' activity in areas where the company conducts business. Attends industry trade shows and participates in local or state industry associations and trade groups. Develops/implements approved strategies and activities to increase account satisfaction to ensure client retention.
- Meets with operations management as appropriate to coordinate surveys and service efforts for assigned accounts/territory.
- Meets with Corporate Development teams, as appropriate, to coordinate proforma development for new business.
- Seeks out and coordinate development of new solid waste infrastructure projects and manages projects through the development cycle and conclusion, working in coordination with Corporate Development and all stakeholders.



12 Experience, Background, Qualifications, References

12.5 Community Involvement

This information is repeated from *Section 3.6* for reviewer convenience. Republic is committed to being an active member of every community in which it is fortunate enough to work. The chart below indicates some of the organizations, events, and activities that Republic has given to in the last twelve months. In that time, Republic gave over \$150,000 in sponsorships and service to these important members of the San Angelo community.

Republic Services: Public Relations and Community Involvement SUMMARY San Angelo	Schools + Education Sponsorship	Schools + Education Scholarship	Local Event Sponsorship	Volunteer	Civic Organizations	Charitable Groups	Recycling Partners	Service Donations
Artober Fest								•
ASU Alumni	•							
ASU Alumni Tournament	•							
ASU Athletic Foundation	•							
ASU Conference Media Guide	•							
ASU Various								•
Back to School Bash	•							
Boy Scouts	•							
Campus Crusade for Christ						•		
Central High School	•							
Chamber of Commerce					•			•
Children’s Miracle Network						•		
City of San Angelo 5k Color Run				•				
City of San Angelo Silver Sponsor					•			
Christmas at Old Fort Concho						•		•
Cornerstone Christian School	•							
DESK	•				•			
Downtown San Angelo – Roosevelt Hotel			•					•
Drag Boat Races			•					•



Lease/Operation of Sanitary Landfill + Waste Collection Services
 12: Experience, Background, Qualifications, References – Waste Collections

**Republic Services:
 Public Relations and
 Community Involvement
 SUMMARY
 San Angelo**

	Schools + Education Sponsorship	Schools + Education Scholarship	Local Event Sponsorship	Volunteer	Civic Organizations	Charitable Groups	Recycling Partners	Service Donations
Good Fellow Appreciation Day				•				
Helping Hands of San Angelo								•
Holy Angels								•
Home Builders Association					•			
Lake View High School	•							
Memorial Fun								•
Paulann Baptist						•		
Ports to Plains <i>Workforce Event + Silver Sponsor</i>			•		•			
Relay for Life								•
Riverfest								•
Rotary Club					•			
SAFE Recycling Center							•	•
San Angelo Bandits			•					
San Angelo Blues Fest			•					
San Angelo Broadway Association			•					
San Angelo Coalition of Police					•			
San Angelo Eco Fair			•					
San Angelo Museum of Fine Arts					•			
San Angelo Soccer	•							
San Angelo Stock Show + Rodeo			•					•
San Angelo Stock Show Shoot			•					
San Angelo Stock + Rodeo Carnival			•					
Select Baseball	•							
Shannon Medical Center Shoot			•					
Spring Chicken Affair								•
St. Ambroso's Catholic Church								•
St. Mary's Church								•
Texas State Bank								•



Lease/Operation of Sanitary Landfill + Waste Collection Services
 12: Experience, Background, Qualifications, References – Waste Collections

**Republic Services:
 Public Relations and
 Community Involvement
 SUMMARY
 Son Angelo**

	Schools + Education Sponsorship	Schools + Education Scholarship	Local Event Sponsorship	Volunteer	Civic Organizations	Charitable Groups	Recycling Partners	Service Donations
TTCCV Scholarship		•						
TLCA Athletic Booster Club	•							
TLC Easter Fest								•
Townsquare Media								•
West Texas Boys Ranch						•		
West Texas Rehab						•		•
Various Other Recycling							•	

Republic has been a firm partner with the Association and continues to support other charitable and non-profit organizations throughout the community.

– Tom Thompson, Marketing Director, San Angelo Stock Show and Rodeo



12 Experience, Background, Qualifications, References

12.6 References

Please note that the *Transition* citation given in *Section 12.3* for the City of Arlington also serves as a *Reference* in this section as well.

**Reference 2:
 City of Clyde**

Contact Info	Keith Selman, City Manager (325) 893-4234
Contract Start/ Completion Dates	February 3, 1985
Annual Contract Value (Approx)	\$337,000
Number of Employees	(1) Driver
Applicable Tons/Waste Collected/Disposed (5 Years)	16,065

Description of Regulatory and Operational Environment
 TCEQ – Texas Commission on Environmental Quality

Equipment Permanently Assigned to Facility

1,885 each 96-gallon residential carts
 130 frontload commercial containers in sizes 2-8 cy.

Services, Obstacles Encountered and Resolution

The City transitioned from rearload commercial to sideload commercial in 2008 for better pricing. Republic was able to pass along savings to the customer due to higher productivity associated with the system change. In the new contract, which began March 3, 2014, Republic is transitioning into frontload commercial, eliminating the need to multiple 3-CY containers at larger accounts. The larger 8-CY bins replace up to (3) 3-CY containers. The elimination of multiple containers decreased the overall container footprint and enabled Republic to decrease service frequency, and therefore street and property wear-and-tear and vehicle emissions. The City appreciated Republic’s flexibility.





March 4, 2014

Mr. Shane Kelton
Operations Director
CITY OF SAN ANGELO
PO Box 1751
San Angelo, Texas 76902

Dear Mr. Kelton:

Republic Services has been a member of the Clyde community for more than 20 years engaged in providing quality solid waste collection services to residents, businesses, and the City. Proving their community commitment, they regularly donate both monetarily and in-kind to non-profits, charities, and community events. They are known throughout town as being dedicated to public service and as a result were recently awarded a new six year contract. I am thankful for Republic's efforts in Clyde and recommend them to anyone not just seeking a contractor, but a community partner.

Sincerely,

Samuel Keith Selman
City Administrator

222 Oak Street • P. O. Box 1155
Clyde, Texas 79510 • (325) 893-4234 • FAX (325) 893-5010



**Reference 3:
 City of Menard**

Contact Info	Sharon Key – City Administrator (325) 396-4706
Contract Start/ Completion Dates	May 2000
Annual Contract Value (Approx)	\$212,000
Number of Employees	1 driver
Applicable Tons/Waste Collected/Disposed (5 Years)	6,500

Description of Regulatory and Operational Environment
 TCEQ – Texas Commission on Environmental Quality

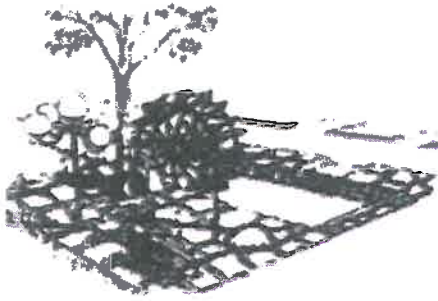
Equipment Permanently Assigned to Facility
 662 96-gallon residential carts and 193 3-CY metal sideload commercial containers

Services, Obstacles Encountered and Resolution

The City requested container replacement and/or repair, which led to a program involving a collaborative effort between the City and Republic. The driver began recording containers in need of attention on his daily route sheet. The City, as it received calls from residents or businesses would also inform Republic through work orders of container issues during the month. This program facilitated a systematic approach to container management, which continues to work well today.

See letter of recommendation, following.





City of Menard

P. O. BOX 146 • 325-396-4706
MENARD, TEXAS 76859-0146
FAX 325-396-2015

March 4, 2014

Mr. Shane Keiton
Operations Director
CITY OF SAN ANGELO
PO Box 1751
San Angelo, Texas 76902

Dear Mr. Keiton,

The City of Menard has used Republic Services for our garbage collection since our contract began May 1, 2000. Collection services are performed on a timely manner and the area has been left clean by dedicated Republic drivers. As in any business relationship, we have not been entirely problem free, but with a collaborative approach from all involved, our problems have been solved in a timely manner and to everyone's satisfaction.

The City of Menard, and our customers have greatly appreciated the support of Republic Services for our community events and we feel we have a win/win situation for us all. Because of the exemplary service, Menard has no problem voicing support for Republic Services.

If you have any questions or would like to discuss our positive experience with Republic Services further, I may be reached at (325) 396-4706 or e-mail at menards4u@yahoo.com.

Sincerely,

Sharon L. Key
City Administrator

"Gateway To The Beautiful West Texas Hill Country"



Reference 4:
City of Plano

Contact Info	Robert Smouse, Environmental Services Manager (972) 941-7000
Contract Start/ Completion Dates	October 1, 1988
Annual Contract Value (Approx)	\$16,900,000
Number of Employees	20
Applicable Tons/Waste Collected/Disposed (5 Years)	580,000

Description of Regulatory and Operational Environment

TCEQ -- Texas Commission on Environmental Quality.
 Multiple environmental awards. Please see:
<http://www.plano.gov/index.aspx?NID=1778>. Also, www.livegreenplano.com.
 Both sites have additional information about the program that Republic has helped make successful in partnership with the City of Plano.

Equipment Permanently Assigned to Facility

19 trucks.

Services, Obstacles Encountered and Resolution

Republic provides Commercial and Industrial municipal solid waste as well as recycling collection. Also provide recyclables processing for city's residential, commercial, and industrial single-stream customers

In 2004 recycle processing had become much more contingent on clean commodities to be able to market and sell. Republic upgraded the recycle facility by spending approximately \$10 million to make improvements and as a result we were able to expand the number of products accepted from the City of Plano residents and businesses.

See letter of recommendation, following.





City of Plano
1520 K Avenue
Plano, TX 75074

P.O. Box 380358
Plano, TX 75038-0358
Tel: 972 941 7000
plano.gov

March 3, 2014

Mr. Shene Kelton
Operations Director
City of San Angelo

The City of Plano has enjoyed an outstanding partnership as well as collection and recycling services with Republic Services. Collection services are performed on time without disruption, the area is always left clean by Republic's excellent drivers and they have continued to score highly through our bi-annual survey. Republic has continued to push their recycling services as the industry has changed, bringing additional diversion benefits to Plano businesses, residents and the City organization. I am proud on behalf of Plano's Environmental Waste Services, to provide a recommendation for the solid waste services provided our community by Republic.

Republic is responsive to the needs of our residents, City and business owners. They believe in a collaborative approach to solving problems and providing service that exceeds our expectations. Furthermore, they are not just any company within the solid waste service industry. You will often find Republic employees participating in community events on their own time, serving as a partner that is truly vested in the success and vibrancy of our community, as I would expect them to do the same for you and San Angelo.

If you would like to discuss my positive experience with Republic Services further, I may be reached at 972-769-4199 or roberts@plano.gov.

Sincerely,

Robert Smouse
Environmental Waste Services Manager



Reference 5:
City of Robert Lee

Contact Info	Kay Torres, City Secretary (325) 453-2831
Contract Start/ Completion Dates	October 1, 1998
Annual Contract Value (Approx)	\$124,000
Number of Employees	1 driver
Applicable Tons/Waste Collected/Disposed (5 Years)	4,265

Description of Regulatory and Operational Environment
TCEQ – Texas Commission on Environmental Quality

Equipment Permanently Assigned to Facility
402 96-gallon residential carts, and 109 3-CY metal sideload commercial containers.

Service, Obstacles Encountered and Resolution
The City transitioned from manual rearload take-all service to automated residential service in 2008 (cart contents only). Residents over time grew accustomed to the new service and are extremely satisfied with the uniform and clean street aesthetic.

See letter of recommendation, following.



THE CITY OF ROBERT LEE

P.O. BOX 26

PHONE: (325) 453-2831

ROBERT LEE, TX 76945

March 3, 2014

Mr. Shane Kelton
Operations Director
CITY OF SAN ANGELO
PO Box 1751
San Angelo, Texas 76902

Dear Mr. Kelton:

This letter is provided to recommend Republic Services. Republic is the solid waste hauler for Robert Lee and since 1998 has provided our residents and businesses superior and quality service.

Republic is a great business partner always providing the extra effort to ensure service satisfaction and delivery. They have supported several community programs and outreach events for the betterment of the Robert Lee community. Their state of the art operations ensures that Robert Lee maintains its compliance with local, state and federal agencies.

I wholeheartedly recommend Republic Services to continue providing high quality, state of the art and professional service in San Angelo.

Thank you for the consideration of this great Company, and great community partner.

Sincerely,


Kay Torres, City Secretary
City of Robert Lee

Cc: Robert Searls, Municipal Services Manager, Republic Services



Additional Letters of Support



March 4, 2014

Mr. Shane Kelton
Operations Director
CITY OF SAN ANGELO
P.O. Box 1751
San Angelo, Texas 76902

Dear Mr. Kelton:

In a world where charitable giving and community are no longer the everyday norm, it is good to know that there are still local companies willing to support programs that benefit the health and well-being of children. Republic Services showed its commitment, dedication and philanthropy by sponsoring the KIXY Cares for Kids Radiothon benefitting the Children's Miracle Network at Shannon Medical Center. The support from Republic made it possible for us to exceed this year's financial goal.

What makes this year's success so satisfying is that Republic graciously provided assistance after last year's sponsor was unable to participate and within hours after reaching out to Republic a commitment to sponsor our Miracle Kids was made. We had heard that Republic is a generous community partner, but for them to not hesitate and support our Children is to be commended.

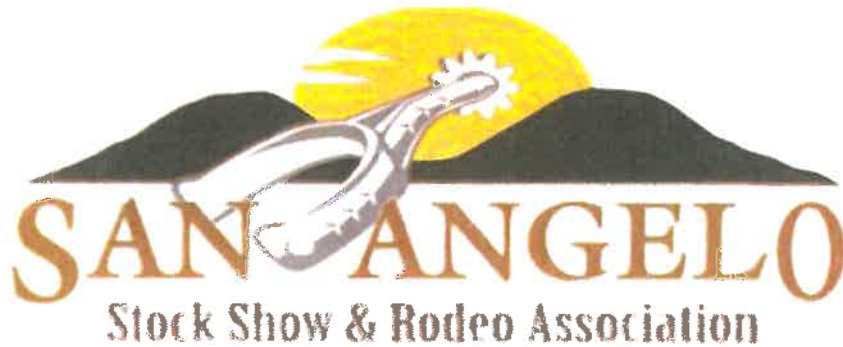
Supporting Children's Miracle Network is just another example of how Republic views its role in the San Angelo community... providing great service in support of the community and its non-profit and charitable organizations.

San Angelo is fortunate to have a Company that not only serves its residents and businesses with great service, but ensures it invests back into the community to improve the quality of life for future generations.

Sydney Stone
Shannon Medical Center

120 East Harris Avenue • San Angelo, TX 76903 • 325-481-6160





March 7, 2014

Mr. Shane Kelton
Operations Director
CITY OF SAN ANGELO
PO Box 1751
San Angelo, Texas 76902

Mr. Kelton:

It is with thanks that I write a letter of appreciation for Republic Services of San Angelo. As the largest economic event for the region, the month of February is the most critical time of the year for our grounds. Republic Services has been a sponsor for several years and increased its presence the past two years to become more involved with our group. These services help us manage our expenses as a 501 C 3 C non-profit organization and are very much appreciated.

As one of this year's title sponsors Republic Services also supported the midway carnival by assuming the cost of the trash for February at the stock show and rodeo. This kind of corporate social responsibility allows the Association to pay out more funds through its scholarship organization.

Republic has been a firm partner with the Association and continues to support other charitable and non-profit organizations throughout the community. Not only are we thanking them for participation at the event, we recognize they also assist several other non-profits each year. The San Angelo Stock Show and Rodeo Association would like to thank Republic Services for their continued participation the past several years in our event.

Kindest Regards,

Tom Thompson



Lease/Operation of Sanitary Landfill + Waste Collection Services
12: Experience, Background, Qualifications, References – Waste Collections

Foster
COMMUNICATIONS CO., INC.



2824 Sherwood Way
PO Box 2191
San Angelo, Texas 76902
325 / 949-1333
FAX: 325 / 944-0851

March 4, 2014

Mr. Shane Kelton
Operations Director
CITY OF SAN ANGELO
PO Box 1751
San Angelo, Texas 76902

Dear Mr. Kelton:

Foster Communications and 94.7 KIXY FM would like to acknowledge the community support Republic Services provides throughout San Angelo. A special note of gratitude and thanks is deserving as Republic stepped in at the last minute to sponsor the 2014 KIXY Cares for Kids Radiothon for the Children's Miracle Network. Without hesitation after a financial void was created, Republic showed why it is a valued community partner by immediately donating to our Miracle Kids.

Having seen the kind of community commitments and past dedication to San Angelo's non-profits and charitable causes, it was not surprising to see the local Republic team step forward in support of this fundraiser for San Angelo's children. We have also seen this kind of passion exhibited by Republic in the quality of waste service provided our residents and businesses.

Customer service, community dedication and commitment to excellence, all describe Republic Services and the value they place on serving San Angelo. We are blessed to have this corporate citizen with the passion to make a difference in our community.

Sincerely,


Fred Key



Lease/Operation of Sanitary Landfill + Waste Collection Services
12: Experience, Background, Qualifications, References – Waste Collections



200 W. Temple, San Angelo, TX 76901
180218-00 2344 0800 180218-00 02344 00

March 4, 2014

Mr. Shane Kelton
Operations Director
CITY OF SAN ANGELO
PO Box 1751
San Angelo, Texas 76902

Dear Mr. Kelton: *Shane*

This letter is in support of Republic Services as San Angelo's solid waste partner. As the Executive Director of Downtown San Angelo and resident of this community, I can personally attest to the excellent service and commitment to the community shown by Republic. Recently, Downtown San Angelo was in need of trash service for the demolition of the Roosevelt Hotel and Republic provided the service at no cost to the organization. This act of giving saved us critical revenue needed to revitalize and restore the downtown area.

My neighbors and friends continue to tell me about other philanthropic contributions Republic has made throughout San Angelo. Republic is not just a provider of waste services; they are a true community partner in San Angelo. Republic has been a model environment services company and its local management has been very responsive to the high standards of customer service we desire in our city.

Companies like Republic do not come around very often. Having the management team live, shop and raise their families in San Angelo shows the investment the Company has made in its people and the community. Downtown San Angelo is proud to call Republic a San Angelo company and looks forward to continuing to partner with them to provide our city with best in class waste services.

Should you have any questions, please don't hesitate to contact me at 325.655.2345.

Sincerely,

Del V. Velasquez

A Texas Main Street City - National Trust for Historic Preservation Member - National Main Street City 2008 • 2009 • 2010



Lease/Operation of Sanitary Landfill + Waste Collection Services
12: Experience, Background, Qualifications, References – Waste Collections



March 5, 2014

Attn: Shane Kefton, Operations Director
City of San Angelo
PO Box 1751
San Angelo, TX 76902

Shane:

Music enriches the lives of our society, both individually and our community as a whole. The San Angelo Blues Society takes this vision seriously and seeks out partners who share in this cultural revival. Republic Services not only shares this vision for music, but does so as a long-time member and supporter of the Blues Society and its mission to enrich the lives of people in our community as well as help further the education of our young people.

Every year without hesitation, Republic Services has graciously supported San Angelo's affinity for music, sharing the history and culture of the Blues and supporting the education of our young people. Republic Services' support is manifested not only financially, but also through the active participation of Republic Services management staff and other employees in events that celebrate the Blues and provides scholarships to local high school and college students. In fact, Republic Services has been an Honorary Scholarship Sponsor of major scholarships that result from the highly attended Simply Texas Blues Festival almost since the inception of these scholarships (see attached photo).

The San Angelo Blues Society is proud of Republic Services for their outstanding service to the Concho Valley, their tenacious belief in their community and the dedication to improving the quality of life therein. They are certainly a partner the San Angelo Blues Society can count on and I believe that San Angelo and the entire Concho Valley are better off because of them.

Sincerely,

Marty Behrens

www.sanangeloblues.com



1124 Box 2779
San Angelo, Texas 76902
(325) 580-1000



12 Experience, Background, Qualifications, References

12.7 Financial Qualifications

Please see *Section 3.8 – Financial Qualifications*. The legal bidding entity for both portions of the contract is one and the same, and both are wholly-owned subsidiaries of Republic Services, Inc. (NYSE: RPG).

Also, please see the *Sample Contract – Section 17* for language pertaining to parent company guaranty.



Lease/Operation of Sanitary Landfill + Waste Collection Services
12: Experience, Background, Qualifications, References – Waste Collections

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13 Proposed Plan



13 Proposed Plan

13.1 Scope of Services and Technical Specifications

As the incumbent service provider that also provides service to 13 other local jurisdictions, Republic has recent, highly relevant experience as established in the preceding section. Republic's recognized customer service excellence, safety record, incumbent status, recycling experience and local partnerships, and financial muscle will smooth the implementation of the curbside recycling collection services in which the City is interested.

Companies like Republic do not come around very often. Having the management team live, shop, and raise their families in San Angelo shows the investment the Company has made in its people and the community.

— Del V. Velasquez, Downtown San Angelo, Inc.

Republic believes it is offering the best possible package including a holistic approach to services—including establishing once weekly services, residential recycling, expanding commercial recycling, and a menu of bonus initiatives and some options for the City's

consideration that provide the highest value with no disruption to residents and businesses.

Republic will continue to furnish all labor, supervision, equipment, materials, supplies, and other items necessary to perform the services required. The scope of work required by the contract will be executed in a strictly professional manner so that all customers receive reliable, courteous, and high quality collection services at all times.

Republic is committed to partnering with the City to expand current services to include a top-notch recycling component that will deliver increased diversion in a safe, efficient, and low-cost manner, and that also enrich the community.

In this section, Republic notes its alignment to the general scope of services included in the **RFP Section D7**. In the following section, **Section 13.2 – Method of Approach**, Republic presents its technical proposal.

Republic understands the initial term associated with the subject contract is one ten-year term with one five-year renewal term to be negotiated and contracted with and subject to the approval of the City.



13.1a Hours of Operation

Republic will continue to adhere to the City's required hours of operations, Monday through Saturday between 7am and 6pm as indicated in the RFP, and sync with landfill operating hours. The City should note that, with the elimination of twice weekly service, collection days would necessarily be pushed out one day during weeks which include an observed holiday, such as is typical nationwide. Monday customers would receive service on Tuesday, and on through the week ending with Friday customers receiving their collection services on Saturday. Republic's public education and outreach campaign will clearly address these changes. Republic CSRs will be ready to for the spike in phone call volumes during the first month of the new service.

13.1b Collection and Disposal Services

As per the RFP, Republic will continue to provide collection and disposal services to residential service units, commercial, and industrial units according to the City's service parameters. Residential and commercial/industrial solid waste is direct hauled to the San Angelo landfill. Commercial/Industrial fiber collected separately through Republic's existing commercial recycling route is delivered to Butts Recycling in San Angelo for baling and shipping.

Recyclable Materials Collected

The following materials at a minimum will be accepted through the City's new single-stream curbside recycling program as well as through any commercial/industrial recycling programs. The City will notice that several items have been added that are not standard to single-stream recycling programs.

Furthermore, Republic is open to receiving, processing, and marketing other materials the City may have in mind.



Acceptable Materials

Aerosol Cans	Egg Cartons	Metal
Aluminum cans	Frozen Food Boxes	Milk Cartons
Aluminum foil	Glass Bottles/Jars	Newspaper
Bottle caps	Juice Cartons	Paper Tubes
Brochures	Junk Mail/Coupons	Plastic Bags
Cardboard	Laundry Bottles	Plastic Containers 1-7
Cereal Boxes	Ledger Paper	Rigid Plastics
Computer Paper	Magazines	Tin Cans
Drink Boxes	Frozen Food Boxes	

Recycling Processing Plans - Interim

Republic has developed a comprehensive recycling processing plan that address the proper management of recyclable materials as well as optimize recovery in two stages:

1. **Interim Period:** This period begins with the start date of curbside and commercial single-stream recycling collection and extends until a local recycling processing facility is constructed.
2. **Permanent Processing Solution:** This period commences once Rivers Recycling completes construction of a local recycling processing facility in collaboration with Republic.

Interim Recycling Processing

Republic has developed an interim recycling processing solution that engages several existing community recycling businesses and leverages their respective strengths:

- **Butts Recycling:** Republic currently brings recyclable materials from its commercial fiber route, as well as metals, to Butts for baling and shipping to Republic’s new state-of-the-art materials recovery facility in Fort Worth for marketing. Additional information on Republic’s facility is included in a subsequent subsection entitled *Fort Worth Facility*. Republic has discussed with Butts the delivery of commingled recyclable material to its facility during the interim period. Butts will bale and ship all recyclable materials that Republic collects in San Angelo, except glass, to Republic’s Fort Worth MRF. See the proceeding letter from Butts.
- **Go Green & Recycling:** Republic has held initial discussions with Go Green & Recycling to work out a glass solution for the glass portion of the recovered waste stream. Glass markets have been challenging for decades. Go Green & Recycling has a beneficial reuse for glass. Republic, Butts, and Go Green will further develop initial plans to separate out glass and deliver it to Go Green & Recycling, most likely for the contract term. See the accompanying letter from Go Green.



Lease/Operation of Sanitary Landfill + Waste Collection Services
13: Proposed Plan – Waste Collections

- **SAFE Recycling:** As previously stated, Republic will work with SAFE Recycling to stage two e-waste drop-off events annually. Republic will help promote the event and answer customer questions relating to event dates, location, and guidelines.

The logo for SAFE Recycling, featuring the letters S.A.F.E. in a bold, black, sans-serif font. Each letter is separated by a period. The text is set against a light green rectangular background with a subtle gradient and a slight drop shadow.



Butts Recycling, Inc.



615 W. 11th ST.
San Angelo, Texas 76903

"Recycling To Keep Texas Beautiful"
Corrugated, Newspaper, C.F.O., Paper Fiber Products

February 26, 2014

Kenneth Ramzinski, GM
Republic Services of San Angelo
1422 Hughes Street
San Angelo, TX 76903

Dear Kenny,

This letter is to formally acknowledge Butts Recycling recent discussions around the City's new single-stream recycling program. Butts Recycling will work with Republic Services when the time comes to bale and prepare recyclable materials for shipping to your specified destination on an interim basis until a permanent arrangement for processing is implemented. Butts Recycling guarantees baling capacity and adequate bale storage as per our discussions.

If you have any questions, please do not hesitate to contact me.

Respectfully,

A handwritten signature in black ink that reads "Fred L. Preston".

Fred Preston
BUTTS RECYCLING, INC.
Facility Manager
San Angelo, Texas



Office : (325) 653-8957 ♦ FAX : (325) 655-9767 ♦ EMAIL : buttsrecycling@cs.com





February 26, 2014

Kenneth Ramzinski
General Manager
Republic Services
1422 Hughes
San Angelo, Texas 76903

West Texas Processing Facility

Dear Ken:

This letter is to document our collaboration relative to the construction of a West Texas area recycling processing facility. Rivers Recycling constructed and operates a single-stream recycling processing facility in Kilgore to capture recyclable materials as demand for curbside recycling programs increases. The 40,000 square foot facility is located on a 13-acre parcel and features a design capacity of 3,500 tons per month. Current throughput is approximately 1,000 tons per month—double the throughput we started with two years ago already.

Republic's role in the construction of the West Texas facility will be the same as it was in the East Texas facility: to allocate contracted tons to Rivers Recycling to help anchor it. With Republic's extensive market presence in West Texas there is no question that this would be another successful project.

We appreciate Republic's partnership and look forward to doing more business with Republic in West Texas.

If City of San Angelo staff have any questions or would like a facility tour I personally am happy to accommodate their requests.

Sincerely,


Jeff Crain
President and CEO
Rivers Recycling, Inc.



Lease/Operation of Sanitary Landfill + Waste Collection Services
13: Proposed Plan – Waste Collections



2408 WAVE N – SAN ANGELO, TX 76904
www.gogreenandrecycle.org

February 28, 2014

Mr Kenneth Ramzinski
General Manager
Republic Services of San Angelo
1422 Hughes Street
San Angelo, Texas 76903

Dear Mr. Ramzinski,

It is my pleasure to partner with Republic Services in the City of San Angelo to provide glass recycling service. As part of the response to the City's waste collection Request for Proposal (RFP), Go Green & Recycle looks forward to working exclusively with Republic Services to recycle all of the city's glass for the length of the contract (10 years) between the City of San Angelo and Republic Services.

Go Green will continue to work with Republic Services to receive all the glass from residents, businesses and the San Angelo Friends of the Environment (S.A.F.E.) Recycle Center as well as from all other sources that generate large volumes of glass to ensure proper diversion and reuse of this material.

As a San Angelo business, Go Green welcomes the opportunity to work with a partner that supports local jobs and small business. Included with this letter are copies of Go Green & Recycle, LLC certifications by the Texas Historically Underutilized Business (HUB) Certificate issued by the Texas Comptrollers of Public Accounts. I look forward to working with you and Republic Services to properly recycle San Angelo's glass.

Respectfully,

Sam Tambunga
GO GREEN & RECYCLE
2408 W Ave N
San Angelo, TX 76904
325-949-2000

Please visit our website for additional information at: www.gogreenandrecycle.org

PLEASE RECYCLE THIS  LETTER AND ENVELOPE.



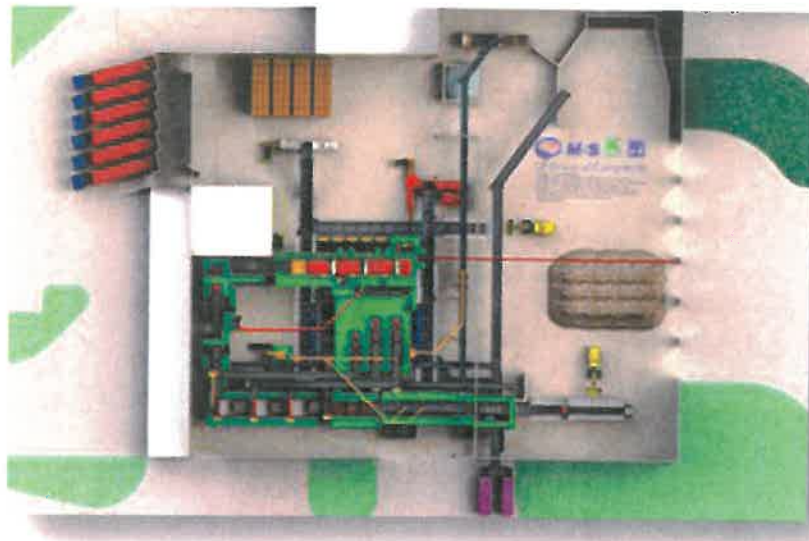
Permanent Recycling Solution

Republic has an established relationship with Rivers Recycling. Rivers Recycling and Republic previously collaborated to locate and construct a materials recovery facility in Kilgore, Texas to accept single-stream recyclable materials from the surrounding jurisdictions delivered by Republic and other haulers. With this successful operation under its belt, Rivers Recycling and Republic are working together again to locate a second processing facility in the San Angelo – Abilene corridor to accommodate anticipated increases in single-stream recyclables as demand in the area grows. Materials from Rivers will be shipped to Republic's Fort Worth facility for marketing. See the subsequent letter from Rivers Recycling.

Republic's Fort Worth Facility and Marketing Muscle

Republic expanded its existing transfer station located at 6100 Elliott Reeder Road in Fort Worth to create a 90,000 square foot state-of-the-art materials recovering facility with a system processing capacity of 35 tons per hour, enabling Republic to process 70,000 tons per year in a single shift. In addition to the new material recovery facility, Republic constructed an educational center and viewing room to facilitate recycling education and awareness in an environment of safety, which is one of Republic's highest priorities. The viewing room is large enough to be a resource for the community: a place where relevant gatherings and meetings can be held. Also of note:

- The facility is designed to maximize the reclamation of reusable materials—which means less residual waste going to landfills. The system is designed to recover 95 percent of all recyclable material that enters the plant so that it is appropriately sorted, recycled, marketed, sold, and shipped.
- The system is sized for growth. The capacity of the plant can handle all of the Company's current needs and the expected growth in the short- to medium-term.
- The facility and system have room for even more expansion. The system is intentionally designed so that it can be expanded to 50 tons per hour to keep pace with market growth.



Republic’s Materials Marketing Group (MMG) is a Republic Services corporate function, meaning that any/all tons processed through the Company’s facilities are marketed and sold through MMG. There is a Director and three managers with responsibilities tied to market areas:

Kurt Blascoe: Director, Materials Marketing and Recycling
 Matthew Augustson, Manager, Midwest and South Regions
 John Caputo, West Region
 Linda Birtel, East Region

MMG markets and sells 2.2 million tons of recyclables annually. The Company leverages its tons on a global level, which is a tremendous advantage for each city Republic serves since their tons are part of a much larger pool of volume.

Republic has very strong relationships with both foreign and domestic markets, and is able to move tons during market downturns as well as in up-cycles. The Company demands a market premium and is known for the quality of its materials and well-run facilities.

The following chart provides a snapshot of existing relationships between Republic and material brokers/buyers.

Material	Market(s)
OCC (Old Corrugated Carboard)	RockTenn, Dallas, TX
Newspaper	ACN, China
Glass	Strategic Materials, Dallas, TX
Aseptic Packaging	SCA Tissue, Barton, AL
Aluminum UBC	Anheuser Busch, Berea, KY
Steel	Tube City, Dallas, TX
HDPE	KW Plastic, Troy, AL
PETE	Mohawk Industrles, Summerville, GA

Collateral and educational materials (some screen shots from a school assembly presentation) associated with the new facility are included on the following pages.

Similar materials can be developed for a schools education program in the San Angelo-Wall area to help support the new program. Republic currently holds the collection contracts for the three local school districts. For more information see *Section 13.2h*.



REPUBLIC SERVICES MATERIALS RECOVERY FACILITY

North Texas Recycling Complex
6200 Elliott Reeder Road, Fort Worth, Texas 76117



ADVANCED TECHNOLOGY

Phase I of the MRF modernization project features an all-new single-stream sorting system and Learning Center.

- Processing capacity of 35 tons per hour with patented inline disc technology.
- Highly automated monitoring system with Supervisory Control and Data Acquisition (SCADA) continually monitors the system for optimal results.
- The system's optical sorting technology maximizes recovery of number one through seven polymers, including PET, HDPE, and mixed plastics.
- Completely automated storage and baling system eliminates double handling of finished commodities.
- Learning Center helps educate stakeholders, giving them a front line view of what happens to their waste.

ENHANCEMENTS AT REPUBLIC SERVICES' RECYCLING COMPLEX

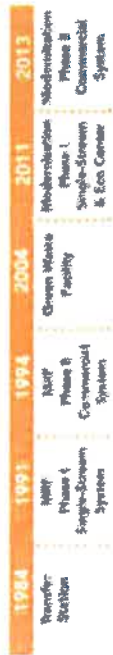
Capable of processing more than 500 tons of mixed recyclables per day, Republic Services North Texas Recycling Complex is the most advanced facility of its kind in the Dallas/Fort Worth metroplex. Located in Fort Worth, the state-of-the-art MRF encloses 90,000 square feet of recycling, solid waste transfer, and employee facilities.

Our Recycling Complex serves Tarrant, Dallas, Parker and Denton Counties. On an average, 250 tons of recyclable materials, all collected by Republic's collection companies, are processed each day, traveling along automated sorting systems which separate recyclables by commodity.

Republic Services provides innovative waste solutions that preserve and protect our natural resources. We put this commitment into practice every day. Our history and investment demonstrates this ongoing commitment to our community.



ENHANCEMENTS SPAN MORE THAN TWO DECADES



SUSTAINABILITY

- The new single-stream system has more than 150 high-efficiency chutes, and various agitators, vehicle frequency and RFID meters which are able to reduce energy consumption by 28 to 30 percent. The use of LEDs on processing equipment cut facility power usage, and also, by increasing churning the rotor's speed, ensures smooth, consistent operation and improves the material handling process.
- The bottom bins storage bins have enhanced the chutes for less dust to reach material into the bins, reducing emissions.
- Solarlights provide additional natural light, reducing the need for artificial lighting
- High Efficiency fluorescent plant lighting and LED interior lighting minimize lighting energy usage.
- LEED certification demonstrates Republic Services' commitment to sustainability.

EMPLOYEES & SAFETY

- Employees - WMC employs 12 people
- Safety - Currently operating one day a week
- Safety is our number one priority. Facility design incorporates safety in every aspect.
- Multifaceted design separates problems from truck, splash and loader falls.
- Safety training and hazard games at ground level prevent employees from contact with moving machinery.
- Company training programs help train new employees and our maintenance staff.
- Workers and visitors are provided with personal protective equipment (PPE).

ABOUT REPUBLIC SERVICES NORTH TEXAS RECYCLING COMPLEX

- Tripping Floors - Incoming materials are cleaned on a tripping floor. There are two more tripping floors identified as "flippers," where the industrial waste returns is stored for sorting, and "spouts," where the residential and commercial waste is processed.
- Load Inspectors - Load inspectors continuously inspect loads and reject any items containing excessive trash, hazardous materials.
- Balers - Front-end balers of paper, plastics and metals weighing an average of 1,500 pounds are sent to the recycling plant for shipment.
- Loading Dock - Baled materials are stored at the loading dock, before being transported to an open-air containment or open windrows. Each commodity is loaded into separate windrows. Most materials are held about 23 days of materials. On average, materials coming into the facility are processed and shipped out within 24 hours. Our finished materials are shipped to end users in Texas, Kansas and Louisiana, across North America and to outside Asia for processing into new manufactured goods.



- Transfer Station - The facility was developed from a smaller solid waste transfer station and includes the processing and equipment necessary for transfer operations. Loading processors combine materials for much denser the structure of landfills, saving vehicle use and fuel. The main component of the waste transfer center is the transfer pit, where non-recyclable waste materials are immediately deposited, consolidated into transfer trucks and transported to landfills.
- Order Control - 18 employees from across the region leave the loading work areas and work from nearby buildings, which also improve the structure air from two years the top to produce employee comfort.
- Commitment to our Neighbors - As a city and neighbor, Republic provides the most sanitary conditions possible, displaying employees in well-maintained facility to find and collect better jobs.





Welcometo
Recycle Rosie's Guide to
School Recycling!

Republic Today-For a Greener Tomorrow



Let's talk about *why* you should
recycle at your school.

- ✓ Recycling saves natural resources
- ✓ Recycling saves energy
- ✓ Recycling saves air emissions
- ✓ Recycling saves landfill space
- ✓ Recycling saves money



Residential Service Units

The approach to providing high quality services to residential units is described in detail in *Section 13.2 – Method of Approach*. In that section’s overview, a *Collection Methodology* chart details Republic’s approach to delivery of residential scheduled services including solid waste, yard waste, and recycling collection, as well as quarterly bulk waste collection service. Service distinctions between solid waste collection options 1 and 2 are also described.

Republic understands that service parameters dictate that yard waste be placed in solid waste carts, and that all materials be placed inside of respective carts, and that bulk waste collections are reserved strictly for the collection of items that do not fit inside carts.

As the current service provider, Republic is intimately familiar with all unique residential service requirements. This knowledge will also smooth the implementation of recycling collection services so as not to disrupt customers. Because Republic will not be bogged down in the logistics of establishing an office, establishing an operations base, creating an accurate customer database, hiring and training employees, developing routes, and so forth, the focus can be placed on implementing recycling collection. The service could be implemented on a more assertive timeline than the 12 to 36 months provided by the City’s *RFP* if the City so chooses.

Commercial and Industrial Service Units

The approach to providing high quality service to commercial/industrial service units is also described in detail in *Section 13.2*, and the general approach to commercial/ industrial service delivery is also conveyed in the *Collection Methodology* chart. Republic provides commercial/industrial recycling of various types (single-stream and source separated) throughout the US, which are formulated to match customer demand and preferences, as well as accessibility to recycling markets.

Republic will offer recycling services to all customers through its outreach efforts as detailed in *Section 13.2h – Public Education*. Recycling opportunity assessments will be offered free of charge upon customer request. These assessments will help customers right-size recycling services based on the composition of their waste stream and preferences.

Schedules and Routes

Republic will maintain the current collection schedule for all customers. If recycling is implemented Republic will provide it on what is currently the second service day for solid waste collection per customer. Noise and emissions impacts will be mitigated through the use of CNG (compressed natural gas) equipment. Facts relating to the benefits of CNG technology are relayed in *Section 3.2e – Collection Vehicles*.

Route maps are included in *Section 13.2b*. Republic’s approach to routing is described below.



Approach to Routing

Because truck emissions, traffic, and wear and tear to streets impacts the environment and the general public's health and safety, as well as the environment routing is especially important. Proper routing is a time-consuming and thoughtful planning process that Republic takes seriously. There are two components to routing: mapping and data confirmation, and route balancing. Analyzing initial account data and balancing routes require human focus and decision-making.

Mapping and Data Checking: Republic will utilize its own Route Editor routing application to keep routes efficient as the economy continues to spring back and grows. These steps will be helpful during rerouting for a reduction in residential solid waste collection services from two to one days weekly, as well as for the creation of recycling routes.

Existing and proposed routes will be checked during normal collection hours on assigned collection days in order to verify the following information:

- Number of service units per route;
- Number of solid waste carts set out per route (participation);
- Container size/corresponding service address;
- Number of container in need of repair or replacement/corresponding service address.

Route Balancing and Final Routing: will drive routes and document travel paths within them. Routes will be timed based on productivity estimates provided by the truck and automated arm manufacturers. To increase safety and efficiency, managers will specify right hand turns in as many cases as possible. Special notice and treatment will be given to areas where children are frequently present: schools, playgrounds, parks, community centers, and libraries. Depending on the location of these facilities, Republic either routes collection vehicles in a way that they are in and out of those areas prior to school starting, or during hours where children are in the classroom. In the end, routes will be balanced to ensure that tons collected are equalized, and that when all productivity assumptions and driver activities are factored in hours worked are equalized between drivers to the greatest possible extent.

Commercial/multi-family route balancing is more complex because service frequencies may occur more than once a week and because of business managers' preferences. To achieve route balance for its new commercial customers, lifts per day are grouped by geographic area. To achieve better balance and greater efficiency—as may be needed when building or densifying recycling routes, commercial customers may be encouraged to subscribe to a larger container serviced fewer times per week or to shift service days. This is referred to as service right-sizing.

Routes will then be mapped and turned over to the City for review and approval.



Technology Option: GPS and On-Board Computing



As part of Republic’s commitment to San Angelo, FleetMind® may be installed in all new route trucks if the City chooses this option. FleetMind® consists of an innovative GPS/AVL software package and acts as an extension of InfoPro. Through this hardware and software package, drivers are provided with electronic routebooks, GPS data is collected for each truck, drivers record all service and collection activities via electronic timestamps, and the driver can directly communicate electronically with InfoPro to establish route notes and service issues for immediate follow up by Dispatch, Customer Service, and the Operations Supervisor.

By bringing together leading-edge computer systems with expertise in harsh, real-world environments with breakthrough research and developments in telematics for solid waste and recycling trucks, FleetMind® designs, manufactures, and markets wireless enabled on-board computers and driver terminals that link drivers and vehicles to our InfoPro back office systems in real-time, delivering proven business results and outstanding customer service and efficiency.

The FleetMind® OBC is designed to support multi-mode wireless communications based on Bluetooth, GPS, and satellite platforms and is able to record real-time truck and driver data. FleetMind® integrates with Republic’s Loadman weigh-in-motion scales, Cameras In Action solutions, and its customer rewards programs.

FleetMind® allows Republic to provide service verification for each and every service delivered, and the verification is right there in InfoPro whenever staff, a customer or City staff need it. Each Republic collection vehicle’s onboard computer records the location of the vehicle in ten second intervals and communicates that data to Republic’s back office servers every two minutes.

On-board computers do more than just record the truck’s position—this is a true two-way link. Republic provides the route sheet electronically to the on-board computer, and that route sheet is displayed for drivers. Service information is date- and time-stamped, and then posted to the route and to the specific customer in InfoPro when the service is performed. This two-way linkage provides the ability to track real-time material collection activity in the field, including on-route events (e.g., solid waste pick-up by customer/by container, documentation of extra solid waste collection services, damaged containers and/or carts) as well as off-line time (e.g., breaks, trips to the disposal site, etc) and disposal ticket documentation. It also includes service notes generated by the driver as the service is provided.

Daily Use of FleetMind®: Each morning when the driver arrives at the yard and finishes the pre-trip inspection on the vehicle, his or her e-route is downloaded electronically to the on-board computer in the truck. The route includes any customer notes, special activities or requests as well as container information. The route is already sequenced in the order the



vehicle breakdowns or other challenges.

Because route activity data is tracked at a granular level, it can be used to ensure accurate customer billing and provide information to quickly resolve issues when they arise. Additionally, our on-board computers are configured to integrate with RFID antennas and weigh-in-motion scales.

Finally, the integration of FleetMind® and InfoPro frees supervisors to manage out on the road where they can have a positive impact on service delivery, safety and employee relations. With the benefits of remote access and FleetMind®, our supervisors can watch for service requests in InfoPro, monitor drivers as they complete their routes, and stay connected on email while they are out on the road. The combination of FleetMind® and Route Editor Plus is field proven to reduce route mileage, reduce costs, confirm service performance and enhance the customer experience. Republic has successfully implemented this technology throughout our Company including divisions located in:

O t h e r	Phoenix, AZ	Daly City, CA	San Jose, CA
	Minneapolis/St Paul, MN	Chicago, IL	Birmingham, AL
	Austin, TX	Mobile, AL	Boston, MA
	San Antonio, TX	Lakeland, FL	

locations and references will be provided to the City upon request.

With Republic and FleetMind®, San Angelo will benefit through:

Fleet Safety Initiatives Associated with FleetMind®

- Centralized fleet safety data
- Monitor driver speeds
- Detailed event records
- Ability to set alarm criteria

Sustainability

- Improved fuel consumption management
- Reduced overall mileage
- Reduced emissions
- Driver monitoring and education

Automated Service Verification

- Improved customer service
- Ensure accurate billing
- Verify recycling credits
- Track waste and recycling assets

Responsible Oversight

- Powerful and flexible Report Center
- Identify potential vehicle maintenance savings



Lease/Operation of Sanitary Landfill + Waste Collection Services
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- Enforce policies such as idle and speed regulations
- Detailed tracking of incentives and recycling credits programs

Shared Management Services

- Accurate calculation of participation and “set-out” rates
- More efficient use of the truck assets
- Optimized routing
- Easy management of recycling incentives



13.1c Equipment

Residential Carts

The residential carts to be used meet the City's criteria listed in *Section D7.41* of the RFP. Republic will, if awarded the collection contract will carefully manage the initial delivery of carts as well as the ongoing exchange of carts as it currently does. Republic maintains at least a five percent cart inventory at all times. Carts will be stored and maintained at Republic's San Angelo facility. Republic's proposed cart manufacturer is an American company that produces carts in the United States.



Commercial and Industrial Customer Containers

Republic's commercial/industrial frontloader bins and roll-off containers are manufactured of heavy gauge steel. As is the case with carts, Republic maintains a container inventory of at least five percent as a policy and sometimes more than five percent in popular sizes. It is expected that, depending upon waste generation rates, 96-gallon carts will also be used for small commercial businesses who want recycling, and these customers can be efficiently blended into residential recycling routes to build out route density. Customers who produce sufficient volumes of recyclable materials will receive a frontloader bin. Those customers will be blended with Republic's existing commercial recycling route. Within the first 12 to 18 months of the new contract, Republic will refurbish or replace containers in need of an upgrade—approximately 20 percent of the existing frontload bins.



Collection Vehicles

As indicated in *Section 13.2e*, Republic will use Heil collection vehicles. The Heil line features the full range of body types to accommodate the unique service requirements of San Angelo, including for use in making collections in the City's alleys.



13.1d Personnel

As indicated in *Section 31.2g – Personnel Policies and Procedures*, all Republic employees are thoroughly trained initially as new hires, and continuously throughout their employment with Republic. As conveyed in that section, all collection personnel are required to wear clean uniforms and identification, and also possess the required driver's license.

Every Republic employee understands that the only real job they have is providing world-class customer service. Therefore, all Republic training—initial and ongoing—has a strong customer service focus.

Additionally, Republic has a customer service call center located in San Angelo with a local telephone number for residents to dial. Republic's Customer Service Representatives receive additional, rigorous training as described in *Section 13.2i – Customer Service*.



Republic's friendly and professional customer service team provides service that exceeds expectations. - Colby Donaldson



13.1e Other Requirements

Advertising

Republic does not allow third-party advertising on any of its equipment, which complies with the City’s requirement.

Disaster Debris Removal

Republic understands that the subject contract with the City makes no provision for disaster debris removal. However, Republic’s corporate policy is to maintain an overall spare fleet of 17 percent. This fleet depth ensures immediate aid in case of equipment failure or in case of a natural disaster or emergency. The following units stand ready to draw upon for the City of San Angelo in case of a disaster:

Location	Commercial Frontloaders	Commercial Roll-Offs	Residential Rearloaders and Sideloaders	Container Delivery
Region	1,834	1,402	2,681	
Area	530	442	740	
Business Unit	9	12	25	5
San Angelo Division	7	6	12	2

Also, as it has done in so many natural disasters in the past several years, Republic can call in equipment from other areas across the U.S. to properly respond to any local natural disaster. See the stories contained in the appendix located at the end of this section entitled *Emergency Response Information*.

Those disasters and Republic’s response to them is documented in this *Appendix* formed the basis for Republic’s detailed *Emergency Preparedness and Disaster Recovery Plan*. Real life experience informed this documented which is updated on a regular basis. Topics such as the following are covered in it:



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Exhibit E—Disaster Support Group	115
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Exhibit K—Trucks, Containers, People Summary	135
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In connection with emergency response preparedness, Republic has its very own Blue Crew which was organized for the purpose of responding to disasters of every kind. Information taken from a Blue Crew brochure is provided on the following two pages.



Working a Blue Crew assignment is a privilege that is not granted to every applicant. Personal conduct and behavior in very stressful situations must be held to the highest standards at all times. Blue Crew Team members are counted among the best performers we have. Your conduct reflects not just on the Blue Crew itself, but also on the entire Republic Services family of employees. Blue Crew members are a guest of the local division and an ambassador for Republic Services to everyone they meet.



Do you have what it takes to be part of the best? If so, we want you on our Blue Crew Team. To volunteer for the Blue Crew, please contact your local Supervisor, Operations Manager or General Manager. If you have specific questions, you can contact Marty Heise, Manager, Employee Relations at 480-627-1901.



18500 N. Allied Way • Phoenix, AZ 85054
480-627-2700 • www.disposal.com



A Typical Blue Crew Day

Blue Crew members, depending on work assignments, will be granted in the early morning at the hotel by shuttle drivers and transported to the division location. After arriving at the division, they could be escorted to a conference room for a pre-work meeting, attend a safety meeting, or taken to the dispatch area and assigned to a supervisor. The local supervisor will match up Blue Crew members' skills and experience with operational needs. The first few hours of any labor dispute can be hectic and route assignments may take a bit longer depending on the size of the operations.

This downtime can best be spent getting familiarized with the layout of the local division, meeting other Blue Crew members, and reviewing local information. Since Blue Crew members come from many different areas of the country, getting used to new routines can take some time. The first few days will require longer than normal hours but then a routine will develop and the days will get shorter allowing time to meet with other Blue Crew members and have some fun.



Upon deployment and callout, Blue Crew Team Members are notified by either their local division manager or Regional Operations Manager and given a copy of a "Strike Instruction Memo" outlining special instructions specific to the location where they're headed. Blue Crew members are expected to rotate for two weeks of active duty on Blue Crew and then two weeks at home in their normal job.

Blue Crew members should bring their uniforms, safety shoes, hard hats, gloves and any other PPE required for their positions. All drivers must have a current medical card and a valid CDL in their possession.

The Blue Crew, a team of elite Republic employees from all lines of business, was formed to assist sister divisions in the event of a labor dispute. The purpose of the Blue Crew is to allow a division to continue servicing its customers while management works to resolve a labor dispute. Blue Crew members are assigned tasks according to their skill level, systems knowledge and ability to operate equipment safely.

A master list of the Blue Crew Team is maintained at the Operations Support Center (OSC) for those members that are available to travel and provide assistance with very little notice. We can never be sure if or when a Blue Crew member will be needed, but knowing that we can count on them when they're called, provides a certain level of service assurance to our customers.

In the event of a Blue Crew Team callout, transportation and travel arrangements will be coordinated through the OSC and local operations. All hotel and transportation charges are normally covered with little up front or out of pocket expense from the Team Members.



**Lease/Operation of Sanitary Landfill + Waste Collection Services
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Commingling

The collection vehicles listed in the *Collection Methodology* chart included in the following subsection is 100 percent dedicated to San Angelo collection activity. Also, Republic understands the seriousness of commingling of material streams and has a strict disciplinary policy in place for employees found to commingle solid waste with recyclable materials. Because Republic has a national presence, with strong market presence in areas of the country where recycling activity, infrastructure, and markets are more established, Republic has developed and refined the internal controls to ensure compliance with this important contract condition.

Preferential Use of Local Businesses

In addition to the \$150,000 Republic donated local in cash and services to community and civic groups over the last twelve months, Republic has infused the local economy through the purchase of over \$1.75 million in goods and services, as per the chart below.

Vendor	Amount	Vendor	Amount
3Ds Plumbing	5,343.45	House of Chemicals	1,182.07
Affordable Pest Control	1,623.75	Jim Bass Ford	16,286.93
Air & Hydraulic Equipment	4,300.96	Local Temp Office Labor	42,339.24
Airgos Strategic Accounts	4,858.79	Ken Bolonder Welding	63,784.00
All About signs	4,290.20	KIDY-TV	3,795.00
Allen Young Office Machine	1,747.91	Labor Ready	287,772.25
American Sales & Service	5,957.91	Lowes – San Angelo	11,252.69
Angelo Archives & Security	9,478.84	Mayfield Paper Company	2,384.43
Angelo Auto Glass	4,797.80	Mesquite Bean Cafe	3,042.30
Angelo Bolt & Indst Supply Inc.	1,795.81	Myers Drug, Inc.	1,550.00
Angelo Pellets Inc.	1,036.21	Nan Chowning Cleaning	7,274.40
Angelo Tire & Alignment	8,934.44	Napa Auto – San Angelo	5,392.62
Angelo Water Service Inc.	1,484.84	North American Transaction	138,565.27
B & W Truck-Trailer	37,576.44	Oliver Rainey & Wojtek	17,500.00
Barron Plumbing	1,446.86	PAK Quality Foods	2,104.61
Best Buy – San Angelo	15,617.51	Paul Brodley Welding	1,039.21
Bill Williams Tire Center	15,065.11	Porter Tool Equipment	1,431.76
Century Trailer of San Angelo	13,124.28	Red Wing Shoes	10,063.45
Cintas	33,514.61	Roberts Truck Center	132,919.51
Concho Valley Radiator Service	8,665.90	Son Angelo Point Supply	1,651.56
Concorde	2,808.01	Sansing Electric Co.	2,862.01
Dix Key Shop	2,111.52	Schneider Distributing Co.	28,305.48
Don Cassaro Lawn/Landscape	3,247.56	Suddenlink	2,078.76
E & R Supply Co	38,239.04	Superior Services	1,194.71
Echo Pump Service	373.47	Texas Communications	4,234.09
Eggemeyers	1,357.02	The Reproduction Center	2,272.44
Eli Omelas Tire Service	69,481.00	Twin Mountain Fence	4,484.72
Ener Tel Services	5,364.51	TLR & Sons Hydraulics & Design	16,846.68
Field and Streams	1,659.93	West Texas Fire Extinguisher	2,628.38
Fleetpride	17,488.08	Worren Cat	479,224.44
Fuelman – San Angelo	104,273.82	West Central Wireless	19,439.47
Gandy Inc.	2,817.76	West Office Supply	12,931.05
Hale Painting & Construction	55,413.00	West Texas Fire & industrial	8,683.83
Hargraves Tire & Alignment	7,354.34	West Texas Steel & Supply	13,931.18
Home Motors	10,153.50	Western Trailer & Equipment	1,847.04



13 Proposed Plan

13.2 Method of Approach

The following summary chart documents Republic’s overall approach to delivery of services in San Angelo by phase. Republic has noted the existing approach, which will remain in effect for 12 to 18 months as Republic’s CNG fueling station is constructed and new CNG equipment procured. Republic’s equipment provides flexibility in meeting the unique service requirements in San Angelo. A detailed collection vehicle list followed by equipment specifications are included in subsequent sections.

Generator Type	Vehicle and Containers
Phase I – Current Services: Twice Weekly Trash Service - Unlimited	
<u>Residential – Standard</u> Solid Waste/Yard Waste and Recycling	Rearloaders and cans/bags
<u>Commercial – Standard</u> Solid Waste and Recycling	Frontloader and frontloader bins in various sizes.
Phase II - City Requested Services: Automated Once or Twice Weekly Automated Trash + Recycling (Optional) and Quarterly Bulk Waste Collection Services	
<u>Residential – Standard</u> Solid Waste/Yard Waste and Recycling	Residential Automated CNG frontloaders with Curotto Can attachment and 96-gallon carts as specified in Section 13.2a.
<u>Residential – Spores</u> Solid Waste/Yard Waste and Recycling	Automated sideloaders and 96-gallon carts as specified in Section 13.2a.
<u>Residential – Bulk Waste</u>	Rearloaders
<u>Commercial – Standard</u> Solid Waste and Recycling	Frontloader and frontloader bins in various sizes to meet customer preferences and waste generation rates. Recycling/bin customers will be blended in with the existing commercial recycling FEL route.
<u>Industrial – Standard</u> Solid Waste and Recycling	Standard roll-off truck and debris boxes in various sizes.
Republic Alternate Proposal: Automated Twice Weekly Automated Trash + Quarterly Bulk	
<u>Residential – Standard</u> Trash	Residential Automated CNG frontloaders with Curotto Can attachment and 96-gallon carts as specified in Section 13.2a.
<u>Residential – Spares</u> Trash	Residential automated sideloaders.
<u>Residential – Bulk Waste</u>	Rearloaders
<u>Commercial – Standard</u> Trash	Frontloader and frontloader bins in various sizes, as stated above.

The method for implementing residential recycling and expanding commercial recycling is included in Sections 13.2c and d.

The chart following the CNG discussion depicts the equipment associated with scheduled services. Accompanying the chart are the Driver Activity Sequences, Equipment Benefits, and vehicle specifications associated with the new proposed frontline collection vehicles.



**Lease/Operation of Sanitary Landfill + Waste Collection Services
13: Proposed Plan – Waste Collections**

CNG Proposal

Republic’s new fleet will feature new compressed natural gas (CNG) collection vehicles. Republic works with CleanEnergy Fuels nationwide on the construction of its CNG fueling stations. Republic will procure its CNG fleet and construct its fueling station at its operations base in San Angelo within 12 to 18 months from the contract start date. Recycling program implementation will sync with procurement of CNG trucks and construction of the fueling station, and will be complete within the 18-month timeframe.

Republic will include construction of a fuel pump for City access along with special fuel pricing that is based off of wholesale market CNG pricing with an administrative fee. The City’s cost for CNG will remain well below market pricing throughout the term of the contract. As indicated below, Republic has already had its site evaluated by Clean Energy Fuels to determine the scope of work to bring gas to the facility and infrastructure needs.



ASSUMPTIONS & EQUIPMENT SPECIFICS

SITE GAS INFO / FLEET FUELING REQUIREMENTS	
Gas Pressure (PSIG) at CNG Compound	70
Current Fleet Size	35 Trucks
Current Fleet’s Daily Diesel Fuel Usage	1200 gallons
Required Fill Time for Fleet	10 Hours
CNG Truck Fleet Size by Day One	35

#	STATION EQUIPMENT BREAKDOWN
2	IMW “Lube Free” 150 HP Compressor – 348 SCFM @ 70 PSIG
1	ASME High Pressure Storage Vessel – 11,500 scf @ 4500 psig
17	Dual Post Time Fill Posts (34 hoses)
0	Gas Dryer
1	Unmetered Fast Fill Hose Located at First Time Fill Parking Spot
<i>Estimated Station Completion Time is 6 - 10 months from Notice to Proceed</i>	

STATION FUELING CAPABILITIES				
Active 150 HP Compressors	DGE Per Min	DGE Per Hour	DGEs in 10 hours	Total SCFM
1	2.5	150	1500	348
2	5.0	300	3000	696





Natural Gas Advantages as a Vehicle Fuel

Affordable

- Compressed Natural Gas (CNG) as a vehicle fuel is significantly cheaper than diesel fuel
- CNG is much more stable than diesel fuel and can increase overall profitability of operations
- Today, CNG provides savings of \$0.30 - \$1.30 below diesel fuel
- In the Summer of 2008 fleets realized savings in excess of \$2.00 per gallon below diesel
- Annual fuel savings per truck range from \$5,000 - \$15,000 depending on consumption
- Historical average fuel savings for the past five years when compared to diesel is 40%

Clean and Quiet

- Heavy-duty Natural Gas Vehicles (NGVs) reduce greenhouse gases by 21%
- Heavy-duty NGVs using CNG derived from landfill gas reduce greenhouse gases by 90%
- The Cummins ISL G 8.9 Liter CNG engine is 2010 EPA Certified
- The ISL G does not use a Diesel Particulate Filter (DPF)
- The ISL G will NOT require Selective Catalytic Reduction (SCR) and Urea Injection
- CNG trucks are 80-90% quieter than diesel units
- There is a clear, quantifiable marketing advantage of clean, quiet trucks
- Secure contract extensions without bid (examples available)
- Some franchise contracts now require alternative fuel / low carbon trucks (examples available)



Domestic, Abundant and Renewable

- 98% of Natural Gas (NG) used in the United States is sourced locally from North America
- NGVs run on American fuel and completely eliminate their dependence on foreign oil
- NG is highly abundant with 118 years of proven fossil fuel natural gas reserves
- NG as a renewable fuel is now available from landfills, wastewater plants and dairy farms
- Clean Energy owns and operates the landfill gas facility at the McCommas Bluff Landfill in TX
- McCommas Bluff now produces 30,000 Diesel Gallon Equivalents of fuel each day

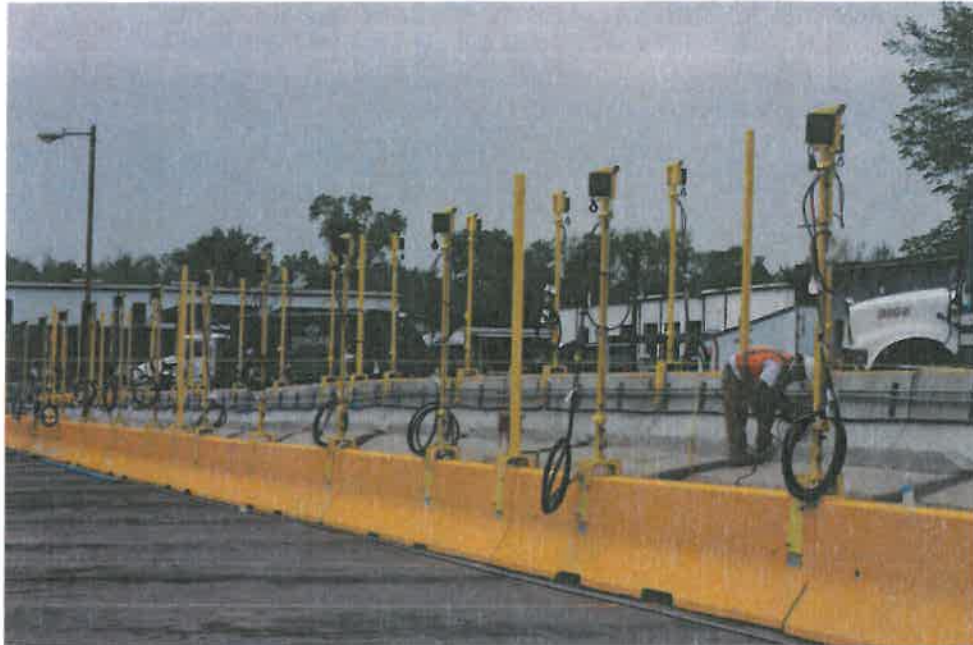




Natural Gas Refuse Truck Facts

Natural Gas Trucks

- CNG option now available factory direct from every major cab and chassis manufacturer
- Engine option is factory produced, fully warranted Cummins ISL G
- The Cummins CNG engine is 2010 EPA certified today and does NOT require a DPF or SCR
- Fuel tank packages available on every major body configuration
- Fuel tanks mounted behind the cab, on the roof, or on the frame rail (details available)
- Transfer truck option now available factory direct on Peterbilt and Kenworth trucks
- Engine option is factory produced, fully warranted Cummins ISX 400-450 HP



Natural Gas Fueling Stations

Compressed Natural Gas

- CNG fueling stations can be constructed on any NG utility line
- CNG is created by compressing NG onsite up to 3600 PSI and dispensing it into vehicles
- CNG is stored onboard the vehicle in its gaseous form
- CNG can be dispensed in a fast fill station at a rate of 3-5 Gallons per minute
- CNG can also be dispensed in a time fill station designed to fuel vehicles overnight
- CNG time fill is popular because it eliminates the need to pay the driver to fuel the unit
- CNG is sold in a Diesel Gallon Equivalent (DGE)
- A DGE is defined as 139,000 Btu, an identical amount of energy as a liquid gallon of diesel
- Utilizing the DGE measurement allows for a realistic cost and MPG comparisons
- CNG refuse trucks with the ISL G show similar fuel economy to diesel units
- CNG fueling stations range in cost from \$800,000 to \$2 million depending on specifications
- 100% of the station cost can be financed into the fuel price while still providing 20-40% savings

BELOW: CNG FAST FILL STATION / CNG REFUSE TRUCK WITH ROOF MOUNT



New Contract Collection Equipment for Regularly Scheduled Services



Vehicles
 Featuring Clean
 CNG-Power

Legend:
 RFEL = Automated Residential
 Frontloader
 ASL = Automated Sideloader
 REL = Rearloader
 FEL = Frontloader

RFEL + Carts



Vehicle Specifications:
 Peterbilt Chassis
 Cummins ISLG, 320 HP
 Heil Half-Pack Body, 33 CY capacity
 Curotto Can Automated Workbucket

Automated Cart Collection Applications:

- MSW/yard waste and recycling collection.
- Can blend commercial recycling cart customers in to densify routes.
- ASLs used as spares.

FEL + Bins



Vehicle Specifications:
 Peterbilt Chassis
 Cummins ISLG, 320 HP
 Heil Half-Pack Body, 33 CY capacity

Commercial/Multi-Family Bin Collection

- Bins of various sizes will be utilized for commercial/ industrial customers.
- Application based on generation rate and site parameters, and size of premises.

Containers



Company-provided:
 Company-provided 2-cart system in 96-gallons for MSW/yard waste and recycling. Toter brand carts, Granite finish. Lid colors differ to distinguish waste streams.



Company-provided:
 Metal 10-gauge metal bins in standard sizes. All bins manufactured by WasteQuip.

Bulk Waste
 Equipment



Bulk waste collection performed quarterly via curbside. Rearloaders are standard equipment in current use. Detailed specifications can be provided upon City request.



Driver Activity Sequencing – Automated Residential Frontloader

Residential frontloader routes are performed with a crew of one professionally and continuously trained driver and a helper.

The driver activity sequence for residential frontloader automated cart collection is:

- 1) The driver arrives at the service address and checks the route sheet for any notes pertaining to that customer.
- 2) The driver checks for any possible obstructions to making the collection, and checks mirrors and cameras as a safety precaution.
- 3) The driver positions the workbucket such that it is in proximity with the targeted cart.
- 4) The driver then either utilizes two controls to make the collection in an automated manner: the first to position the truck arm such that it is properly aligned to the targeted cart; and the second to engage the grabbing mechanism; or if semi-automated/manual collection is needed the driver brings the cart to the work bucket and them onto the flipper mechanism. Using outside controls the contents are emptied into the work bucket where they are visible. After all carts have been emptied they are returned to their original location.
- 5) After the cart is replaced, the driver checks the serviced area to ensure it is clear or any litter.
- 6) If the collection is made without incident, the driver continues to the next stop on the route sheet.
- 7) Once the truck has reached capacity or the driver has concluded the route, the driver drives directly to the landfill or recycling center. If the driver is not finished making collections, s/he return to the route to complete those.



For recyclable materials set-outs, Republic drivers will also utilize the opportunity to do a visual contamination check of the cart contents.

If contamination is visible the cart will be tagged with a Corrective Action Notice or OOPS tag and not emptied until the correction has been made. As with all Corrective Action Notices and other route events and incidents, this information will be logged into Republic's customer database.



Benefits of Republic's Residential Frontloader Collection System

Residential Automated Frontloaders with Curotto Can Workbuckets

- **Standardization.** The only difference between residential frontloaders and standard frontloaders are the buckets attached to the vehicle's forks. Work buckets may be removed to operate vehicles as a standard frontloader for making bin collections, adding depth to the fleet, and standardizing maintenance procedures. Standardization of the fleet produces maintenance economies of scale and promotes greater safety, since most drivers will use like equipment. Standardization also lowers the cost associated with stocking parts for a larger variety of equipment and allows maintenance personnel to work more efficiently. This saves rate payers money.
- **Flexibility.** This model accommodates cart collections, with the highest proven level of efficiency, as well as bin collections. The workbuckets of residential frontloaders have tipping arms, enabling efficient automated, semi-automated, and manual tipping of cart contents.
- **Safety.** Because the workbucket is in front of the truck, the driver can easily view all collection activity in front of him/her so work is accomplished in a much safer manner. Drivers can also view the contents of containers as they are emptied, making it possible to scan for contaminants and hazardous/combustible materials prior to compaction—reducing the likelihood of a truck fire.
- **Maximum Legal Payloads:** Routes are configured and wheel weight distributions expertly engineered to maximize payloads/efficiency and minimize Republic's carbon footprint.
- **Easily Maneuvered.** These collection vehicles are a cab-over, low cab forward style rather than a conventional style, which when combined with the chassis specified, creates excellent maneuverability.
- **Quiet:** CNG vehicles produce less noise while idling than a diesel collection vehicle idling.

Collection Containers

Collection crews will treat carts with care and will return carts to their original positions after servicing, and drivers will check to ensure carts are upright before moving forward to the next stop. This simple measure of excellent customer service is a Republic strength and is one of the problems typically associated with new service providers who may, to produce a low-cost bid and reduce capital output, maximize route footprints resulting in drivers having to neglect service elements such as these just to get routes done. Safety compromises such as illegal payloads may result.

Information on Republic's automated residential frontloader collection vehicles and Curotto Can attachment follow. Additional information on the frontloader body follow the Frontloader Driver Activity Sequence and Benefits of Standard Frontloader Collection Equipment.



Driver Activity Sequencing: Frontloader Collection

Frontloader routes are performed with a crew of one professionally and continuously trained driver. Spotters are dispatched as needed for safety.

The driver activity sequence for frontloader collection is:

- 1) The driver arrives at the service address and checks the route sheet for any notes pertaining to that customer.
- 2) The driver checks for any possible obstructions to making the collection, such as overhead wires, and checks mirrors and cameras as a safety precaution.
- 3) The driver dismounts the collection vehicle, if necessary, to unlock/open entrance or enclosure gates.
- 4) The driver unlocks the frontloader bin, if locked, and opens the lid to perform a visual check for hazardous/unpermitted wastes.
- 5) The driver positions the truck or pushes/pulls the container to the truck such that the truck forks are aligned to the bin pockets, and ensuring there is ample overhead clearance empty the container. The driver then slowly drives forward to “stab” the container.
- 6) The driver utilizes a control to lift, empty, and return the bin to its previous position. During this process, the driver again checks the container contents, as they are being emptied into the truck hopper, for hazardous/unpermitted wastes
- 7) The driver dismounts the vehicle, if necessary to return the container to its collection point and locks the bin/enclosure gate if necessary.
- 8) While out of the vehicle, the driver picks up and disposes of any litter that has fallen during collection. If the driver encounters an enclosure or collection point that is exceedingly/consistently messy due to overflow, the driver will call dispatch to place a call to the manager to ask for authorization for an extra dump. Should the manager refuse, Republic will report the matter to the City for resolution, along with service suggestions to remedy the situation long-term.
- 9) Once the truck has reached capacity or the driver has concluded the route, the driver drives directly to Republic’s landfill or recycling processing facility where the material is handled in the same manner as described above in Driver Activity Sequencing for Automated Sideloaders. If the driver is not finished making collections, s/he returns to the route to complete those.



Benefits of Standard Frontloader Collection Equipment

Frontloaders

- Republic will right-size services levels/container capacity such that collection points look consistently clean and neat.
- This collection system creates an aesthetic appearance whether or not containers are placed within an enclosure.
- Maximum Legal Payloads: Routes are configured and wheel weight distributions expertly engineered to maximize payloads/efficiency and minimize Republic's carbon footprint.
- Quiet: LNG or CNG vehicles produce less noise while idling than diesel collection vehicles.



Frontloader Bins

- Republic utilizes standard 10-(heavy) gauge bins.
- Bins are placed on a rotating system of refurbishment, so that the bin inventory is continually monitored and repairs and repainting completed as needed.
- For this contract, Republic will refurbish or replace within 18 months of the contract start date, all containers in most need—about 20 percent of Republic's San Angelo containers.



13.2a Transition Plan

Republic is the existing contractor, and has held the collection contract in San Angelo for about 35 years, greatly simplifying the process. Even so, reviewers should note that Republic has obtained many collection contracts throughout the West Region of relevant scope through the competitive bidding process, which has informed and helped it to refine its approach, even as it applies to perhaps moving to once weekly waste collection and recycling collection implementation. This experience has led Republic to have a strong focus in the following areas:

- **Collaboration:** A collaborative process between involved parties assures a smoother transition. Regular communication is essential, and Republic recommends an initial scoping session with the City and scheduled coordination meetings as soon as contracts are signed.
- **Intelligent planning:** Utilizing the following draft transition plan as a starting point, the implementation team will continually define and/or adjust subtasks as the team moves closer toward the collection start date, as is necessary or optimal.
- **Expert execution of tasks:** Republic's team of managers—the very same team that currently oversees San Angelo operations—will ensure each task/subtask is completed within the specified timeframe and to contract specifications and the satisfaction of the City.



Republic's primary objective is to implement the City's chosen programs and initiatives without disruption to the customer. Having incumbent status, Republic has identified the following as transition activities:

- 1) Construct CNG Fueling Station
This takes 12 to 18 months.
- 2) Procure CNG Collection Equipment
This takes six to nine months.
- 3) Procure and deliver residential carts
Three months is a generous production lead time. Delivery can be configured to meet City preferences. Republic proposes collaboration.
- 4) Transition residential waste collection services from twice weekly to once weekly service.
Republic proposes phasing this in route by route.



- 5) Educate, enroll, and excite residential customers about their opportunity to recycle.
Collateral materials, paid advertising, and rigorous community interaction including community workshops will help customers understand how easy and beneficial the new program is.
- 6) Provide commercial/industrial customers with information regarding the availability of recycling opportunity assessments and recycling services.
Republic will inform customers of the availability through outreach materials and one-on-one customer interaction throughout the contract term.

The timeline for constructing the CNG facility represents an excellent timeline for implementing the City's new services and programs. It takes between 12 and 18 months to construct and commission a CNG fueling station based on Republic's extensive experience.

Using 18 months as a guide and backing into it, the next lengthy task is procuring CNG collection vehicles and new carts. Republic has production flooring agreements with its equipment suppliers, shortening the time and mitigating potential delivery glitches.

Republic is responsive to the needs of our residents, City and business owners. They believe in a collaborative approach to solving problems and providing service that exceeds our expectations.

– Robert Smouse, Environmental Waste Services Manager, City of Plano

This 18-month timeline also gives Republic and the City ample time to thoroughly detail public education activities, tailor materials—such as the materials presented in this section, and thoroughly educate customers and address all of their concerns about the changes to smooth the transition process.

Because of Republic's incumbent status, rather than pouring energy into establishing offices, routes, a functioning customer database—building infrastructure in San Angelo, Republic and the City can focus intently on implementing a few important programs and any Republic initiatives the City chooses to include. A draft general transition schedule is proposed below.

Reviewers should note that public education activities would include the types of collateral materials geared toward specific customer types as suggested in *Section 13.2h*. Also included is appropriate paid advertising and scheduled and publicized community workshops where residents can see the new carts, learn about the recycling program and implementation dates, and clear all of their concerns well in advance of the agreed upon operations start date.



Lease/Operation of Sanitary Landfill + Waste Collection Services
13: Proposed Plan – Waste Collections

Below is Republic’s timeline for initiating services. This timeline will be fleshed out once the City determines its preferences and the new contract has been negotiated and agreed upon between Republic and the City.

This *Transition Schedule* is hugely simplified due to Republic’s incumbent status, which will also allow for a seamless transition into an automated collection system.

Transition Schedule

Dates are approximate

ID	Task	
1	Contract Award	May 2014
2	Begin Permitting CNG Fueling Station	May 2014
	Complete Construction: Commission Facility + Ribbon Cutting Event	December 2015
	Procure CNG Vehicles	March 2015
	Take Delivery – Vehicles	December 2015
3	Public Education Planning	January 2015 – June 2015
	Active Outreach Begins	June 2015
4	Cart Distribution + Intensified Public Outreach Begin	Late December 2015
5	Operations Start Date	January 2016



13.2b Collection Route Schedules and Mops

It is important for the City to note that, even though the existing contractor, Republic does have a routing system which it uses to intelligently route and re-route collection services. This approach mitigates street wear and tear and *minimizes* vehicle emissions, as well as increases safety and efficiency. Routing information as identified through use of Republic's Route Editor tool, is up-loaded into InfoPro (see *Section 13.2j*) which then creates a route number for each service recipient account in Republic's database (which will, among other things, facilitate future automated work order preparation).

Route sheets for each driver are created and updated periodically as needed. Any modifications to the previous week's route will be reflected on an updated route sheet.

In addition to the above, Republic pays close attention to traffic patterns, the location of schools, community centers, libraries, and hospitals and attempts to design routes that are opposite to peak traffic patterns within the service area(s), to the extent possible or applicable. This is not only beneficial to the service area but increases Republic's collection efficiencies.

Collection Routes – Regularly Scheduled Services

Route sheets for proposed new collection services based on the City's requests as indicated in the RFP. Maps for existing routes are not included. Republic proposes to continue use of existing collection equipment, routes, and approach until such time as its CNG fueling station can be constructed and *commissioned*, and frontline CNG collection equipment procured.

The following maps are included:

- Solid Waste Option 1 – Twice Weekly Automated Collection Services

This series of seven mops represent routes based on Republic assumptions for twice weekly solid waste collection. This series of mops is configured in the following manner: Residential Route Map, 2X Weekly Cart Service, Solid Waste:

- 1) All Service Days
- 2) Monday – Thursday
- 3) Monday – Thursday by route.
- 4) Tuesday – Friday
- 5) Tuesday – Friday by route.
- 6) Wednesday – Saturday
- 7) Wednesday – Saturday by route.

- Solid Waste Option 2 – Once Weekly Automated Collection Services

This series of mops represent routes based on Republic assumptions for once weekly solid waste collection and include routes for once weekly recycling collection. The recycling routes can be applied to Solid Waste Option 1 above. This series of mops is configured in the following manner:



Lease/Operation of Sanitary Landfill + Waste Collection Services
13: Proposed Plan – Waste Collections

Residential Route Map, 1X Weekly Cart Service, Solid Waste + Recycling:

- 1) *Monday by route.*
- 2) *Tuesday by route.*
- 3) *Wednesday by route.*
- 4) *Thursday by route.*
- 5) *Friday by route.*
- 6) *Saturday by route.*

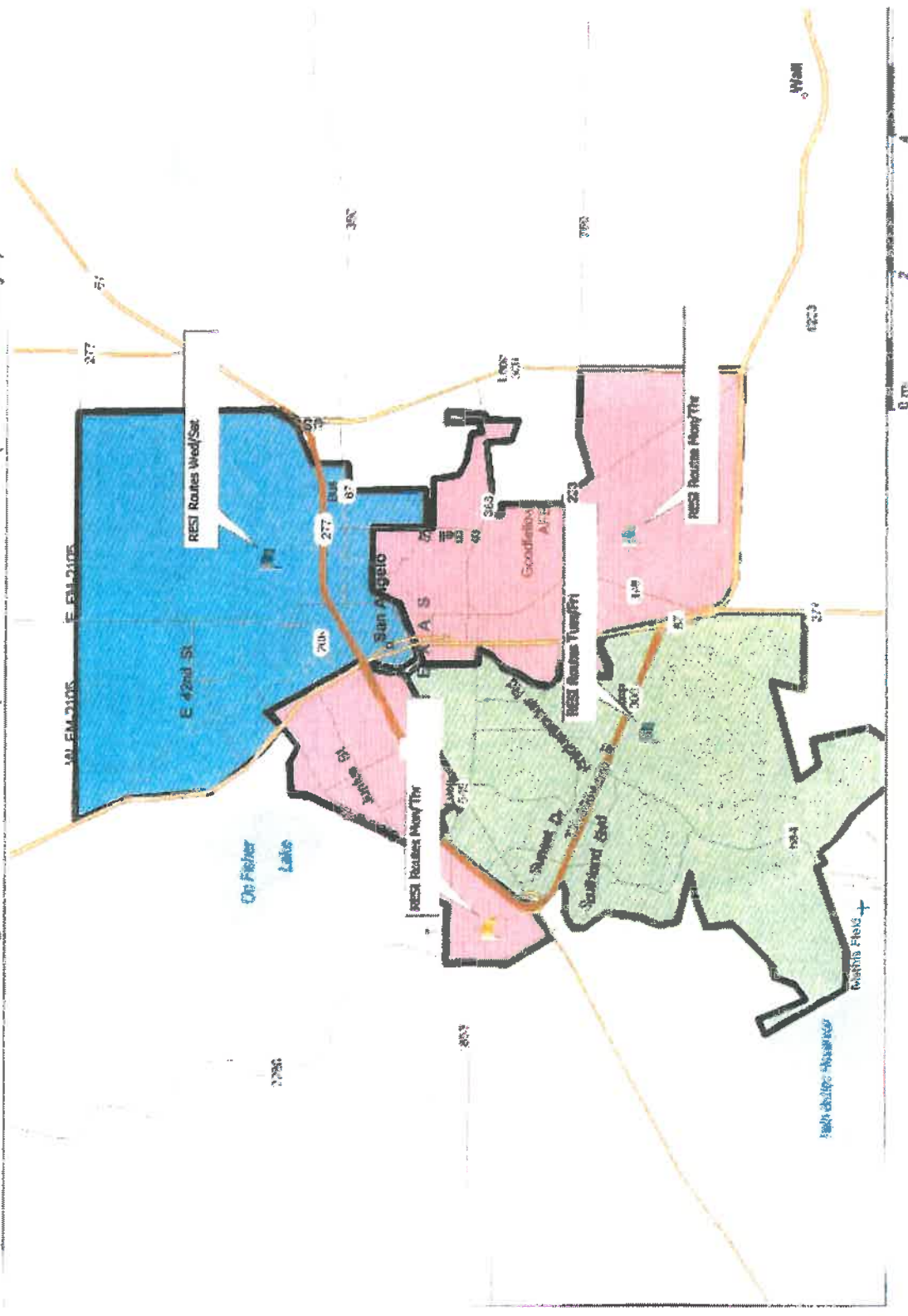


Bulk Waste

Republic will divide the City into bulk waste routes consisting of approximately 2,400 homes each. Republic will create route boundary maps which will be numbered one through 12; these bulk waste routes will be performed each quarter in the same order— one route per week. The extra week each quarter will be left as a flex-week to allow for time off from bulk collections where a major holiday week exists. A flyer will be developed and delivered as a door hanger once per year that will include all four service weeks. This door hanger will be delivered at least two weekends prior to the first service of each year. Additionally, maps and information will be made available on the City's and Republic's website.

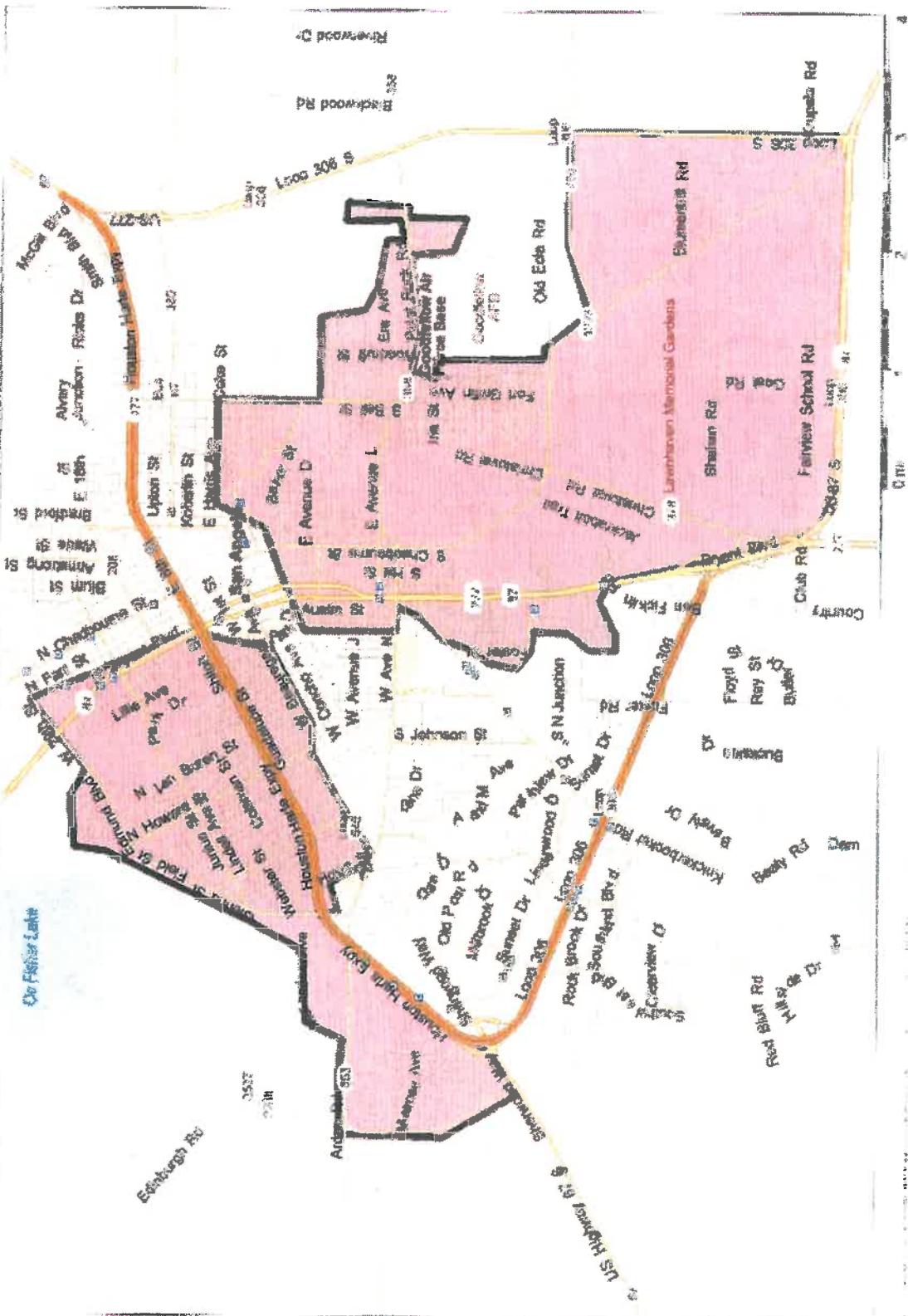


1 San Angelo RESI Route Map 2x Wk Cart Service (All Service Days)



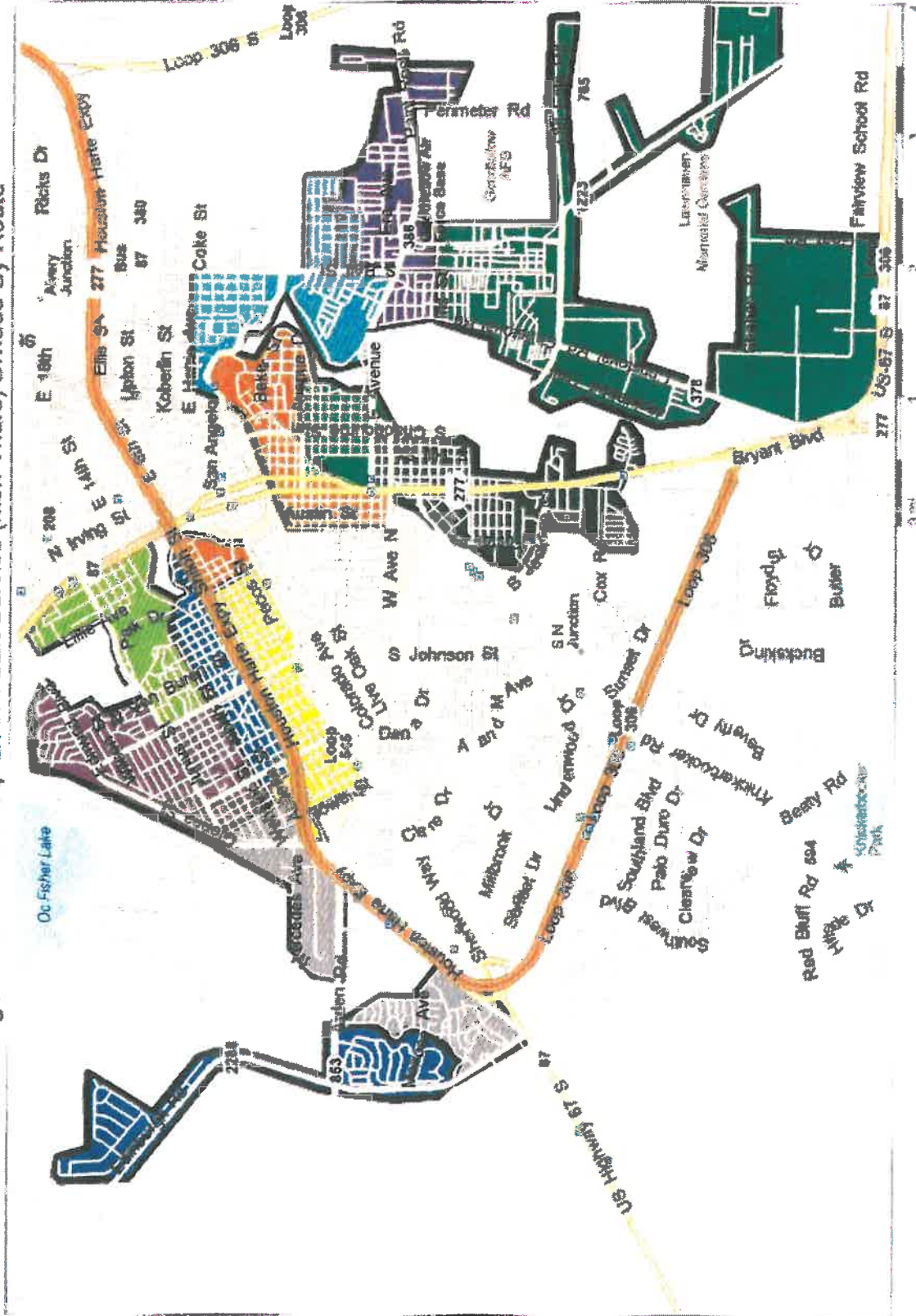
Lease/Operation of Sanitary Landfill + Waste Collection Services
 13: Proposed Plan – Waste Collections

2 San Angelo RESI Route Map 2x Wk Cart Service (Mon-Thurs)



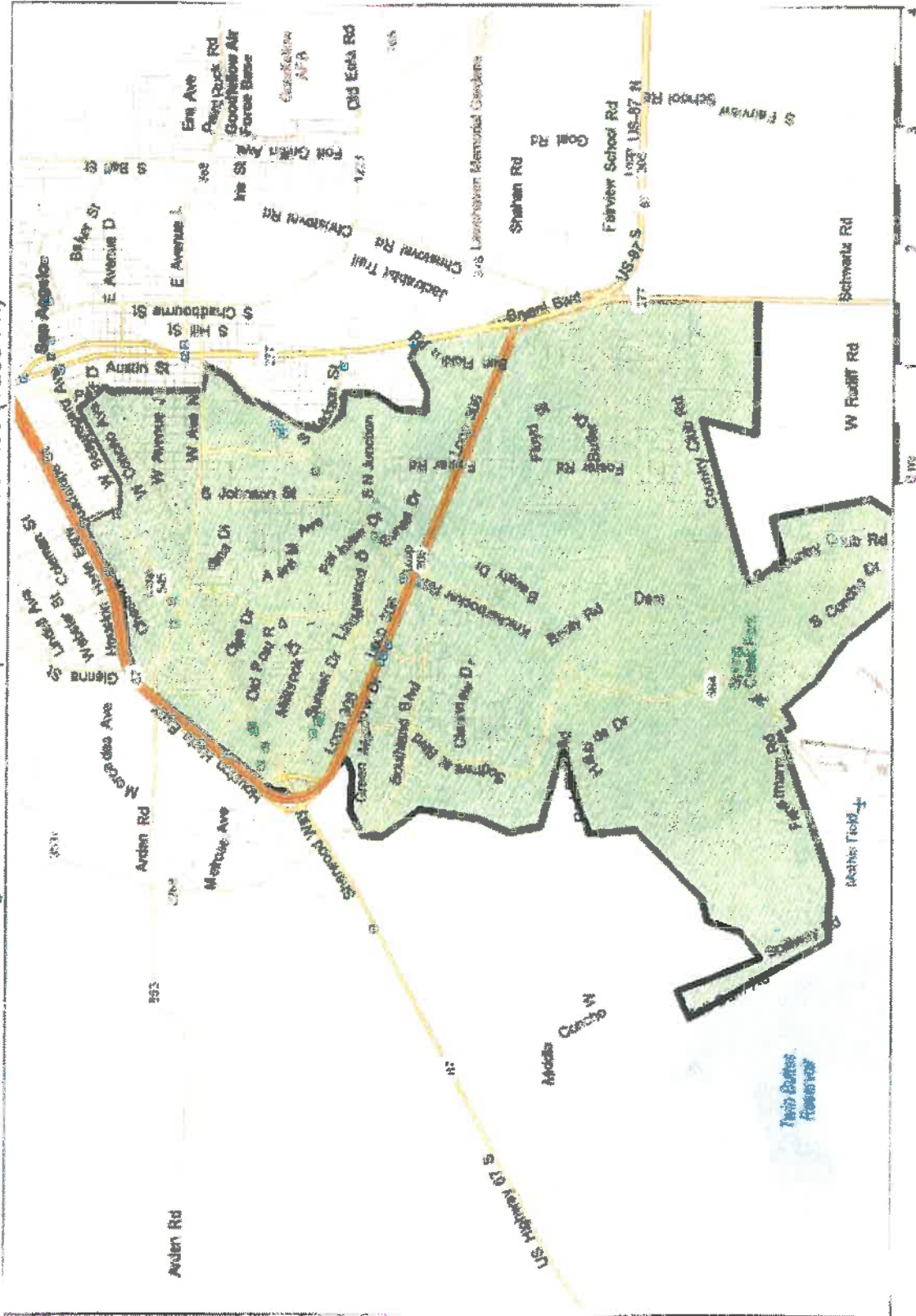
Lease/Operation of Sanitary Landfill + Waste Collection Services
 13: Proposed Plan – Waste Collections

3 San Angelo RESI Route Map 2x Wk Cart Service (Mon-Thurs) Divided By Route



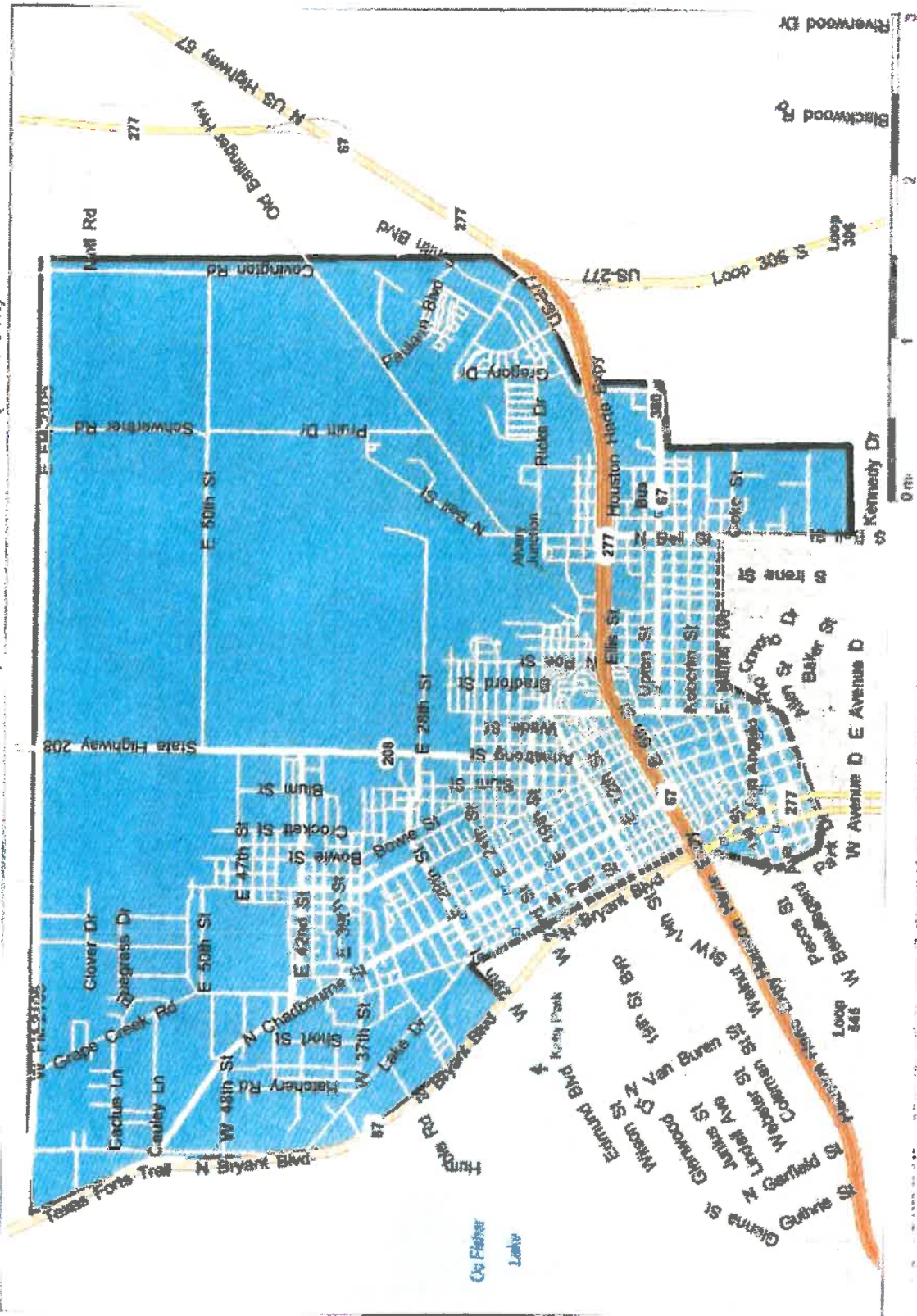
Lease/Operation of Sanitary Landfill + Waste Collection Services
 13: Proposed Plan – Waste Collections

4 San Angelo RESI Route Map 2x Wk Cart Service (Tues-Fri)



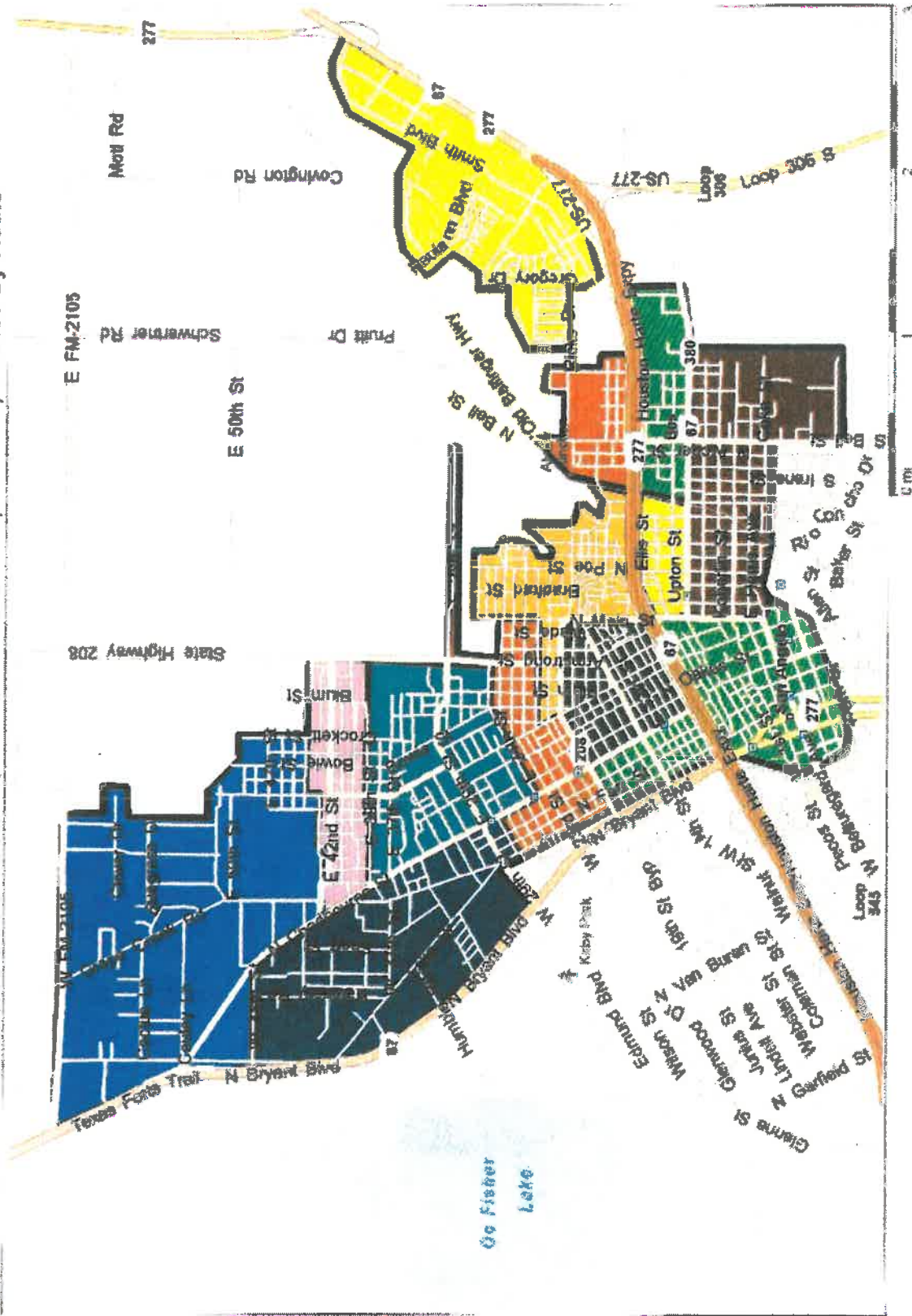
Lease/Operation of Sanitary Landfill + Waste Collection Services
 13: Proposed Plan – Waste Collections

6 San Angelo RESI Route Map 2x Wk Cart Service (Wed-Sat)



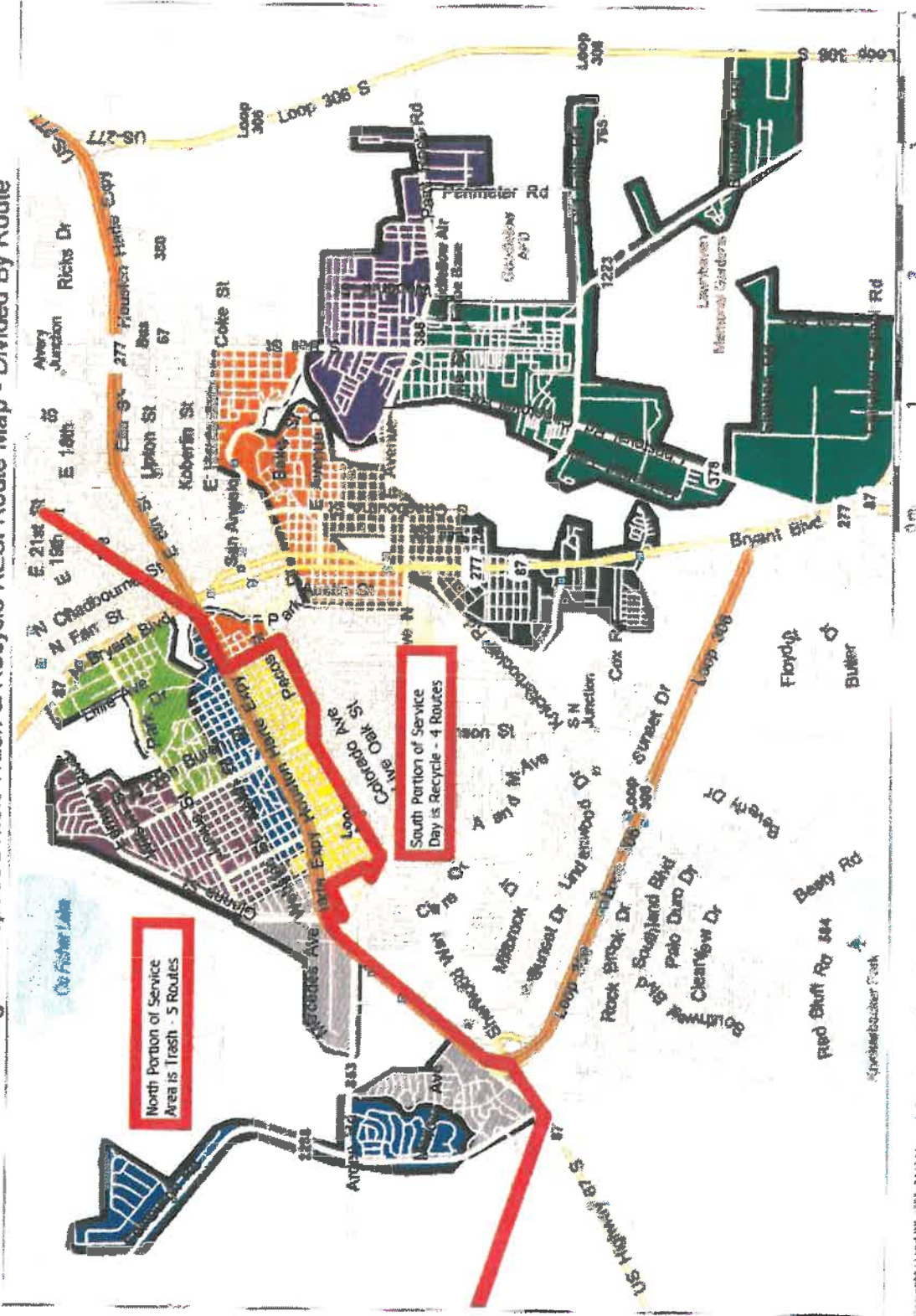
Lease/Operation of Sanitary Landfill + Waste Collection Services
 13: Proposed Plan – Waste Collections

7 San Angelo RESI Route Map 2x Wk Cart Service (Wed -Sat) Divided By Route

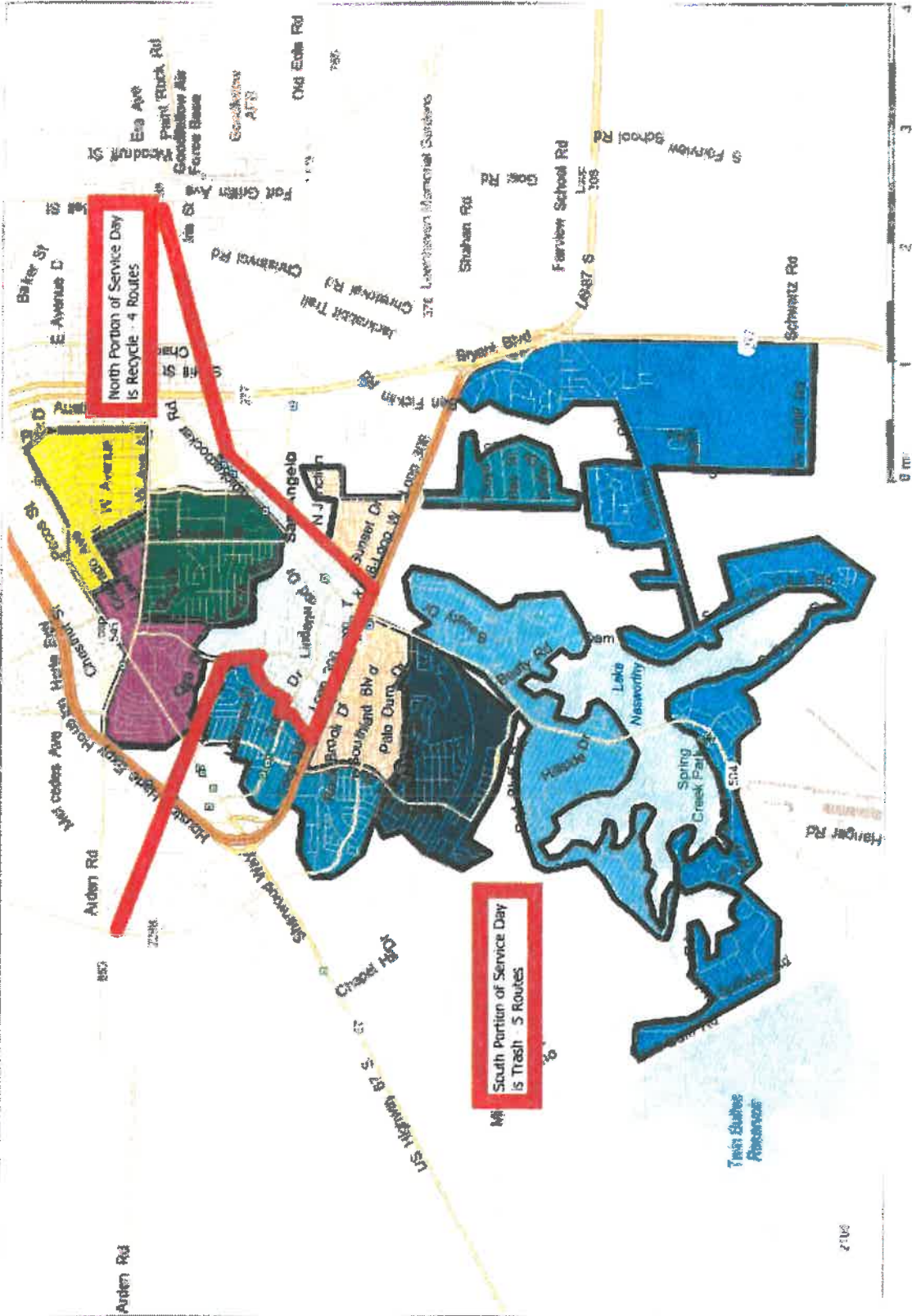


Lease/Operation of Sanitary Landfill + Waste Collection Services
 13: Proposed Plan – Waste Collections

1 San Angelo Proposed Mon Trash & Recycle RESI Route Map - Divided By Route

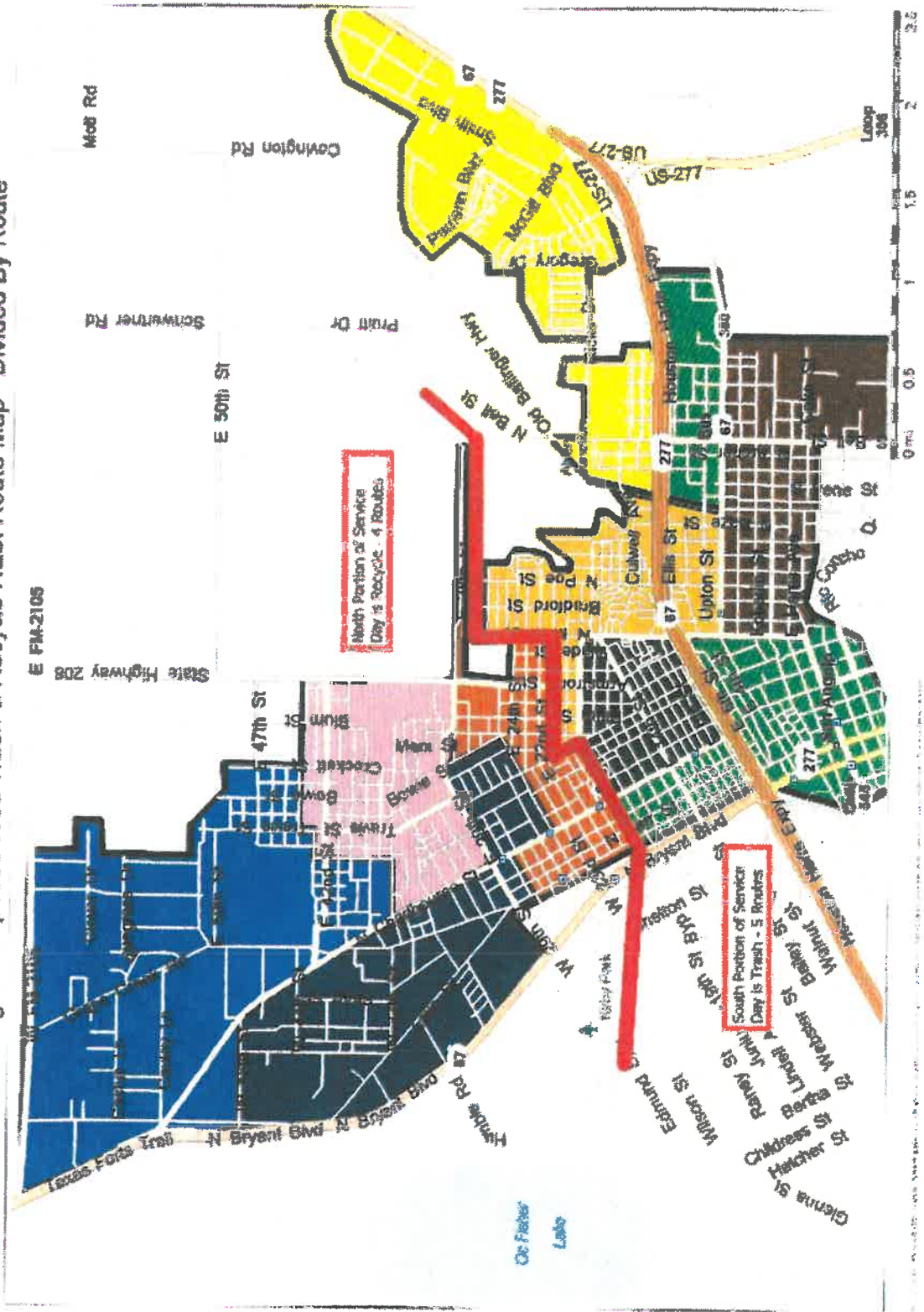


2 San Angelo Proposed Tues Trash & Recycle RESI Route Map - Divided By Route

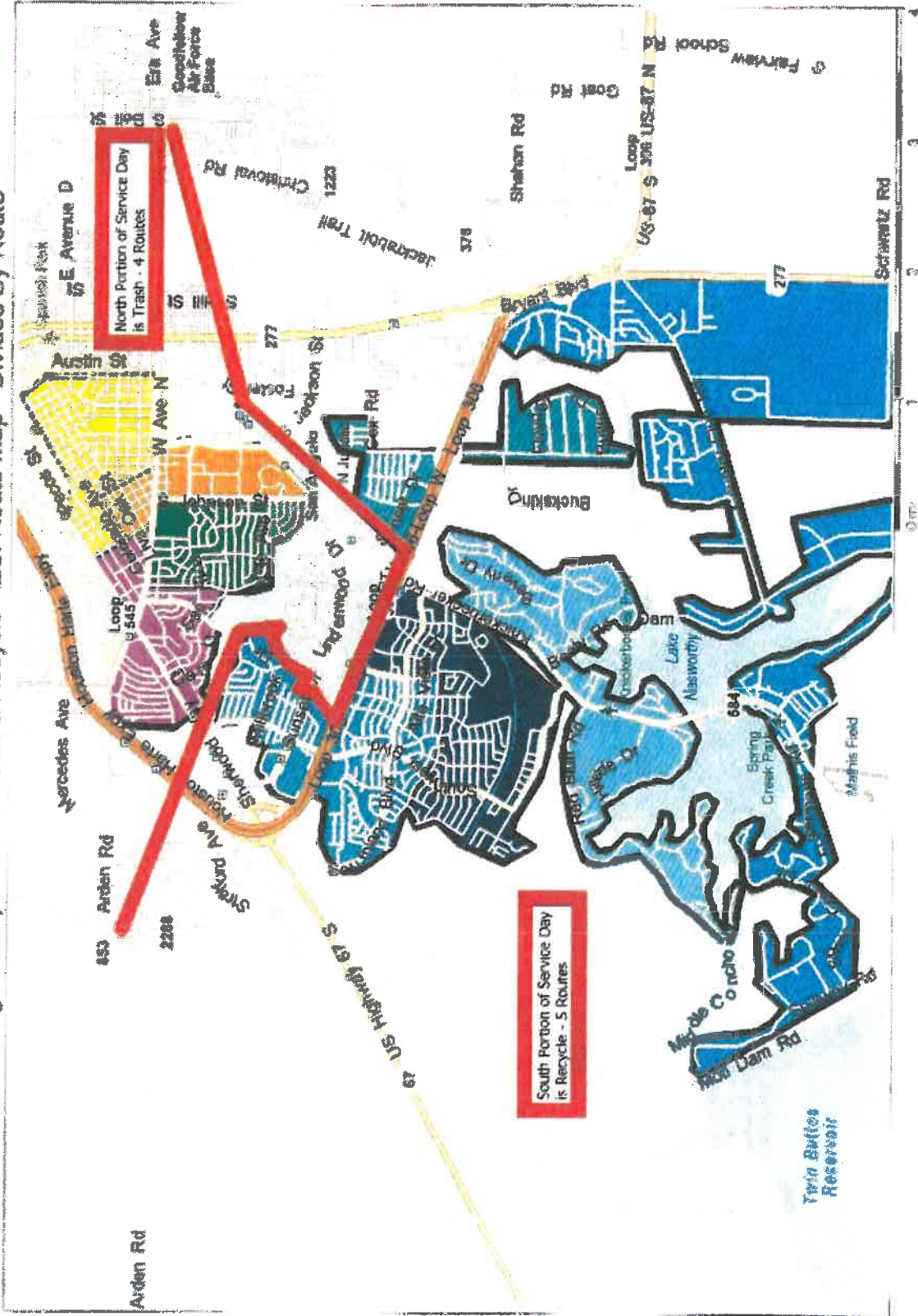


Lease/Operation of Sanitary Landfill + Waste Collection Services
 13: Proposed Plan – Waste Collections

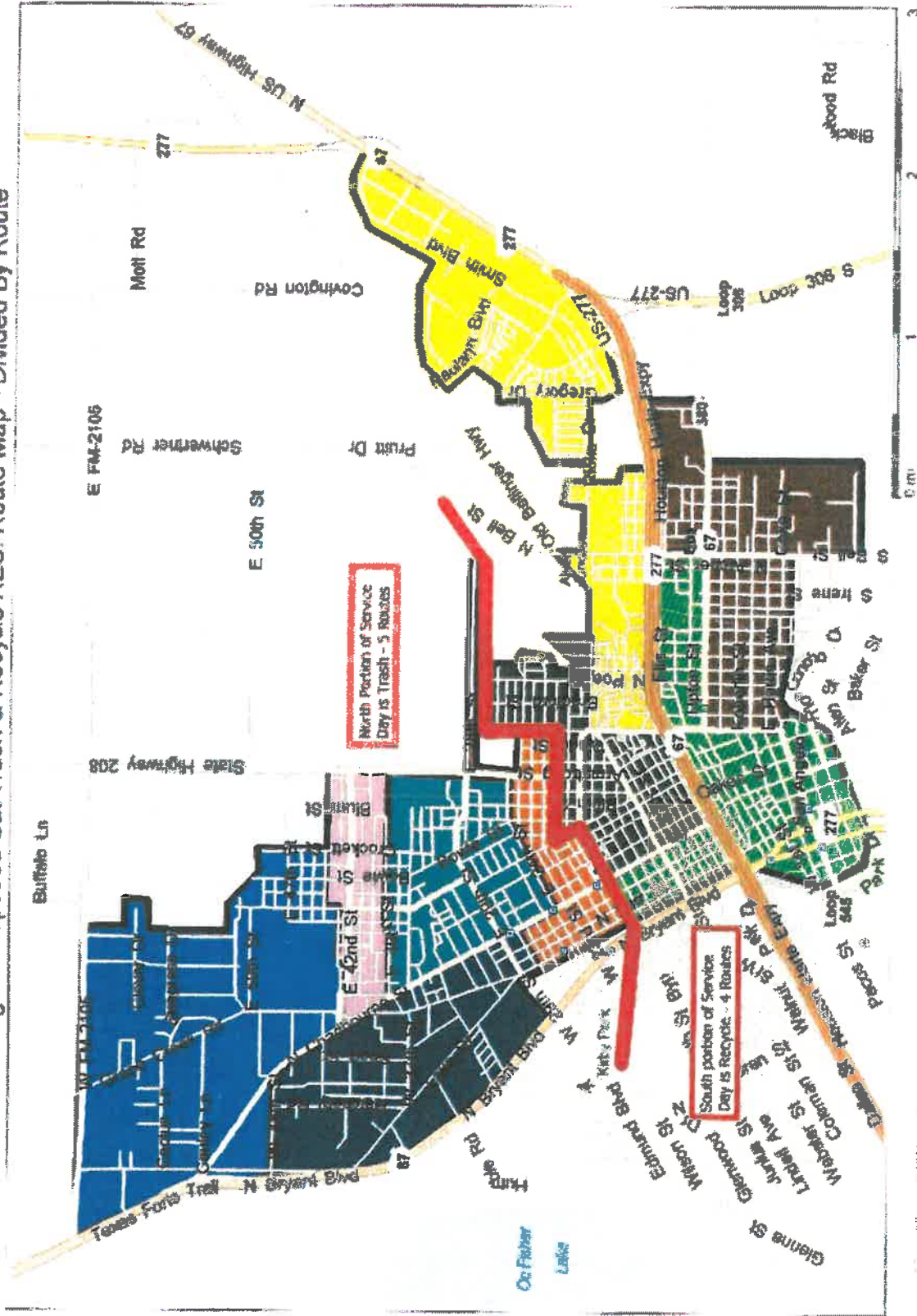
3 San Angelo Proposed Wed Trash & Recycle RESI Route Map - Divided By Route



5 San Angelo Proposed Fri Trash & Recycle RESI Route Map - Divided By Route



6 San Angelo Proposed Sat Trash & Recycle RES Route Map - Divided By Route



13.2c *Single-Family Residential Containers*

Republic has a long-standing relationship with Toter, Inc. for the manufacture and distribution of carts. Republic proposes the higher end granite finish. Republic will utilize Toter carts in a sophisticated granite finish with 40 percent recycled content. Color chips are also included in the proposal package for reviewer consideration.

Republic proposes use of blue granite for both solid/yard waste collection carts and recycling carts, with the distinguishing characteristic being different cart lid colors to correlate to solid waste and recycling streams. This approach has the benefit of creating a uniform street aesthetic and is demonstrated in the public education materials included in *Section 13.2h*.

Detailed introductory information and container specifications for Toter carts are included on the following pages. Also included is assembly and delivery information and references from Toter.





Statesville, North Carolina

Toter Incorporated is a manufacturer and marketer of high quality plastic containers and related products for residential, industrial, commercial and retail accounts. The Company has been in continuous operation since 1962, originally as a subsidiary of Rubbermaid Incorporated. In 1983, the Company became a private corporation following a LBO by its management. Toter is a 100% U.S. owned company, and it is one of the largest rotational molders in North America. Headquarters for Toter is in North Carolina, with three regional manufacturing locations: Statesville, NC; Fanger, CA, and Acuna, Mexico (Del Rio, TX).

Toter is the leading supplier of wheeled, rollout carts (32-105 gallons) used for curbside automated waste and recycling by cities and private waste haulers. Toter introduced the automated curbside cart system in North America during the late 1960's, and Toter carts are the #1 selling brand today. Toter's clients include city-wide installations in Austin, TX; Chicago, IL; Florida, AZ; Washington, DC; San Francisco, CA; Charlotte, NC; and thousands of other cities, private haulers, and recyclers.

Toter's patented EVR[®] carts (32, 64, and 96 gallons) are compatible with all semi and fully automated refuse trucks in North America, and are the "World's Toughest Carts".

The new, patented, two chamber CurCollection carts permit a one truck/one driver/collector combination to collect, simultaneously, two household waste streams in a single Toter cart using fully automated equipment. Toter's rollout cart line provides the ultimate in "hands free" collection productivity, efficiency, and worker safety.

In addition, Toter offers the industry's most complete line of rear and side loading, semi-automated truck mounted cart lifters, including its new SmartWay[™] litter. Toter's patented SmartWay is the first weight-balanced cart lifter system certified as "legal for trade" by the Federal government. Using the SmartWay system, collectors are able to weigh the waste collected at each home and generate bills for homeowners for the increasingly popular residential "bill by

the pound" programs. Toter's cart and litter innovations are leading residential waste collection technology development in the 21st century.

In 1994, Toter introduced its patented Advanced Rotational Molding[™] process which has revolutionized both the rotational molding and waste industry. With its new breakthrough manufacturing process,

Toter is able to mold products designs heretofore impossible for conventional rotomolders. Toter's "zero stress" molding technology produces products which offer important strength and durability advantages over "high stress" processes such as injection molding. As a result, Toter products have the lowest life cycle costs and the highest value compared to its competitors.

Toter has used Advanced Rotational Molding to develop exciting new lines of commercial, industrial, and retail products in recent years.

Toter's WorkSaver[™] Division offers the market's only line of containers and lifters which can mechanically handle all types of wastes, recyclables, and other materials for industrial, commercial, and institutional uses. Toter's WorkSaver systems help to eliminate labor costs and worker injuries, while dramatically increasing overall productivity and efficiencies in a multitude of emission waste and general material handling situations.



WorkSaver containers range in capacity from 21 gallons to 2 cubic yards, and have become standard items for prestigious customers such as U.S. Olympic sites in 1996 and 2002, new sports stadiums and convention centers, as well as plants, buildings, malls, and parks all over North America.

Most recently, Toter has adapted its proprietary product design and molding capabilities to developing innovative retail products. For example, Toter developed beautiful surface finishes for a successful line of retail planters, urns, and flower pots. More exciting retail products are being developed for future lawn and garden uses. For further information, contact Toter Incorporated at 1-800-424-0422.



Toter Incorporated - Corporate Office - 841 Meacham Road - Statesville, NC 28677 704-872-8171
 Blvd. Internacional Lot# 115 Parque Internacional CD - Cd Acuna, Coah. Mexico 611-62-277-27-20
 1980 Industrial Way - Fanger, CA 93857 209-875-7130
 800-424-0422 Printed on recycled paper.

B-180 7801



GRANITE CARTS

Greenstone

Brownstone

Graystone

Sandstone

Bluestone

- Unique granite finish hides normal cart wear and tear such as unsightly scratches and unwanted dirt.
- 10 Year non-prorated warranty.
- Advanced Rotationally Moulded™ for superior performance, durability and low life cycle costs.
- Upscale, distinctive granite finish creates higher customer/citizen approval.
- Available in 32, 48, 64 and 86 gallon sizes in Nestable, Universal or Fully-Automated designs.



Toter[®]
INCORPORATED



Ready-To-RollSM

COMPLETELY ASSEMBLED CARTS



Cutouts are shown to demonstrate nestability

- Absolutely NO additional assembly required
- Carts are nestable for maximum storage and delivery efficiency
- Available in both EVR[®] II or EVR[®] models
- Compatible with fully and semi-automated systems
- Available in sizes ranging from 32 to 105 gallons
- Optional on-route delivery available



Toter's Nestable Ready-To-RollSM carts are completely assembled at Toter's factory, eliminating the need for cumbersome and costly field assembly. With factory assembled carts from Toter, you can drastically reduce costly storage and shipping expenses while increasing delivery efficiencies to your customers.

Toter[®]
INCORPORATED



Ready-To-RollSM

REDUCE YOUR CART DELIVERY COSTS



- Reduced storage space
- Fewer delivery trips save fuel and labor
- Up to four times more carts per delivery truck load
- Carts available in 32, 48, 64, 96, and 105 gallon sizes
- Quicker, more efficient deliveries, pickups, & exchanges

Delivery of carts to your customers can involve a significant amount of labor, time, and vehicle expenses. Toter's Nestable carts can be safely stacked with wheels, stop bars, and lids fully assembled. Compared with other carts that do not feature nestability, Toter carts offer significant operational benefits.

Part	Description	Size	Load Rating	Wheels
40505	105 Gal Universal Cart	36" L x 21" W x 42" H	325 lbs./147.5 kg	10"
74906	96 Gal Nestable Cart	35" L x 25.75" W x 43.75" H	335 lbs./152.0 kg	10"
78296	96 Gal Universal/ Nestable Cart	35" L x 25.75" W x 43.75" H	335 lbs./152.0 kg	10"
74564	64 Gal Nestable Cart	31.5" L x 24" W x 41.75" H	224 lbs./101.6 kg	10"
79264	64 Gal Universal/ Nestable Cart	31.5" L x 24" W x 41.75" H	224 lbs./101.6 kg	10"
78248	48 Gal Universal/Nestable Cart	28.75" L x 23.50" W x 37.50" H	168 lbs./76.2 kg	10"
74532	32 Gal Nestable Cart	24.25" L x 19.25" W x 36.5" H	112 lbs./50.8 kg	8"

Toter[®]
 INCORPORATED

PO Box 5338
 641 Meacham Road
 Statesville, NC 28687-5338
 1-800-424-0422
 www.toter.com

D-100 04/04



ADVANCED ROTATIONAL MOLDING

STRESS

FREE

THE WORLD'S TOUGHEST CARTS

TECHNICAL SPECIFICATION COMPARISON

SPECIFICATIONS*	ADVANCED ROTATIONAL MOLDING	INJECTION MOLDING
Environmental Stress Crack Resistance	1000+ hours	Less than 50 hours
Elongation	1000%	300%
Uniform Wall Thickness	More material in critical wear areas	Yes
Sealed Stop Bar Journals	Yes - Provides 10 times the load bearing strength of drilled holes	No - Drilled holes in part wall
Flexible Part Walls	Yes - Walls give instead of breaking	No - Rigid walls crack under pressure

* Physical specifications provided by national polyethylene resin suppliers

Toter[®]
 INCORPORATED

PO Box 5338 • 841 Mescham Road • Statesville, NC 28687-5338 • 1-800-424-0422
www.toter.com

01/14



Toter Assembly & Delivery

- Toter pioneered A&D service in the US over 30 years ago
- State-of-the-art Serial Number to Address data capture with Tablets
- Typical year: 60 projects & over 1.2 million carts assembled and delivered
- Projects range from 2,000 to 700,000 carts
- The industry's largest cart manufacturing capacity ensures on-time completion of MULTIPLE, SIMULTANEOUS projects
- Complete RFID based A&D capability
 - Handheld RFID Scanners capture delivery data and manage post delivery inventory and customer service work orders
- Nestable carts speed A&D and future deliveries
- Proven service for large roll-out projects and unmatched history of on-time completion

Toter

Toter Assembly & Delivery



Using Tablets in Washington DC



Toter





References for Toter Assembly and Delivery

1- San Antonio, TX

Contact: Steven Haney

Phone # 210-207-6413

#210-260-2341

2- Austin, TX

Contact: Richard McHale

Phone # 512-974-4301

3-Corpus Christi, TX

Contact: Lawrence Mikolajczyk

Phone # 361-826-1972

4-Houston, TX

Contact: Gary Reador

Phone# 713-304-8954

See attached contractor references



13.2d Commercial and Industrial Containers

Republic procures frontloader and roll-off containers through Wastequip. Wastequip Front Load Containers (FELs) are constructed of heavy gauge steel to withstand the stress of continued use. Wastequip steel frontloader bins also feature fully welded in-seams and painted inside and out to reduce corrosion. All of Wastequip's containers meet ANSI safety specifications and standards for all haulers.



Additional features of Wastequip containers include:

Fork pockets:

- 3-way flared fork pockets protect from damage by the trucks forks and easily guides forks into the pockets
- Gussets welded to the bottom of the fork pockets help extend pocket life by providing added strength to the bottom of the pockets
- Fully welded pockets at critical stress points reduce fork damage and ensure long service life

Construction:

- Rounded bumper pads help prevent damage to the front of the container
- Floor channels are capped at both ends to prevent debris from getting inside and extend up the front and back walls to create extra support
- Fully welded no-step gusset across the top of the fork pocket provides added safety and support
- Top edges are rounded and smooth for added safety during customer loading
- Interlocking top channel frame provides added strength
- Primed inside and outside to reduce corrosion
- Painted in one of several standard colors
- Nestable 2-, 3-, and 4-yard containers reduces shipping costs and required storage space.

Republic continually repairs and refurbishes containers on an as-needed basis in San Angelo. Not once has Republic received a complaint about the condition of its containers. Wheels and lids are replaced as needed. Republic will, however, assess the condition of individual containers upon contract award, and will replace and/or refurbish containers in need to like-new condition, including painting and relabeling, within year one of the contract.



13.2e Collection Vehicles

Collection vehicle types were initially presented in *Section 13.2* along with the *Driver Activity Sequence* and benefits of the chosen equipment. All new collection vehicles will be powered by compressed natural gas (CNG). Collection vehicles by proposed scenarios which tie to Republic's *Compensation Schedules* follow.

Collection vehicle scenarios include:

- **Current Services – 2X Weekly Manual Unlimited Trash Collection**
Republic will continue the current service until the CNG fueling station is constructed and commissions and CNG collection vehicles are procured.
- **2X Weekly Automated Trash Collection with Rearloader Quarterly Bulk Collection**
If the City chooses this option, Republic will transition to a sorted system for trash with scheduled bulk collections.
- **1X Weekly Automated Trash + 1X Weekly Automated Recycling with Rearloader Quarterly Bulk Collections**
If the City chooses this option, Republic will transition to a two-cart system operated once weekly, with scheduled bulk collections.

Republic maintains its solid waste and recycling collection fleet in clean condition and in excellent repair at all times. All vehicle parts and systems are checked by maintenance staff according to Republic's established maintenance procedures and the manufacturer's recommended preventive maintenance schedule to ensure that the vehicles operate properly and safely. Republic's route drivers are required to conduct pre- and post-trip vehicle inspections as part of the daily routine in order to assure all equipment is operable and safe before use. In order to maintain a professional brand, Republic adheres to strict standards relative to equipment color and signage. All collection vehicles are washed regularly at a wash station conforming to *Best Management Practice* guidelines for non-point source pollutants.



**Lease/Operation of Sanitary Landfill + Waste Collection Services
13: Proposed Plan – Waste Collections**

Current Services: 2X Weekly Manual Trash Collection/No Bulk Waste

Line of Business	No. of Units	Vehicle Type	Make	Model	Engine	Body Model	Year
Residential/Cart Customers							
Trash	10	REL	Peterbilt	384	Cummings ISL	Heil 32 CY	2013
	Total	REL	Peterbilt	384	Cummings ISL	Heil 32 CY	2013
		REL	Peterbilt	384	Cummings ISL	Heil 32 CY	2013
		REL	Mack	GU813	Mack MP7	Heil 32 CY	2009
		REL	Mack	GU813	Mack MP7	Heil 32 CY	2009
		REL	Mack	GU813	Mack MP7	Heil 32 CY	2009
		REL	Sterling	AC	Caterpillar 3126	Heil 32 CY	2004
		REL	Int'l	7600	Caterpillar C10	Pak-Mor 25 CY	2003
		REL	Int'l	7600	Caterpillar C10	Pak-Mor 25 CY	2003
		REL	Int'l	7600	Caterpillar C10	Pak-Mor 25 CY	2003
Trash - Spares	2	REL	Peterbilt	330	Caterpillar 3126	Pak-Mor 25 CY	2001
	Total	REL	Peterbilt	330	Caterpillar 3126	Pak-Mor 25 CY	2000
Commercial FEL							
Trash	6	FEL	Mack	MRU613	Mack MP7	McNeilus 30 CY	2009
			Mack	MRU613	Mack MP7	McNeilus 30 CY	2009
			Mack	MRU613	Mack MP7	McNeilus 30 CY	2007
			Mack	MRU613	Mack MP7	McNeilus 30 CY	2007
			Mack	MR688S	Mack AI300A	McNeilus 30 CY	2006
			Mack	MR688S	Mack AI300A	McNeilus 30 CY	2006
Trash Spares	1	FEL	Mack	MR688S	Mack AI300A	McNeilus 4029 32 yard	2009
Industrial							
Roll-Off	2	Roll-Off Truck	Peterbilt	365	PACCAR Diesel	G&H 1560	2013
Roll-Off Spares	1	Roll-Off Truck	Peterbilt	365	PACCAR Diesel	G&H 1560	2013
Total Size of Fleet: 18 Frontline Collection Vehicles + 4 Spares (22% ratio frontline:spare)							
Auxiliary							
Supervisory	2	Pickup Truck	Ford	F150	V8	Truck	2006
Supervisory	1	Pickup Truck	Ford	F-250	V8	Truck	2008
Container Deliver	2	Container Rear Fork	Int'l	4300	GDT 210	Holt Fork	2007
Shop Svc Truck	2	Service	Ford	F-350	V8 Diesel	Service Body	2008



**Lease/Operation of Sanitary Landfill + Waste Collection Services
13: Proposed Plan – Waste Collections**

**2x Weekly Trash with Rearload Quarterly Bulk Collections
- Solid Waste Option 1**

Line of Business	No. of Units	Vehicle Type	Make	Model	Engine	Body Model	Year
Residential/Cart Customers							
Trash	10	FEL with Curotto Can	Peterbilt	320	Cummings ISL-G (CNG)	Heil Freedom 28 yard	2016
Spares	2	Resi ASL	Mack	MRU 613	Mack MP 7 Diesel	Heil 612 30 yard	2013
Commercial FEL							
Trash	6	FEL	Peterbilt	320	Cummings ISL-G (CNG)	Heil Freedom 28 yard	2016
Spares	1	FEL	Mack	MRU 613	Mack MP 7 Diesel	McNeilus 4029 32 yard	2009
Industrial							
Roll-Off	2	Roll-Off Truck	Peterbilt	365	Cummings ISL-G (CNG)	G&H 1560	2016
Roll-Off Spares	1	Roll-Off Truck	Peterbilt	365	PACCAR Diesel	G&H 1560	2013
Special Services							
Bulky Item Collection	1	Rearload	Peterbilt	355	Cummings ISL-G (CNG)	Heil DuraPack 5000 28 yard	2016
Bulk Collection Spares	1	Rearload	Peterbilt	384	Cummings ISL	Heil 612-3201 32 yard	2013
Support/Auxiliary							
Supervisory	2	Pickup Truck	Ford	F150	V8	Truck	2006
Supervisory	1	Pickup Truck	Ford	F-250	V8	Truck	2008
Container Deliver	2	Container Rear Fork	Int'l	4300	GDT 210	Holt Fork	2007
Shop Svc Truck	2	Shop Svc	Ford	F-350	V8 Diesel	Service Body	2008
Cart Delivery	1	Bobtail	Peterbilt		Diesel	Bobtail	2016
Total route trucks=19							
Spare trucks=5							
Spare Ratio= 26%							




**Lease/Operation of Sanitary Landfill + Waste Collection Services
13: Proposed Plan – Waste Collections**

**1X Weekly Solid Waste + Recycling with Rearload Quarterly Bulk Collections
- Solid Waste Option 2**

Line of Business	No. of Units	Vehicle Type	Make	Model	Engine	Body Model	Year
Residential/Cart Customers							
Trash	5	FEL with Curotto Can	Peterbilt	320	Cummings ISL-G (CNG)	Heil Freedom 28 yard	2016
Recyclables	5	FEL with Curotto Can	Peterbilt	320	Cummings ISL-G (CNG)	Heil Freedom 28 yard	2016
Spares	2	Resi ASL	Mack	MRU 613	Mack MP 7 Diesel	Heil 612 30 yard	2013
Commercial FEL							
Trash	6	FEL	Peterbilt	320	Cummings ISL-G (CNG)	Heil Freedom 28 yard	2016
Spares	1	FEL	Mack	MRU 613	Mack MP 7 Diesel	McNeilus 4029 32 yard	2009
Industrial							
Roll-Off	2	Roll-Off Truck	Peterbilt	365	Cummings ISL-G (CNG)	G&H 1560	2016
Roll-Off Spares	1	Roll-Off Truck	Peterbilt	365	PACCAR Diesel	G&H 1560	2013
Special Services							
Bulky Item Collection	1	Rearload	Peterbilt	355	Cummings ISL-G (CNG)	Heil DuraPack 5000 28 yard	2016
Bulk Collection Spares	1	Rearload	Peterbilt	384	Cummings ISL	Heil 612-3201 32 yard	2013
Support/Auxiliary							
Supervisory	2	Pickup Truck	Ford	F150	V8	Truck	2006
Supervisory	1	Pickup Truck	Ford	F-250	V8	Truck	2008
Container Deliver	2	Container Rear Fork	Int'l	4300	GDT 210	Holt Fork	2007
Shop Svc Truck	2	Shop Svc	Ford	F-350	V8 Diesel	Service Body	2008
Cart Delivery	1	Bobtail	Peterbilt		Diesel	Bobtail	2016
Total route trucks=19							
Spare trucks=5							
Spare Ratio= 26%							



Automated Residential Frontloader/Curatto Con Information



Automated Front Loader Model

High-end operators benefit with the Curatto-Con by successfully integrating their product automated carry out and low maintenance freedom for superior performance and results. Service into maintenance and residential waste with one fully integrated system that includes complete functionality and simplicity with the Best of Both of Curatto.

Service Lift Feature

This specialty feature is designed to allow the operator to raise the front loader 259 feet on the chassis lift while maintaining the level of the front loader. This feature allows the operator to work on our residential front loader.

CNG Integration

Choose to make your HaulTrack Freedom by converting fuel source by changing optional CNG being integrated into the body for a sleek design with no wheel dump concerns.

HOPS™ Scale System***

HOPS™ (HaulTrack Freedom System™) technology ensures rapid fueling and storage. The unit from being installed, HOPS™ incorporates fuel by making the entire front loader sit on the edge of its support base. Once the front loader is allowed to be lifted, HOPS™ allows the vehicle to be lifted to a specific level.

*** Patent pending.

- The Lightest Available Package with Heavy-Duty Performance**
Get superior heavy-duty performance in a lighter package with the HaulTrack Freedom front loader, specifically designed for even with stringent weight restrictions.
- Lightweight Durability** — The HaulTrack Freedom weighs only 15,000 pounds, which is 25% lighter than standard 18000 lbs.
- Largest Legal Payload** — The HaulTrack Freedom can carry 11,4 tons or legal payload limit 28 tons vehicle — the largest legal payload.
- Leakage Prevention** — Our “Shut-Off” hydraulic system keeps pistons secure and enables the operator to unlock and open the lidgate, and shut-off the fuel, from the safety of the vehicle cab.
- Fuel and Reliable** — A Duracore Cycle time of 20 to 25 seconds, an air cycle level of 15 to 20 seconds, and more than 11 hours of standard capacity** (based on your collect capacity) before reaching the maximum allowable weight.
- Superior Filtration** — Our 9-stage filtration system keeps oil clean and extends the life of hydraulic components. Other manufacturers use 18-micron filtration, which can allow particulate matter to damage the hydraulic system.
- Increased Maneuverability** — The HaulTrack Freedom now comes with a 20 to 25 ton yard hopper action, increasing the maneuverability of the vehicle (due to the steeper wheel base).

**The vehicle is only available with 10000 lbs of fuel.

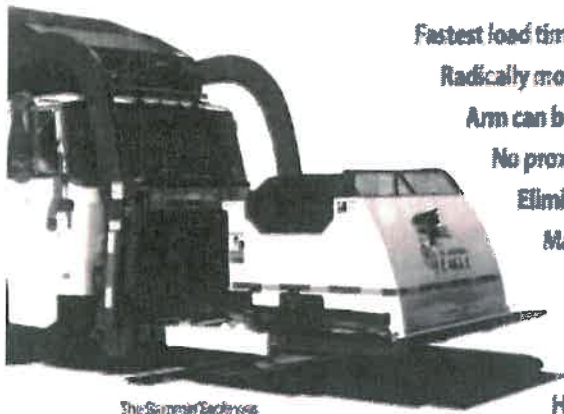




Automated Front Loader



WHY THE CUROTTO-CAN AFL IS SUPERIOR TECHNOLOGY



The Slammin' Eagle was introduced in 2009 and is the current production model

- Fastest load time - 4-5 seconds from wheel-stop-to-wheel-go
- Radically more maneuverable - 25% faster around cul-de-sacs
- Arm can be removed and replaced in two minutes
- No prox or limit switches and no logic and/or driver cards
- Eliminates cost of cart loss and damage
- Maintenance and repair done with both feet on the ground
- Utilizes the robust reliability of the front loader platform
- Eyes-always-forward operation - no looking backward, ever
- Operators can preview material before it is packed
- Hopper is 4x larger than ASL (capable of taking large bulk)
- Loads bulk material like a rear loader (eliminates chase vehicle)
- Can be used as a commercial front loader without compromise
- Never have to replace a floor from packer wear

THE STORY OF THE CUROTTO-CAN

The Curotto family has been collecting trash since the early 1920's, starting in San Francisco and then later in Sonoma CA.

1990 Early in the 1990's, dissatisfied with the available options for automated residential collection, John Sr. and John Jr. invented and patented the revolutionary Curotto-Can. Since the Curotto family also owned a hauling company, they were able to complete a number of years of on-the-route development in order to refine the design and achieve both high productivity and high reliability.

2000 In the year 2000 the groundbreaking Curotto-Can went into production and driver/operators could now look forward to collecting trash in a more productive, efficient and much safer way.

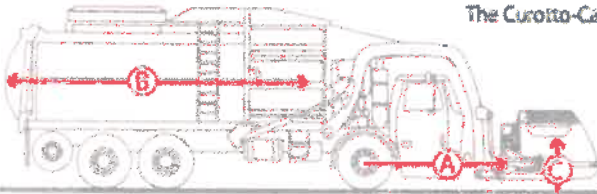
2003 Debut of the Curotto-Can II - the arm was moved to the back of the can for better weight distribution; an arm lock was added; the front was "bubbled" for greater capacity and a curb-side cutout was added.

2009 The Curotto-Can Slammin' Eagle was released - a total redesign, incorporating some 43 improvements in order make the Curotto-Can lighter, stronger, faster and quieter.

2010 Another big step forward - the Curotto-Can AFL came into being. What is an AFL? The full integration between a front loader and a detachable automated loading device through a seamless interface. Until this point the Curotto-Can had functioned as an attachment for commercial front loaders. However, the full integration at OEM level of the Curotto-Can with a residential front loader - including an autodump function and a dedicated-function dual wire hydraulic pump - heralds the advent of something quite new and revolutionary - the AFL or Automated Front Loader.



THE CUROTTO-CAN INNOVATION



The Curotto-Can has three main design innovations

- A - the arm is forward of the steering axle
- B - it utilizes the front loader platform
- C - and it has a low lift-over height

HOW DO THESE DESIGN INNOVATIONS MAKE THE CUROTTO-CAN THE PRODUCTIVITY AND PAYLOAD LEADER?

A ARM-FORWARD INCREASES COLLECTION EFFICIENCIES

Game Changing Productivity The key factor in productivity is how long a truck is stopped in front of a house for a service. The longer the loading cycle the lower the productivity. With the Curotto-Can AFL, stop time (as measured from wheel stop to wheel go) is 4-5 seconds as compared to 12-18 seconds for an ASL. Compare:

ASL: does 10 services @ 10 seconds = 100 seconds
 AFL: does 10 services @ 5 seconds + 20 second arm/fork cycle = 70 seconds

The AFL is the productivity leader



25% more



Fuel Efficiency Increases Idling and packing are big fuel burners. The example above illustrates the idling advantage of the AFL. ASLs continuously pack putting the engine under load during the entire route. AFLs pack once per hopper dump.

ASL pack cycles per day - 3,000 plus
 AFL pack cycles per day - 90-100

Less packing and idling = lower fuel consumption (up to 20% in an independent comparison).



20% greater

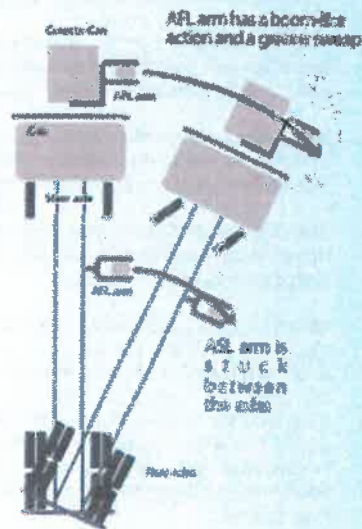
Reduced Cart Costs (from loss or damage) Consider what your company spends on carts. Cart loss and damage are accepted as the cost of doing business with automation. It doesn't have to be. AFLs never pack carts. If a cart drops into the container hopper simply and safely remove it. AFLs dump carts much lower and with a much smoother action than ASLs. This means fewer damaged lids, wheels and axles. The unique gripper design ensures no metal contacts the cart while gently applying pressure to the cart body, resulting in extended cart life. Costs from cart damage with an AFL will go to near zero.



Greater Maneuverability Because the arm is forward of the cab and steering axle it behaves like a boom. This unique feature allows the AFL arm to easily boom around parked cars and sweep old-de-sacs - up to 20% faster in an independent comparison. Better maneuverability means fewer backing events resulting in improved productivity and safer operation.



The Curotto-Can has 66" of reach.



ARM FORWARD MEANS EYES ALWAYS FORWARD

AFL means Safety The AFL is the only automated system that provides an "Eyes Forward" working environment and results in improved operator and public safety. Drivers aren't required to "rubber neck" 1,000 times a day, in contrast to ASLs, drastically reducing Repetitive Stress injury risk. Eyes Forward collection improves driver awareness and focus reducing the chance of personal property damage (mailboxes etc) and general public injury due to driver error. These inherent AFL safety benefits combined with fewer backing events make the AFL the safest choice for automation.

Contamination Mitigation The AFL is the only automated system that allows the driver to see material before it's packed. Stop contamination in any stream at its source – the curb. Identifying and safely removing contamination while recording violations ensure clean waste streams. AFL users enjoy contamination rates as low as 4% while neighboring communities using ASLs suffer 25% contamination. Clean material is a serious cost avoidance and mitigates the risk of culling, handling and disposal of contamination.



B UTILIZING THE FRONT LOADER PLATFORM

Payload Leader Simple math: more load capacity means fewer trips to the landfill. On average, ASLs have a little over 30 cu yd total capacity. By comparison, front loaders have a massive 12 cu yd hopper plus a 28 - 31 cu yd body. This translates to higher route capacity serving more homes per route – especially on single stream routes. Moving more tonnage means fewer landfill trips and lowered operating costs. AFL – the payload leader.



Fleet Optimization Front loaders have a track record of robust construction and proven reliability, durability and up time. Recently available purpose built AFLs have autodump and dedicated pumps and controls that optimize the integration to the Curotto-Can Summit Eagle. Standardizing on the AFL platform provides maximum operational flexibility, with fewer truck types. Clean ups, bulk collection, commercial FL collection, single stream and green waste can all be handled with an AFL. Because of the AFL's unmatched productivity, fewer trucks are required.

C LOW LIFT-OVER HEIGHT MEANS NO CHASING THE ROUTE



(one man - one pass) AFL

ASL (waiting for the rear loader)

Multi-Application Curotto-Can AFLs can be used on many different types of routes: residential garbage, single stream recycling, green waste, food waste, as well as "take-all" routes where the operator needs to pick up bulk items, such as furniture and appliances. Modern single-stream routes typically have a bulk requirement. The low lift-over height of the Curotto-Can AFL, plus a hopper that is 4X larger make it easy to collect oversized cardboard containers (OCC), uncarted bags and other bulk items on-the-fly. ASLs have small hopper openings, even with drop frames, and cannot take the larger items. Also AFLs have a small two-step work circle - operators can exit the cab, hand load the material and return in mere seconds. In comparison, ASLs are limited to either residential or single stream routes and typically require a rear loader to chase the route in order to pick up the bulk component.



DIMENSIONS AND SPECIFICATIONS

CONTAINER

Volume: 4.6 cu yds
 Inside height: 45.88"
 Weight: 1,500 lbs
 Floor: 14 gauge
 Side walls: 14 gauge
 Top reinforcement: (2)-3x2; 125" HSS
 Floor reinforcement: (3)-3x2; 125" HSS
 Windscreens - top: 1x1x0.10" HSS
 Windscreens - side: 3x12 flattened
 Lifting pocket: 6x3x0.25" HSS

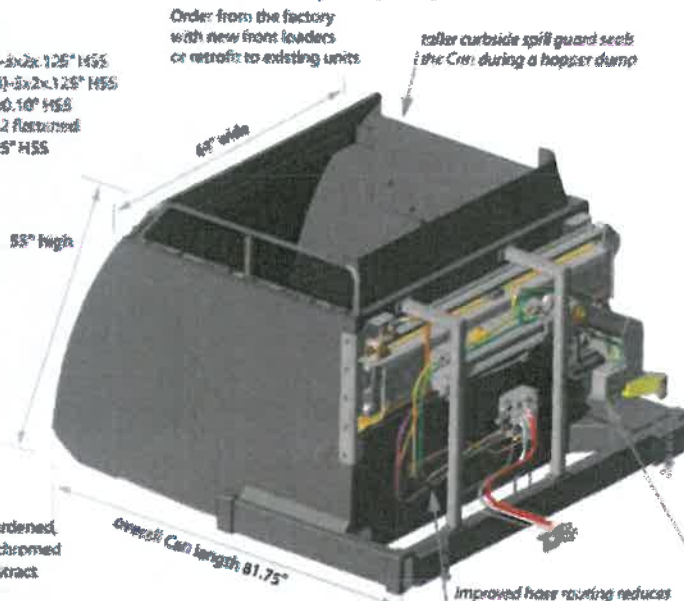
4 sec lift-dump-return cycle time
 only 14 gpm at idle
 4.6 cu yd capacity level

HYDRAULIC SYSTEM

Directional valve: electric solenoid activated, mounted on the rear of the container
 Reliefs: main relief plus adjust port relief on the grip function
 Hydraulic quick couplers: one male and one female
 Hydraulic hoses: Gates
 Flow divider: activated only by container controls and is not continuously activated
 System pressure: 2,000 psi

CYLINDERS

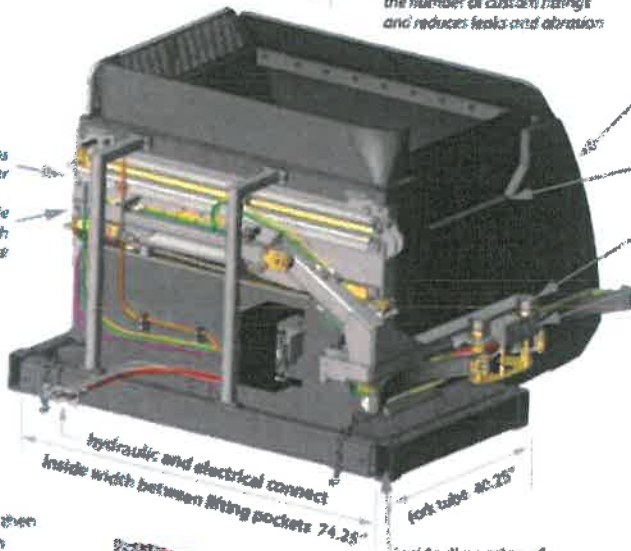
Slide cylinder
 Bore: 1.50"
 Stroke: 34"
 Shaft diameter: 1.0"
 Rod type: induction hardened, ground, polished and chromed
 Cushion: on retract
 Dump cylinder
 Bore: 2.5"
 Stroke: 14.0"
 Shaft diameter: 1.50"
 Rod type: induction hardened, ground, polished and chromed
 Cushion: extend and retract
 Grab cylinder
 Bore: 1.50"
 Stroke: 7.0"
 Shaft diameter: 1.0"
 Rod type: induction hardened, ground, polished and chromed



ELECTRICAL CONTROLS

Joystick type: electrical, single handle dual axis - slide and dump functions in thumb switch and grip/release function in handle
 Joystick cab location: curbside and/or streetside
 Curbside accessible switch bank (optional): mounts to cab interior
 Auto-retract function: ensures that the arm is in the home position before either the arms up function works or the forks extend functions

new Tinnerwell strips last 4x longer
 adjustable rollers on slide make the movement silky smooth and decrease maintenance



GRIP - RETRACT - DUMP

Can: capacity: 32 to 96 gal
 Lift capacity: 500 lbs
 Can dump angle: 45 degrees
 Horizontal traverse: 60"

PAINT

Prep: blast then degrease with pre-cleaner to remove all contamination then sanded with 80 grit paper to reduce blast amplitude
 Prime and paint: epoxy primer then sanded then top coat of exterior grade Dupont industrial polyurethane.
 Bolt-on components: degreased then sanded with powder coated with exterior grade Dupont industrial polyurethane

CYCLE TIMES - at 14 gpm

Full slide extend: 2.5 seconds
 Full slide retract: 1.5 seconds
 Dump: 2.0 seconds
 Dump return: 1.2 seconds

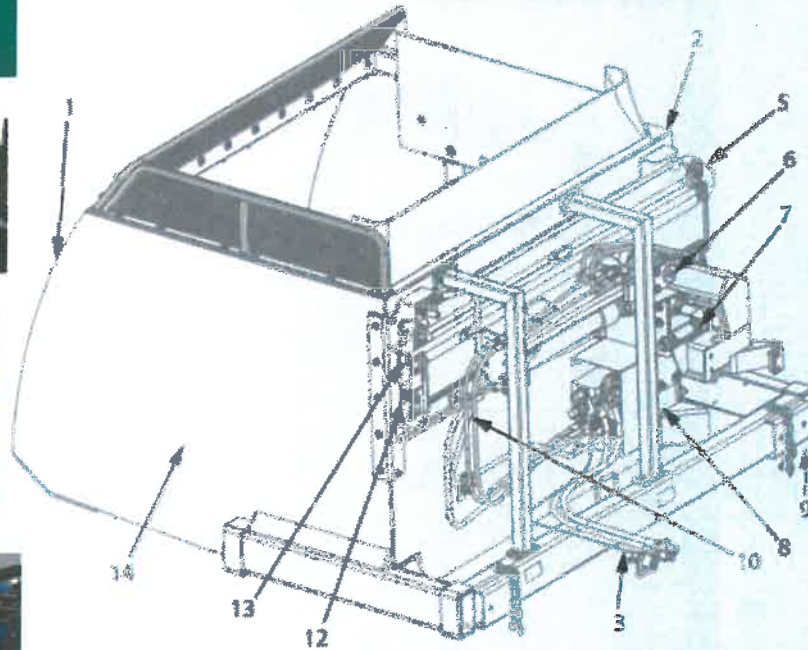
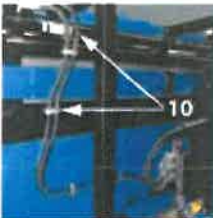
Patents: 5,639,201 & 7,210,890

MORE INFO: WWW.THECURETTOCAN.COM CALL: (707) 939-2802



IMPROVEMENTS AND INNOVATIONS

The goal of continuous improvement is enhancing customer value. At the Currito-Can we welcome customer feedback and constantly adapt our products to the growing needs our clients. The result is a better product that better matches the customer's applications and needs.



1. Smarter design and better use of materials reduces weight without compromising durability. Rounded front increases capacity and is structurally stronger

2. All edges on the container are sealed for corrosion resistance

3. Main electrical harness is ultrasonically welded together to reduce corrosion of connections

4. Improved pin construction and locking mechanism

5. Upgraded material spec to T-1 on all cylinder ear locations

6. Pivot points 4X stronger - upgraded materials provide longer wear life

7. Gravity latch: securely locks the arm into place at fifteen degrees tilt and works under full pressure on both slide and dump functions

8. Port relief on grip cylinder circuit allows adjustment of gap pressure

9. Bolt-on spacers make Cans interchangeable with any make of body

10. Improved hose routing reduces chances of scuffing, chaffing and possible rupture

11. Tighter tolerances improve durability and provide much smoother and quieter operation

12. Adjustable slide roller makes the slide movement smooth and controlled

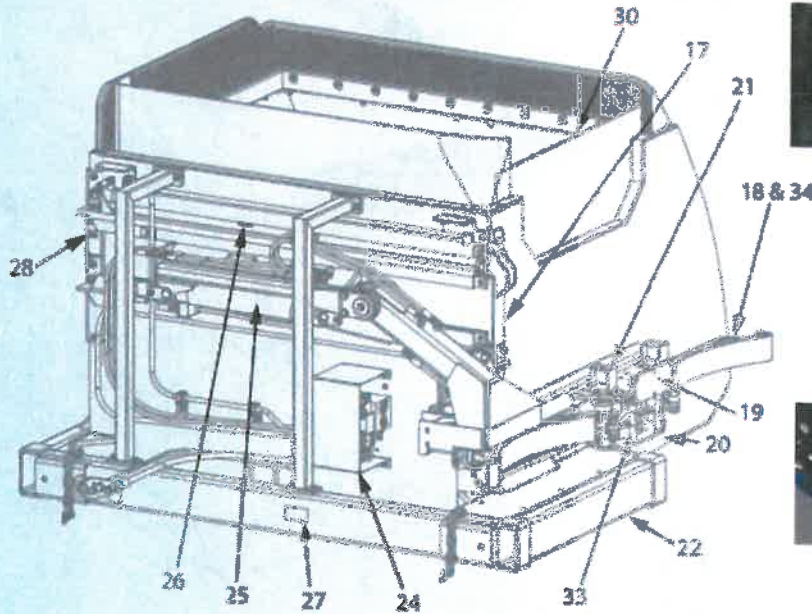
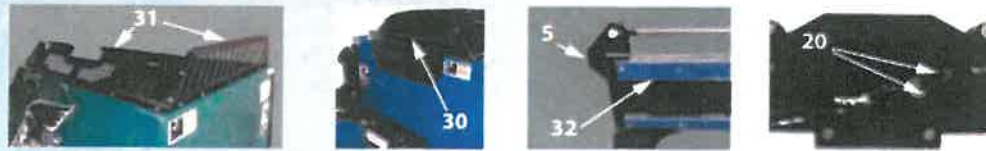
13. Press-fit sealed rollers rotate on bearings not on pin, significantly improving wear life

14. Improved paint process resulting in thicker, more durable coverage and rust prevention

15. Grade 8 bolts throughout provide better strength and improved fastening capability



PUTTING KNOWLEDGE TO WORK FOR CUSTOMER VALUE



- 16. Allen head bolts are now stainless steel
- 17. One piece slide track reduces weight and increases wear surface area
- 18. Safety yellow grippers are easier to see in low light conditions
- 19. New large pad has a lower profile and is beveled for improved clearance in the hopper and increased durability
- 20. Improvements to grease zerk access mean all lubrication can be done in the home position with boots on the ground
- 21. Covers prevent Bearing Buddies from being knocked off when carts have slipper flanges
- 22. Fork pocket is shorter which allows the Car to be spaced off fork tube, keeping the gripper head away from outside fork cylinder
- 23. Best of class hydraulic fittings used across all fitting points

- 24. Valve cover design allows easy one man removal and replacement
- 25. Improved cylinder design and materials means improved durability and smoother operation
- 26. Slide cylinder centre support prevents rod from bending at full extension
- 27. Easy access to fasteners makes protective bar removal a one man task
- 28. Toplock locking nuts are used throughout. Also eliminated are blind holes that can allow bolts to back out and subsequently loosen the pins
- 29. Radiused leading edges of slide track for better wear properties
- 30. Taller side flap seals gap and improves route cleanliness

- 31. Autocover ready laser-cut and formed windscreen replaces expanded metal for greater strength and lighter weight
- 32. Wider wear strips plus harder wear material results in 4X improved longevity
- 33. Dogbone vertical spacers material upgrade to 4140 HSS to increase overall strength
- 34. Gripper arm material upgrade to T-1 to increase strength
- 35. All pins are rustproofed where there was bare metal exposed



Stondord Frontloader Information

WASTE COLLECTION SOLUTIONS

**Mobile Refuse
Solutions That Improve
Productivity and Reduce
Total Cost of Ownership**



WASTE COLLECTION SOLUTIONS

Heil Front End Loaders

Commercial waste comprises approximately 45%—or 109 million tons—of the estimated 243 million tons of total solid waste generated annually in the United States. Heil understands the complex challenges facing commercial refuse haulers, including collecting multiple commodities, addressing overhead clearance restrictions, accessing containers in difficult locations, and staying within legal weight limits. We combine feedback from commercial customers with engineering innovations to design and manufacture front loaders that deliver the highest productivity with the lowest total cost of ownership. Count on Heil quality to make your tough commercial routes easier and more profitable.



Half-Pack®

Heil's Half-Pack has consistently delivered proven performance and continues to set the standard for front loaders. The Half-Pack is built for a long, reliable lifespan.



Half-Pack® Freedom™

Heil's Half-Pack Freedom is the lightest, most durable front loader. It's innovative load control system and lightweight components enable you to haul the largest legal payload.



Half-Pack® Freedom Automated Front Loader

Heil's Half-Pack Automated Front Loader model can transform any commercial front loader into a residential automated front load unit.

4



To view and download full product specification on these models, visit www.heil.com.



Lease/Operation of Sanitary Landfill + Waste Collection Services
 13: Proposed Plan – Waste Collections

WASTE COLLECTION SOLUTIONS



Double-Walled Hopper: High-strength, heavy gauge steel withstands the exceptional forces of the compaction cycle and ensures maximum payloads. Our exclusive double-walled hopper keeps refuse within the confines of the body and reduces corrosion for long-term durability.

Intelligent Material Selection: Use of high-strength, low-alloy steel in the right places yields a more durable, higher strength, and lower weight final product, while maintaining the standard design features that customers have grown to love about a Heil front loader.

Clamp-On Arms: Built to last, Heil's patented clamp-on arms are designed to pivot instead of break in the event of an accidental collision. If damage occurs, the clamp-on arms can be replaced in a fraction of the time required for welded or bolt-on arm styles.

Integrated Subframe: We design our front loaders with one of the most solid foundations in the industry. Cross members extend across the entire length of the floor, with interlocking longitudinal support members providing the best support for the vehicle body.

Rust Prevention: To provide long-lasting durability, Heil uses high-performance joint sealant and/or cavity coating on areas that are skip welded; in body cavities, under bolt-on components, corners and brackets; around pivot points and fasteners; and wherever gaps in materials exist and the risk of oxidation is possible. Undercoating is also standard.

Superior Finish: Heil uses only low-VOC DuPont™ Iron Elite paints to ensure a high quality, long-lasting body finish with less environmental impact. Our paint system and top-coat baking process provide better paint adhesion, increased UV protection, and impact, chemical, rust, and scratch resistance.

Aluminum Air-Assisted Cab Shield: Heil now offers an air-assisted aluminum cab shield standard on the Half/Pack® Freeder™. The cab shield not only reduces the weight of the unit, but also aids the driver in lifting the cab shield with minimal effort.

HOPS™ Scale System: Heil's Optional Payload System technology, or HOPS, ensures legal payloads in weight-critical states and protects the unit from being overloaded. HOPS accomplishes this by notifying the driver when the truck is on the verge of its weight limit. Once the unit has reached its allowable weight limit, HOPS shuts down the unit's ability to collect trash.

Shur-Lock™ Tailgate Locks: Heil's in-cab operated tailgate locking system not only keeps the payload secure, but also enables the operator to unlock and open the tailgate and discharge the payload from the safety of the cab. Reflective indicator tags, visible from the cab's mirrors, confirm when the tailgate is sealed.

Automated Front Loader Model: An automated residential pick-up option enables the Half/Pack to serve a dual-purpose use as a commercial and residential refuse collection unit.

Streetwise Hydraulics™: By moving the hydraulic valves from the front of the body to the street side, we have increased serviceability and seal life while minimizing the risk of fire in high-heat areas.

Cortex Controller™: This mobile device displays real-time data to the operator or technician about the active functions of the unit without the need for PLC input/output charts.

Alternative Fuels: All models are available with integrated CNG fueling systems for less environmental impact.

For information or to order, contact your local Heil Dealer. To find the Dealer nearest you, visit www.heil.com.



Half/Pack® Freedom

The most popular Front Loader can now carry 11+ tons of legal payload*.

As customers demand larger legal payloads without sacrificing durability and dependability, H&P engineers have done it again. By using the revolutionary Half/Pack design as the base, and substituting alternative materials such as aluminum and composites for the auxiliary body components, Half/Pack Freedom is the lightest, most durable front loader ever. It is an ideal collection unit for areas with stringent weight restrictions and for haulers who want to transport the largest legal payloads without the worry of securing overweight citations.

The Half/Pack Freedom weighs only 15,000 pounds, which is 25% lighter than a standard Half/Pack. The Freedom can carry 11+ tons of legal payload in its 28 cubic yard body — the largest legal payload — and features a 12 cubic yard vapor and an aerating capacity of 61,000 pounds. And for those haulers who want all the great features of the Freedom, plus additional maneuverability, it is available in a 30 cubic yard skin.

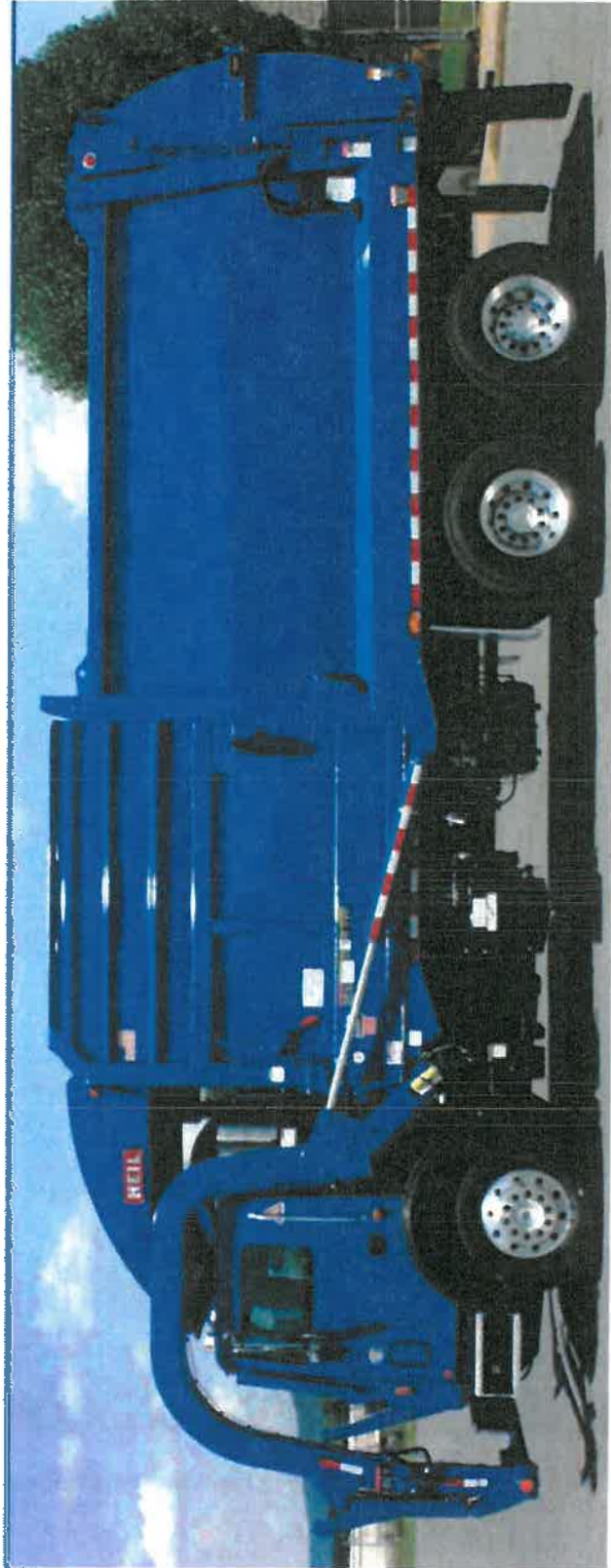
To ensure the Half/Pack Freedom maintains its long-term durability, we have added an innovative load-control system to the unit called H&P's "Optimal Payload System" or "HCPS". HCPS uses load sensors, accurate to within 1%, to determine the vehicle's gross weight.

When a driver is on route collecting materials and the gross vehicle weight nears the maximum legal weight for a given alternate weight, the exclusive, patent-pending system warns the operator with audio and visual signals inside the cab. Once the HCPS warning signals occur, the driver can continue collecting materials only until the gross vehicle weight reaches the maximum allowable weight. Then, HCPS prevents the operator from collecting any additional materials. Using HCPS, the driver always knows the weight of the vehicle without the worry of exceeding the specified maximum allowable weight.

By adding the Half/Pack Freedom to your fleet, you can not only eliminate overweight fees, but also improve fuel efficiency by up to six percent and reduce the wear by up to seven percent. In addition, the lighter vehicle weight combined with properly sized payloads can extend the life of the Half/Pack Freedom by up to four years over standard estimates.

Start realizing the benefits of the Half/Pack Freedom today. To find out more, contact your local Authorized H&P Dealer. To find the Dealer nearest you, visit www.hell.com.

*The maximum is also achievable with the 30 cubic yard skin.



13.2f *Multi-Family and Designated Non-Residential Recycling Services*

Republic will provide resources to multi-family and commercial/industrial customers through the offering of its waste/recycling assessments, follow-up, troubleshooting, monitoring, and program evaluation services. Customers will be made aware of their ability to have a free waste/recycling assessment through Initial and on-going public education materials. These waste assessments will be provided free of charge to the customer and will provide help to customers in analyzing their waste stream and waste generation rates to right-size their service and optimize use of the City's recycling program.

Throughout the contract term these assessments will also include continuous support in generating acceptance and maintaining high recycling program participation through on-site training upon request. Republic will meet with homeowner's associations, community groups, tenant groups, and employees to answer questions and train program users as to guidelines and program benefits. This on-site training is referred to as recycling technical assistance.

Understanding of the Nature of Recycling Technical Assistance

Recycling technical assistance entails:

- ✓ Rapid response and assessment of customer needs, including during non-standard business hours.
- ✓ Collaborative interaction with various stakeholders, including complex managers.
- ✓ Sensitivity to the varied cultures and languages found within multi-family complexes.
- ✓ Strong knowledge of recyclable materials.
- ✓ Strong problem-solving, analytical, and communication skills.

Materials to be Collected

Republic will collect the same single-stream recyclable materials as indicated in *Section 13.1b*. In that section, Republic's interim and long-term recycling processing plans are also provided.

Containers Used

Like commercial customers, multi-family waste and recycling collection services will be based on waste generation rates. Through Republic's outreach efforts, including waste assessments, described above, and public education initiatives, described in *13.2h* and reiterated in this section, a standard level of service that is tailored to meet the needs of each complex.

A rule of thumb for providing multi-family recycling capacity in many other markets is to place one 96-gallon cart at each enclosure/collection point within the complex as a starting point. Larger complexes without space constraints may opt for a frontloader



bin. Because Republic has a frontloader recycling route in place already, and will be initiating residential curbside recycling, Republic can accommodate either carts or bins, blending multi-family customers into either single-family or commercial recycling routes according to container type.

Multi-Family Public Education and Outreach

Republic will implement a public education effort that is tailored to multi-family customers. It is Republic's experience that multi-family recycling requires consistent outreach efforts in order to be successful.

The following components will be part of the collateral materials Republic develops for its residential customers. During the initial scoping session with the City, the City and Republic can discuss the languages in which all materials are to be printed. Republic intends to primarily use the universal language of graphic images that are captioned to effectively relay information to all.



■ **Introductory Packet**

Prior to the contract start date, multi-family landlords or on-site managers will receive an introductory packet via direct mail that contains announces program changes, key elements of the new program, the importance of recycling participation, and Republic contact information. Republic will offer to host free on-site meetings to educate tenants and answer their questions. Republic will follow-up with each individual complex by phone and/or in person to further explain the program and to enroll each complex in the program. Once a complex is completely enrolled, landlords will receive a supply of similar packets for their tenants, which can be used on-going for new move-ins. Republic will resupply landlords at no charge on an as-needed basis.

■ **Program Guidelines and Calendar**

Program guidelines will detail all necessary information that residential customers will need to know to fully participate in and comply with the City's solid waste and recycling programs. Information will include:

- Detailed list of materials that can be recycled;
- Container set-out instructions;
- Special services information (such as bulk waste);
- Annual calendar highlighting such things as Christmas tree collection and the holiday collection schedule.



- **On-Site Meetings**

As stated above, Republic will host free on-site meetings for all multi-family complexes that request them. The benefits of recycling and program guidelines will be explained and Republic will answer tenant questions. Meetings will be relaxed, friendly, and interactive.



- **Corrective Action Notice (Oops Tag)**

Corrective Action Notices are tags that drivers leave that indicate set-out concerns. These tags will be used to provide feedback to multi-family landlords and tenants. Through use of these tags, customers will be educated about recycling program do's and don'ts. Republic will closely track multi-family contamination and make personal contact with complexes to help them meet program guidelines.

- **Collection Point Signage**

Because Republic has found that educating multi-family residents at the collection point is most effective, collection point signage will be distributed at the onset of the new program. Posters will show acceptable materials colorfully and graphically.

These signs will be laminated and posted by Republic at collection points, with complex permission at the time recycling containers are deployed. Route supervisors will inspect collection points regularly to check contamination levels and ensure collection point signage is maintained. Also, Republic drivers will be asked to replace posters as needed.



13.2g Personnel Policies and Procedures

Republic and its employees maintain strict compliance with all applicable OSHA and Federal, State, and Local safety requirements while performing all work related functions. These requirements include extensive training and testing, maintaining compliance with all relevant on and off-road policies and procedures, and wearing of suitable clothing, gloves, and shoes, and so forth. Republic has very low occurrence of incidents/accidents due to its company-wide emphasis on safety, and the extensive training and on-going educational programs that Republic uses and continues to develop. Republic requires all of operations personnel to participate in extensive in house (off truck) training and testing as well as on road auditing and policy reinforcement.

- **ReSOP Program**

This training process includes on route auditing (by a Supervisor) of drivers and routes through Republic's Safety Observation Program (ReSOP). ReSOP auditors use a detailed checklist and program for identifying compliance and non-compliance with a variety of driver and helper vehicle operation and collection operation policies and procedures, with corresponding corrective action steps and follow-up actions.

- **Zero Tolerance Safety Policy**

Republic owes it to customers and employees to take a zero tolerance position with respect to company safety policies. In addition to standard disciplinary procedures or point policy enforcement of all safety rules listed in the company's "Driver, Helper, & Equipment Operator Safety Guide", the Company has developed a list of specific safety violations that, when verified, will result in an employee's immediate termination for the first offense.

While Republic and Republic's position may be stricter than some other solid waste companies when it comes to certain of the violations under its zero tolerance policy, Republic believes maintaining a zero tolerance stance will in the long term serve the best interests of customers and Republic employees on the whole. We would be pleased to answer any questions the City may have regarding the Zero Tolerance Safety Policy.

- **Safety Meetings**

Republic's Operations, Maintenance, and Risk Management departments hold weekly and monthly safety meetings and Republic maintains a performance bonus program based upon the safety records. The amount of the safety rewards are significant and have served to create a tremendous incentive for Republic employees to maintain the highest level of safety in the workplace and on City streets. Republic provides intensive safety training for all its employees to develop



on-going awareness through a combination of annual training of all supervisory personnel and monthly tailgates for all collection crews. Tailgate topics are developed based on previous accident situations, potential for an accident to occur, or subject matter required under OSHA regulation. Republic prepares well-developed tailgate sessions, provides appropriate translators to engage all employees, encourages open discussion and participation by all, and documents every session. Tailgate topics include, but are not limited to, the following:

- Injury and illness prevention/safety rules
- Back injury prevention
- Emergency response/fire safety
- Exposure control plan
- Drug and alcohol program
- Personal protective equipment
- Employee right-to-know
- Hearing conservation safety
- Lock out and tag out safety
- Slips, trips, and falls
- Confined space entry
- Workplace violence prevention

In addition, Republic vehicles are equipped with back-up cameras, LED Lighting, back-up lights, audible warning devices and yellow hazard lights that are activated when Republic's vehicle is forced to maneuver in safety sensitive areas. Republic drivers are trained to avoid congested areas and obstructions and to re-route in order to avoid these safety sensitive areas.

Safety Recognition Program

The Republic Services *Safety Recognizing Excellence* Program is designed to identify, recognize and reward safety-sensitive employees in the company who are dedicated to safety and excellence in their workplace. This program consists of two tiers that recognize and reward safety-sensitive employees who have excelled in key areas. Employee safety and excellence will be measured with six criteria which include no preventable accidents, no lost time injuries, no safety warning letters, and perfect attendance. Annually each employee who qualifies is recognized and wins an award.

■ Focus 6

Republic's *Focus 6* program delivers employees guidance, tips, and techniques on how to prevent six types of accidents that can cause the greatest amount of human tragedy and suffering for Republic employees, their families, and the people Republic serves. Several slides from a *Focus 6* presentation provide an overview, following.



What is Focus 6



- Material that properly equips the supervisor's toolbox:
 - Specialized tools
 - These specialized tools will help you reduce both claim frequency and costs in the following loss areas:

Intersections

Employee

Rear Collisions

Rollovers

Backing

Pedestrian



3

Components of Focus 6



Supervisor
Training

Monthly
Communication
Blitz

Specialized
Safety Alerts

Specialized
EORs

Defensive
Driver Training

Messages on
the DTS/DTE
Awards website

GM
Investigation
and Ownership

New Safety
Meeting Format



13



Implementation Components



- GM Execution Guide
- Monthly Implementation Time-Lines.
- Monthly GM letters introducing the Focus 6 topic for the month.
- Monthly posters.
- Weekly Pictures for each Focus 6 Topic; "What's Wrong With This Picture?" activity.
- Monthly Facilitator's Guide
- Quarterly DVD containing video training.
- Monthly Supervisor's In-Cab Talking Points
- Monthly Employee Reference Card
- Ongoing Interactive One-on-One Tailgate Meetings
- Bi-weekly Radio/Nextel broadcast messages
- Bi-weekly Safety Clips



14

The Components



Item	Benefit / Purpose
Monthly GM Memo	Introduces the monthly topic and explains the need for certain safety-related behaviors. Each memo will encourage active participation in the overall effort and will solicit employee opinions and comments.
Monthly Poster	Each month the specific theme will be presented. The poster is designed to convey a quick eye-catching message and allow the viewer to quickly disseminate the message.
Monthly Focus 6 Talking Points	A card will be distributed to each supervisor monthly. The cards serve a dual-purpose. The card is designed to support interactive discussions between the supervisor and driver. Salient questions will be used to facilitate this process. The cards will be used in both the 1 on 1 coaching sessions or the in-cab ride-along. The reverse of the card will possess 20 driver signature lines to document the interaction.



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The Components



Item	Benefit / Purpose
Weekly Photographs	A photo frame will be mounted next to the Poster where a new picture will be inserted each week. The photo frame is entitled, "What's Wrong With This Picture?" Employees will be able to look at the photograph and lift the frame reviewing the caption printed on the back. This will engage them in active participation.
Radio/Nextel Broadcast Messages	There will be 8 broadcast messages for each monthly topic (2 per week) that will remind the employees of hazards or defensive measures to prevent loss in the monthly subject.
Safety Clips	Safety clips utilize the Broadcast Messages and re-enforces them in a visual and print methodology. They can be distributed with the activity/route sheets or distributed at the Driver Briefing session. Regardless of the method of delivery each driver should have the opportunity to receive and read the safety clip with the Broadcast Message.



- Drivers' Alert System

Republic is dedicated to continually identifying and correcting unsafe behavior. All Republic drivers are monitored through the Drivers' Alert System. When any call is made by the public via a phone number and unique truck number identified on a sticker applied to the rear of each vehicle, an alert goes out to the local management, safety and Republic's President identifying the incident. The driver is then counseled and the event logged as part of Republic's driver grading system. This is a closed loop system where once action has been taken to correct the behavior of the employee a report is submitted back to the Drivers' Alert System.

- Driver Grading System

Republic uses a grading system to rate safe driver performance and to identify those drivers who require additional training and monitoring. Each month any incident or Drivers' Alert is catalogued and evaluated relative to each driver. The frequency of events determines a grade. The organization then identifies at-risk drivers and focuses employee observations, in-cab ride-a-longs and training to correct driving behavior.



Quality Control

To ensure extreme reliability and a consistently high level of customer service, Republic has a quality control program called *Driver Service Management (DSM)*.



Driver Service Management includes an extensive driver check-in process. Regular auditing of paperwork to ensure procedures are consistently and correctly followed provides another tier of monitoring. The program carries a guaranteed commitment to address and completely resolve all driver issues within seven days of discovery. Other key benefits

of this program include:

- Increased driver communication and accountability with Republic management.
- Improved documentation and resolution of driver issues.
- Improved customer service: for example, reduction in misses and accurate reporting of overages.
- Improved on-route safety.

The program is monitored and conducted by a Republic Driver Service Coordinator, whose responsibilities include:

- Conducting pre-route briefing with drivers;
- Conducting post-route briefing with drivers;
- Entering and monitoring DSM issues;
- Running and distributing reports.

Drivers are responsible for observing and recording issues while performing collection duties, and interacting with the Driver Service Coordinator during the pre- and post-route briefings and reporting issues each day.

The following Republic department managers receive daily reports from the Driver Service Coordinator each day: customer service, maintenance, operations, sales, and safety. Republic's General Manager is responsible for stepping in to expedite resolution of critical issues as necessary.

The objective of the pre-route briefing is to ensure all drivers have the necessary tools to run their routes safely, competently, and with great accuracy each day. The Driver Service Coordinator reviews the following topics during the briefing:



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- Confirms the driver is wearing the proper uniform and gear: clean uniform and personal protective equipment (PPE).
- Confirms the driver has the necessary route paperwork: sequenced route sheets and special/extra paperwork.
- Confirms the driver has completed the pre-trip vehicle inspection report (VCR).
- Expresses Company expectations that the entire route will be completed that day.

During collection activities, drivers are instructed to make notes on their route sheets throughout the day.

The objective of the post-route briefing is to collect all valuable route information from each driver. Driver Service Coordinators must complete the post-route briefing section of the *Driver Check-In* form and drivers must sign the form before clocking out each day. Topics covered are conveyed in the post-route information sheets included at the end of this section.

Finally, Driver Service Coordinators are responsible for entering new issues into Republic's computer system on the day the item is reported during the post-briefing. Issues are assigned to the appropriate department in this process. For example, customer service will receive issues such as billing concerns and questions; operations will receive issues such as poorly sequenced routes; sales will receive items such as commercial overage issues; safety will receive information pertaining to safety items such as low hanging wires or dangerous container locations; and maintenance will be forwarded issues such as container repair/replacement needs.

The Driver Service Coordinators are responsible for generating and distributing reports to the appropriate Republic managers for resolution. They are also responsible for follow-up and tracking of open items. Should an item remain open for longer than seven days, it is forwarded to the General Manager to bring matters to a quick resolution. Republic's OSC program auditor reviews all documentation and processes regularly to ensure full compliance. The following reports are issued through this program:

1. *Driver Services Issues Cover Sheets* are printed automatically each day for any route that has associated issues and is distributed to drivers along with their daily route sheets.
2. *Open Issue Reports* are run daily by department managers and includes the day's new issues.
3. *Aged Open Issue Reports* are run by the Driver Service Coordinator as needed and is intended to bring awareness to the General Manager of challenging issues that need to be closed out.
4. *Closed Issue Reports* are posted weekly in the driver break room to increase driver awareness.

Working Condition Commitments and Policies



The company's recent growth has been phenomenal, but the future for the company and its associates holds even more potential. In order to continue to grow and operate its business effectively, Republic places great importance on its human capital — the employees who have helped to bring Republic this far. The Company recognizes that its employees are the most important company asset.

Alisa Hernandez, AP Coordinator



Republic endeavors to provide the very best working conditions, including a safe working environment, competitive pay and benefits, and many opportunities for professional growth. In addition, the Company has established a range of corporate policies and programs benefiting Republic employees in order to continue Republic's tradition of excellence in creating a healthy, productive work environment for employees. Some of these policies and programs are described below.

Republic conducts its business according to the highest ethical standards. All Republic employees have a right to work in a safe environment and each employee is responsible for insuring that business is being conducted according to applicable laws and regulations and the policies of Republic.

Compliance Program

Republic designed a compliance program to help employees understand both what is expected of them and how to accomplish these expectations. The program consists of a *Compliance Program Guide* that is given to every employee, a *Code of Business Ethics and Conduct* that establishes Republic's guiding ethical principles and standards for conducting business, and *Corporate Policies* that are the specific compliance policies to which employees must adhere. This program makes compliance with high standards of business conduct mandatory for every employee. Employees are required to review the program and certify their understanding of their responsibility to abide by it. In addition, a Corporate Compliance Committee has been established to oversee and monitor the Program.

Corporate Policies

Summaries of Corporate Policies addressing working conditions include the following:



- **Alcohol and Drug Abuse**
Republic is committed to providing a safe and healthy environment with no tolerance for employees under the influence of drugs or alcohol who jeopardize the Company's commitment and may make driving, operational, or computational mistakes that may cause serious injury, death, or damage to company or public property. We perform a very important and highly visible public service. We also compete for new business in a changing and competitive market. To do this, Republic employees must perform their jobs to the best of their abilities and with a clear mind.
- **Occupational Safety and Health**
All Republic employees are expected to follow safe work practices, comply with health and safety standards, and report unsafe conditions.
- **Non-Discrimination**
It is the aim and responsibility of Republic to maintain a fully qualified staff. Republic's policy is to give equal opportunity in employment, training, compensation, promotion, termination, and other company programs without regard to race, color, religion, sex, national origin, age, disability, veteran status, marital status, gender, sexual orientation. Employees are selected from qualified potential applicants based on ability, aptitude, education, experience, reliability, skill, training, and physical ability (with reasonable accommodations) to perform the job. Employment decisions shall comply with all applicable laws prohibiting discrimination in employment including Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act of 1967, the Immigration and Nationalization Act, and any other applicable state and federal laws and regulations. Discrimination or harassment will not be tolerated from any employee, including supervisors or managers, or from any outsider dealing with Republic. Employees are expected to report such incidents immediately.
- **Sexual Harassment**
Republic's policy is to maintain a work environment free from sexual harassment. Unwelcome sexual advances, requests for sexual favors, or other forms of verbal, visual, or physical conduct of a sexual nature are unacceptable, will not be tolerated, and are expected to be reported immediately. Any employee who feels that the company has not met its obligation under the policy is urged to contact the director of human resources. An effective No-Harassment Policy depends on all employees working together to address this very important subject.
- **Wage and Hour Laws**
Republic will comply with all federal, state, and local wage and hour law requirements.

Employees are required to report promptly all known or suspected violations of the law or the program to their manager, Republic's legal department, human resources, or the Corporate Compliance Committee. Reports may be made directly or anonymously through the company's toll free AlertLine. Reports of suspected violations will be promptly and thoroughly investigated, and employees who make reports in good faith will not be subject to reprisals. To the extent permitted by law, Republic will take reasonable precautions to



maintain the confidentiality of both the person making the report as well as the person about whom the report is made.

Employees who violate the law or Republic's Program will be subject to discipline up to and including termination. Discipline is enforced in a fair and consistent manner, while the form of discipline is decided on a case-by-case basis.

Workplace Violence Prevention

Republic has a strong commitment to its employees to provide a safe, healthy, and secure work environment. Republic maintains a Zero Tolerance policy when it comes to violence in the workplace. While Republic has no intention of intruding into the private lives of its employees, it expects all employees to perform their job without violence toward any other individual and report to work without possessing weapons.

All employees are strictly prohibited from making physical, verbal, or written threats or engaging in behavior that is intimidating, threatening, harassing, coercive, abusive, or assaultive against any employee, company representative, member of the public, vendor, customer, or any individual engaged in a business relationship with Republic.

Assurances of Commitments to Labor Peace

Republic is committed to labor peace. The company believes the best and most rewarding employee-management relationship results from direct communication between employees and their management representatives. It is Republic's practice to deal directly with its employees in the areas of policies, procedures, programs, and benefits.

Benefits

One way Republic ensures labor peace is by providing appropriate company benefits to Republic employees. Republic offers a full range of benefits to non-union employees that typically includes group medical, dental, vision, and prescription drug insurance; life insurance; disability insurance; 401K retirement plan; leave of absence policies; medical leave of absence policies (for non-occupational disabilities); Family Medical Leave Act; personal leave of absence; bereavement leave; military leave of absence; jury/witness duty leave; workers disability; paid vacation; sick/personal time off; and paid holidays. Union employees receive benefits in accordance to their respective collective bargaining agreement with the Teamsters.

Job Opportunities

Another way Republic facilitates labor peace is by offering adequate opportunities for job advancement. Republic promotes and transfers employees based on its policy of equal opportunity employment. Qualified and experienced individuals who have demonstrated ability to assume greater responsibility will be considered for promotion.



During the introductory period of the new position, employees are involved in several orientation programs designed to acquaint employees with company policies and procedures, work rules, and benefits; safety procedures; and position-specific skills. The orientation programs are also designed for employees to ask questions regarding their duties and responsibilities.

During the first 90 days on the job, employees are expected to develop the necessary skills to perform the work assigned. The first 90 days are designed to give the company a fair evaluation of employees' work habits and to give employees a fair chance to demonstrate their desire to become a regular employee. Once employees complete 90 days of service, they are considered regular employees and receive credit for the time already worked.

If the job situation is not beneficial to both parties, the employee may resign or Republic may terminate or transfer the employee to another position. Union employees are governed by their specific union contract.

Performance Evaluations

It is company policy to have employee work performance evaluated on an annual basis. Evaluations also serve as a line of communication between employees and supervisors. Supervisors prepare a written evaluation and will discuss the evaluation with employees, after which the evaluation report is placed in the employee's personnel files. Republic's annual performance review process also includes self-evaluations by Republic employees.

Employee Training

Republic takes great pride in the quality, aptitude, and high employee morale of its employee base and the in-house training and personnel advancement programs that the Company maintains. Throughout this proposal, Republic discusses the various types of general training programs that it administers to its employees. Republic employee training programs generally fall into four broad categories—(a) Pre-placement, (b) Special Skills, (c) Periodic (i.e, monthly, biannual, annual, and refresher courses, etc.), and (d) Remedial.

The types and numbers of individual training procedures and programs that administered to employees, by job classification, are far too numerous to list in a proposal such as this, but the Company would be pleased to share with the City any additional information (including detailed listings of training courses and manuals) upon request. The amount of time and resources that Republic employs in the area of employee training is significant and at a level that it believes is unmatched by any of Republic's competitors. Company efforts to train and continually educate employees has translated into a higher level of employee morale, one of the best safety track record in the industry, a more productive work environment, better service to customers, a lower cost of operation, and an impeccable compliance record as a company.



With the exception of driver (on route) personnel, Republic has the distinct advantage of having virtually all of its personnel that will be servicing the City already in place. As such, Republic has existing and trained personnel that are known to management and who understand Republic systems, controls, policies, and procedures. As such, the only training that will be required for these individuals is that which is specific to this specific program. Republic only uses highly trained and qualified personnel to service its jurisdictions.

Integrity Interactive Ethics and Compliance Program

As part of Republic overall employee training program and curricula, Republic employees are required to complete a variety of web-based interactive training courses in the area of integrity, ethics, and compliance.

The following is a listing of the types of courses that employees are required to complete, with the specific courses for each covered employee being a function of the job classification and duties of the particular employee.

Integrity Interactive Ethics and Compliance Program	
Antitrust Contact with Competitors	Making the Deal (Compliance issues in Selling)
Code of Conduct	Preventing Workplace Violence
Confidentiality	Records Management
Conflicts of Interest and Gifts	Records Management
The Consequences of a Cover-Up	Respect and Responsibility
Drug-Free Workplace (Manager version)	Safety and Environment (in the Office/Non-Manufacturing)
E-Compliance	Wage and Hour (FLSA)
Financial Integrity	CodeOne
The Government as a Customer	Corporate Citizenship
Government Procurement	Preventing Harassment
Insider Trading	Recognizing Harassment
Managing within the Law	

Vehicle Maintenance and Safety

All collection equipment—both vehicles and containers—are maintained at the San Angelo hauling division offices on Hughes Street. Republic’s fleet of vehicles undergoes the most extensive preventive maintenance procedures in the industry, which leads to a safer, more efficient, and environmentally sound collection process. Company vehicles undergo rigorous preventive maintenance procedures and comprehensive pre- and post-trip inspections which exceed industry standards to ensure the highest level of performance and safety while on route and minimal downtime. These procedures, along with Republic’s route optimization program and quick disposal turn-around, translates into fewer trucks and truck time on the streets, less air and noise pollution, less wear and tear on the infrastructure, less traffic congestion on public streets, and an enhanced level of safety in the community.



Republic has a well-established vehicle maintenance program that includes tracking and recording detailed maintenance history of every piece of rolling stock. The Company keeps accurate and detailed maintenance logs—available to San Angelo City staff for inspection upon request—identifying each vehicle by identification number, date purchased, dates of routine maintenance, dates of any additional maintenance, as well as a description of the maintenance performed. A sample preventive maintenance schedule is included below. Recently, Republic has implemented a new maintenance initiative entitled *One Fleet*. Information about the program is included in an appendix located at the conclusion of this subsection.

Vehicle Inspection Reports

Key to the preventive maintenance program is daily completion of vehicle inspection reports. This is done by the collection vehicle's assigned driver, and includes both a pre- and post-trip inspection. Drivers check fluid levels, lights, tires, and other safety-related areas of their truck and indicate on the inspection report any defects or deficiencies found that day. Shop personnel review the report and check any items marked by the driver as being questionable or problematic. Mechanics then make any needed repairs before the vehicle returns to the route. Furthermore, each vehicle undergoes a thorough and comprehensive preventive maintenance inspection (PMI) every 150 hours of service. This inspection is conducted by a trained and certified brake inspector, according to USDOT requirements.

The vehicle is inspected from the top to the bottom and the front to the rear including, but not limited to: tires, air pressure, brakes, air system, safety camera system, gauges, engine, cooling system, hydraulic system, batteries, and general overall equipment operation. The vehicle is thoroughly lubricated and fluids sampled and changed if required. If repairs are needed, all priority repairs are completed prior to the vehicle being returned to service; repairs that can be scheduled to be completed at the next service. PMIs are set at different levels ranging from PMI-A to PMI-E. Each level represents a more intense inspection and/or requires different fluid levels changed, e.g. oil, hydraulic, coolant, differential, and so forth.

Equipment Safety Features

All Republic collection vehicles are equipped with the following items to assure both public and employee safety during all on-route and off-route operations:

- ABS braking system
- Rear vision camera
- Back-up alarm
- Battery disconnect
- Safety triangles
- Fire extinguisher
- Dual air horn
- Prutsmann 7 x 16" West Coast Mirrors



- Dual convex safety mirror
- Body hoist, arm, rear door warning alarms
- Rear working strobe warning light.

The back-up cameras, LED lighting, back-up lights audible warning devices, and yellow hazard lights are activated when the vehicle is forced to maneuver in safety sensitive areas, ensuring the highest level of safety on public streets. In addition, as previously stated each vehicle is equipped with a broom, shovel, spill kit, and emergency equipment to manage most incidents that may occur on-route.

Communications

Each vehicle has two-way radio and monitoring equipment for communication with Republic's office, dispatcher, customer service representatives, route supervisors, and other field personnel. Field, office, and dispatch personnel have cell phone and radio communication capabilities to maintain the highest level of access and communication with the office, dispatch, and County personnel.

Tracking and Reporting of Equipment Maintenance and Repairs

Republic's reporting system for tracking vehicle maintenance, vehicle performance, and adherence to Company policies relative to such is called *Dossier*, which enables Republic to produce weekly reports that are used by the Division Maintenance Manager to monitor performance and take appropriate action steps when necessary to enforce compliance with Company policy and procedure. Some of the maintenance-related reports the *Dossier* system produces and which are also covered in weekly maintenance and operations meetings are:

- Maintenance Cost per Vehicle Report (with high-cost trucks noted)
- Road Call Report
- Towing Report
- Drive Compliance and Error Report
- Mechanic Productivity Report
- Fuel and Meter Report
- System Code Spreadsheet Report
- Preventive Maintenance (PM) Report (with overdue PM sub-report)

Reserve Fleet

Republic maintains a reserve fleet comprised of a sufficient number of units to be used in the event that a route truck is removed from service for either routine maintenance or due to downtime for necessary repairs. If a route truck must be removed from service during the collection day, a back-up collection vehicle will be dispatched and put into service within one-half hour of the time the breakdown occurs. Service interruptions due to mechanical breakdowns on route will be further minimized since the Company's solid waste, recycling, and green waste routes are serviced by the same type of collection vehicle (identical cab,



body, engine, and capacity), which means that all trucks in the reserve fleet will be available to provide back-up for either type of service.

Vehicle Appearance

Republic maintains its solid waste and recycling collection fleet in clean condition and in excellent repair at all times. All vehicle parts and systems are checked by maintenance staff according to Republic's established maintenance procedures and the manufacturer's recommended preventive maintenance schedule to ensure that the vehicles operate properly and safely. Republic's route drivers are required to conduct pre- and post-trip vehicles inspections as part of the daily routine in order to assure all equipment is operable and safe before use. In order to maintain a professional brand, Republic adheres to strict standards relative to equipment color and signage. All collection vehicles are washed regularly at a wash station conforming to Best Management Practice guidelines for non-point source pollutants.

Environmental Stewardship

Additionally, Republic's commitment to the environment is evident in its maintenance shop practices, where everything that can be recycled, is recycled, including:

- Motor and Hydraulic Oil
- Antifreeze
- Oil, Transmission, and Fuel Filers
- Tires
- Metal Parts
- Batteries
- Brakes

One Fleet Initiative

The following initiative, excerpted from a Republic presentation, has been adopted nationwide by Republic's collection divisions, to standardize excellent maintenance policy across the Company.





OneFleet The Republic Way



March 27, 2013

OneFleet Overview



What is OneFleet?

- OneFleet impacts everything we do - "Republic Way"
 - Best-in-class fleet management system
 - Standardized procedures and consistent execution
 - Improved reliability and fleet availability
- Integrated durability tools of ensures that improvement is sustained over time
- Improves fleet reliability which impacts our ability to better service our customers.

Operating pillars

- 1 Preventive maintenance (PM)
- 2 Planning and scheduling
- 3 Workplace organization
- 4 Repair quality and training
- 5 Driver practices
- 6 Parts management

Benefits of OneFleet

- 1 Identify defects before it affects fleet reliability
- 2 All identified repairs* within 15 working days
- 3 All Shop data entered by the end of the next working day
- 4 All repairs meet or exceed published guidelines
- 5 Better vehicle inspections by the driver and 100% VCR quality (Vehicle Condition Report)
- 6 Stocking the right part when we need it

* Out of Service (OOS) items corrected before vehicle is placed back in service.



Refined Expectations for Leadership Teams



General manager	<ul style="list-style-type: none">▪ Focus on performance and fleet health and how it impacts the serviceability to its customers▪ Discuss shop performance weekly
Operation manager	<ul style="list-style-type: none">▪ Proactively promote fleet health (e.g., daily huddles, VCR quality, driver QCI of pre/post-trips)
Drivers	<ul style="list-style-type: none">▪ Follow the OneFleet pre/post-trip inspections process to identify maintenance needs and communicate the vehicles needs clearly on the VCR daily
Maintenance manager	<ul style="list-style-type: none">▪ Plan shop activities based on PM schedules and PM/VCR repairs needs.▪ Perform proactive repairs rather than reactive repairs.▪ Identify areas of technical improvement in the maintenance staff and schedule training
Maintenance supervisor	<ul style="list-style-type: none">▪ Support/coach the technicians to ensure proper repairs through QC's (Quality Control Inspections)▪ Raise shop capacity & productivity through SRT's (Standard Repair Times)
Technicians	<ul style="list-style-type: none">▪ Proactive repairs through the PM process.▪ Responsible for shop safety and cleanliness



Daily Cross-Functional Huddles

Daily scheduled meeting between maintenance and operations.

- Daily cross-functional huddles enable **RCPS (Root Cause Problem Solving)** and identifies ongoing or repeat issues.
 - Regular cross-functional meetings increases open communication.
- OM & MM attend every day; GM, Ops supervisors and Mx supervisors attend at least once per week.
 - Ensure department redundancy for sustained durability.
- In each scheduled daily meeting, discuss and perform RCPS (Root Cause Problem Solving) on:
 - Down trucks
 - Previous day's road calls
 - Current day door traffic
 - Previous days VCR quality standards



Preventative Maintenance

With solid PM consistency and quality, this will raise the reliability and availability of our fleets.

- **Reduce** truck breakdowns and increase fleet availability.
- By implementing QCs, this will raise the **Quality** and standards while allowing for coaching opportunities.
- Continue annual **PM training** for all techs.



Planning and Scheduling



*"Standardized planning and scheduling leads to increased shop capacity and/or **reduced fleet down time**"*

- **Planning preventative repairs rather than being reactive**
- **Parts management;**
 - **Are parts on hand for scheduled work**
- **Prioritize jobs to adequately meet operations needs = fleet ready at route time.**
- **Make notes on E-Blotter of tomorrows "Cross Functional Huddle" Increasing communication between maintenance and operations.**



Workplace Organization



Following the 5's process to establish and maintain a safe, clean and orderly environment not only in your shop but in the whole facility.

"A place for everything, and everything in its place..."

- ✓ **Sort**
- ✓ **Straighten**
- ✓ **Sanitize**
- ✓ **Standardize**
- ✓ **Sustain**



Is it worth it?



Repair Quality and Training



“Improved quality operating standards and establish training needs to consistent practices across our system.”

- **Quality Tech Training**
 - **Increase tech skills** through on the job training as well as formal classroom programs.
 - **Verify tech improvement** through QCI (Quality Control Inspection) process.
 - **Identify** current coaching **opportunities** and future training needs



Driver Practices



"Joint accountability and proper communication between Maintenance and Operations fosters **fewer unscheduled repairs & breakdowns!**"

- **Pre/Post-trip Inspection and VCR Quality**
 - Ensure that all issues with the trucks are identified by drivers and accurately communicated to the shop.
 - Push VCR quality to 100% and sustain.
 - Increase Ops supervisors presence in lot.
 - Perform pre/post-trip driver QCI's
- **Driver Service Management (check-in and check-out)**
 - Supervisor on duty as drivers check in and out.
 - Customer & route expectations communicated in the mornings.
 - Drivers being properly checked out at end of route verifying expectations have been met.
 - Uniforms—PPE.



Parts Management



*"Parts management is tied closely to **planning & scheduling**"*

- Parts are **on hand** for all scheduled repairs decreasing tech. down or delay time.
- Floor and all shelves in parts area are **clean and orderly.**
- Parts are staged on parts carts **in advance** of technicians arrival.



Is it worth it?



13.2h Public Education

The objective of this section is to:

- Convey to the City of San Angelo Republic's competency in developing and managing public education programs;
- Relay Republic's proposed plan for outreach during the transition period and beyond; and
- Illustrate Republic's willingness to become involved in the community, supporting City programs as a good corporate citizen.

Robert Searls, Republic's Municipal Services Manager, will provide public education and outreach support to the City of San Angelo. Robert's biography is included in *Section 12*.

All transitions and program changes require clear, practical, and friendly communication to customers. Republic has found that a consistent message repetitively delivered via a variety of mediums in an abbreviated, creative way is most effective. The following information represents a proposed plan which has been developed without benefit of input from the City of San Angelo. It is the Company's goal to create a final plan that completely satisfies City staff and officials. The proposed plan is fluid, and there is time allotted during the ramp up period for redefining and developing all plan components.

During the transition to automated waste and recycling services, Republic will hold two town hall meetings as well as communicate via newspaper and direct mail with customers on the plans and benefits to them with the change in service. This plan will even include visits to all service clubs or other organizations the city believes are important to ensure a smooth transition to automation. Following the description of public education components by generator type are some sample materials. This family of materials, which has been based on Republic's extensive interaction with the public, can be easily tailored to meet the City's preferences.

Proposed Outreach Theme

Republic believes that developing an overarching outreach theme will help revitalize the program and engage residents. During an initial scoping session with the City, Republic and City staff can discuss a theme that will appeal to residents and strengthen the program. This could be as simple as Republic's new *Two Blue Bins* campaign.

Outreach Campaign Components – Transition and Ongoing

The following collateral materials comprise the general components of Republic's public education and outreach plan, organized by generator type. Should a component be one created specifically for the transition period only, it is indicated below.



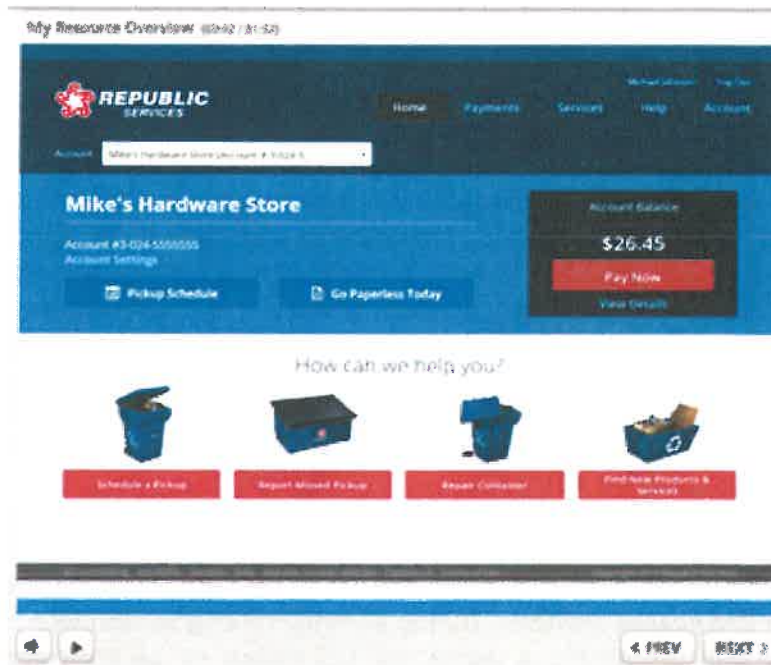
Lease/Operation of Sanitary Landfill + Waste Collection Services 13: Proposed Plan – Waste Collections

Fully Functioning Website and Web Portal – My Resource

Republic recognizes it is time to roll out a website for San Angelo customers and so will ensure San Angelo customers—residential and commercial—have access to a website to obtain general information about their services and pay bills on line. Republic will work with the City to ensure its preferences are captured.

For San Angelo, Republic will roll out a brand new feature: a web portal and self-service tool called *My Resource*. This exciting tool brings an increased level of customer service and gives customers instant access to:

- Manage their account.
- View invoices.
- Pay bills.
- Request services, increase/decrease service.
- Get assistance.



Residential Program Campaign Components

The following components will be part of the collateral materials Republic develops for its residential customers. During the initial scoping session with the City, the City and Republic can discuss the languages in which all materials are to be printed. Republic intends to primarily use the universal language of graphic images that are captioned to effectively relay information to all.



- **Introductory Packet**

Residents will receive prior to the contract start date an introductory packet via direct mail that contains announces program changes, key elements of the new program, the importance of recycling participation, and Republic contact information. The packet will also contain program how-to information (see below), which will be updated and distributed to all residential customers annually.
- **Program Guidelines and Calendar**

Program guidelines will detail all necessary information that residential customers will need to know to fully participate in and comply with the City's solid waste and recycling programs. Information will include:

 - Detailed list of materials that can be recycled;
 - Container set-out instructions;
 - Special services information (such as bulk waste);
 - Annual calendar highlighting such things as Christmas Tree collection and the holiday collection schedule.
- **Corrective Action Notice (Oops Tag)**

Corrective Action Notices are tags that drivers leave that indicate set-out problems. These tags can be used as a courtesy notice, or as a notice of non-collection when so marked. When used as a courtesy notice, the materials in question are taken, but customers are informed of the improper element of their set-out and advised of what to do to ensure a proper set-out for next collection. When used as a non-collection notice, the cart in question is not collected, and the customer is advised of the exact problem. The problem must be corrected prior to the following week's service. Although this element will not be used during the initial transition period, Republic's *Corrective Action Notice*, or *Oops Tag*, can be utilized in the manner the City prefers.
- **Recycling Container Flyer**

Republic will distribute a flyer with residential recycling containers that reiterates the advantages of the recycling program, what materials can be recycled, and container placement. Flyers will be affixed to each container.
- **Miscellaneous Materials**

Republic also keeps an inventory of miscellaneous collateral materials and promotional items, such as refrigerator magnets and coloring books for use as give-aways during festivals or other events.



Residential Brachure – Front/Back Cover



Lease/Operation of Sanitary Landfill + Waste Collection Services
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Residential Brachure – Inside



Two blue bins. One Blue Planet.

Our pick-up team will take your recycling and trash to the local transfer station. We'll separate your recycling from your trash and send it to the appropriate recycling facility. We'll also recycle your yard waste.

It's clean and easy, at a great price.

hassle-free recycling and waste disposal. We'll handle everything for you, from curbside recycling to trash pickup. We'll also handle your yard waste disposal.

Easy-to-use services*

Curbside	Yard Waste	Asbestos/Lead
Mailbox	Household Appliances	Autos
Drop-off	Business/Industrial	

*See our website for more details.



Worry-free all the way

- Reliable. We pick up on time.
- Responsible. After we pick up your recyclables, we actually recycle them – because not all companies can.

99.9%^{**}
On-time pickups (12 months)
 **As of 10/1/2013
 National average

Get started now. It's easy.

Visit RepublicServices.com/RepBlueBins

All data contained in these materials pertains to Republic Services companies.
 ©2013 Republic Services, Inc.



Residential Sample Door/Cort Hanger or Billing Insert – Front + Back

Sign up for our two-bin service at one great price now.



TWO BLUE BINS
 ONE BLUE PLANET™




One provider for all your recycling and waste needs.

Two blue bins. One Blue Planet

Your world is your home and you want it to be clean. Let us make it easy by taking care of both your recycling and waste services. It's one-stop service for you, and two bins for our Blue Planet.

Easy-to-add services*

- Bulk Items
- Yard Waste
- Composter Rental
- Shard Disposal
- Household Hazardous Waste
- Electronics Recycling
- Appliance Recycling
- And more

*Some offerings may vary by location.

Worry-free all the way

99.9%**

- Reliable. We pick up on time.
- Easy. Waste goes in one bin.
- Recyclable items go in the All-in-One Recycling™ bin – no separating required.
- Responsible. After we pick up your recyclables, we actually recycle them – because not all companies can.



Get started now. It's easy.

Request our two-bin service at one great price at RepublicServices.com/TwoBlueBins

All data compiled from materials pertains to Republic Services companies. ©2013 Republic Services, Inc.



Printed with vegetable-based ink on 55% recycled paper.



Recycling Simple Door/Curt Hanger or Billing Insert – Front + Back



We make it easy
for you to make
a difference.

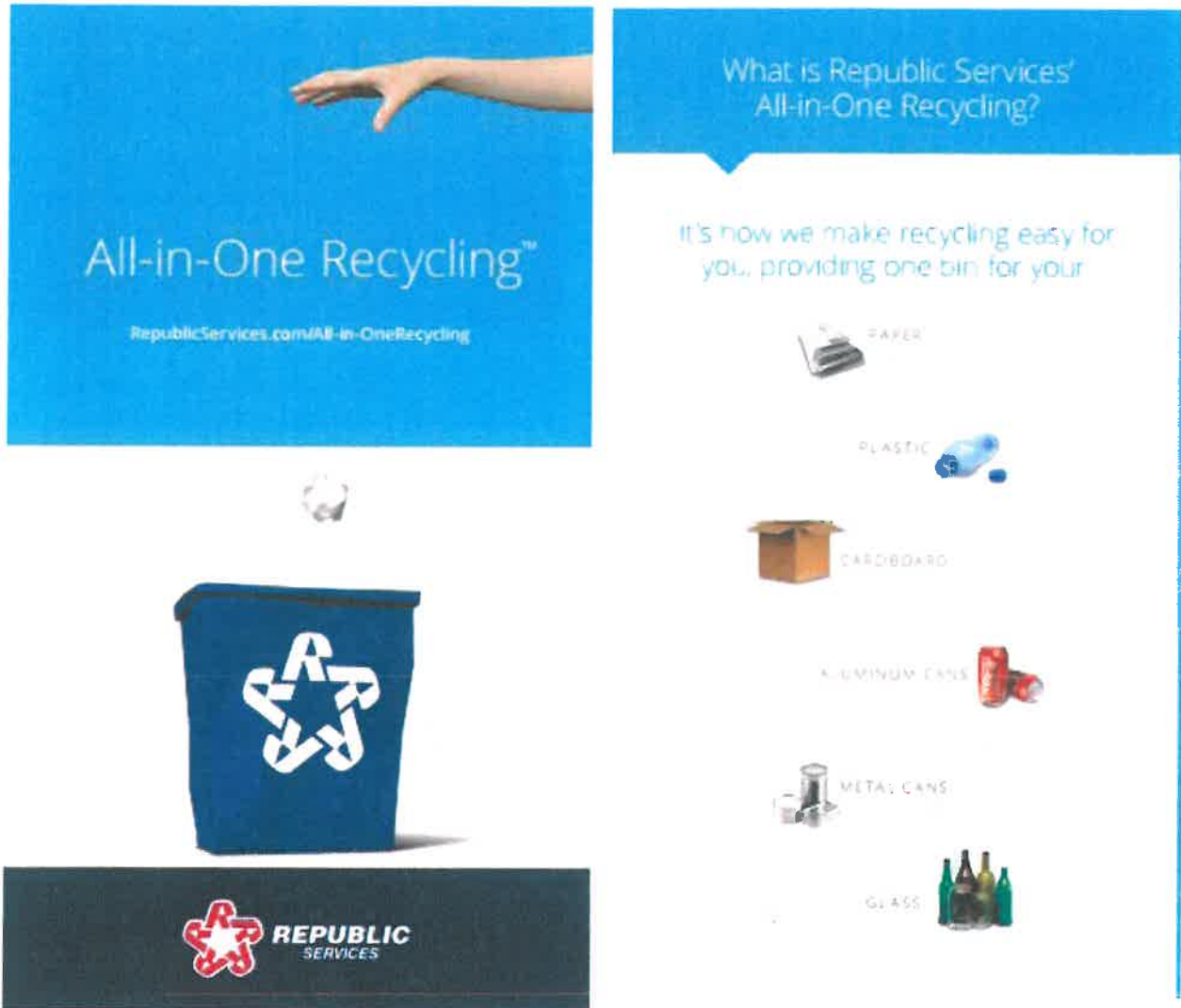
All-in-One Recycling makes recycling
easy for you – it's one bin for your:



Printed with 100% recycled paper
100% recycled paper



Recycling Brochure – Front + Inside 1



The image shows the front and inside of a recycling brochure. The front cover (left) is blue with a hand reaching out from the top right. The text on the cover reads "All-in-One Recycling™" and "RepublicServices.com/All-in-OneRecycling". Below the cover is a blue recycling bin with a white recycling symbol. The inside of the brochure (right) has a blue header with the text "What is Republic Services' All-in-One Recycling?". Below this, it says "It's how we make recycling easy for you, providing one bin for your". A list of recyclable materials is shown with corresponding images: PAPER (a stack of paper), PLASTIC (a plastic bottle), CARDBOARD (a cardboard box), ALUMINUM CANS (two aluminum cans), METAL CANS (two metal cans), and GLASS (three glass bottles).







Recycling Brochure Continued – Inside 2 + Back

Sign up today, and we'll take care of the rest.

ALL-IN-ONE

1. Provide an All-in-One Recycling bin
2. Pick up & transport recyclables
3. Sort recyclables so you don't have to
4. Keep items out of the landfill by actually recycling them, because not all companies can



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Recycle Area

Address Area

Postage



We make it easy for you to make a difference.



Postage



Commercial Program Campaign Components

Commercial generators are more receptive to recycling programs when the program is easy to use, such that staff time to manage wastes is not increased. Knowing this, Republic's auditor will emphasize this point during Republic's commercial premise audits. Additionally, the collateral materials listed below will be developed and used according to customer need, and submitted to customers during the audit process or in a subsequent mailing. Materials will be mailed if personal contact cannot be made between Republic's auditor and business managers during the audit process.

■ Informational Flyers

Republic will develop an informational flyer that includes helpful recycling tips for each of the primary business types: retail; business office; restaurant and bar; and light manufacturing. This flyer will be given to businesses that sign up for commercial recycling.

■ Rate Information

For the convenience of San Angelo businesses, a rate matrix will be developed depicting the published rates for commercial waste and recycling based on container size and frequency of service. During the audit process waste and recycling options will be presented, with a strong emphasis on recycling. Rates will be reviewed, and a starting service level selected. Republic will respond to customer requests for a review of services and rates at any time during the contract term. If the City so desires, the rate matrix can be published on the City's website.

■ Container Labels and Collection Point Signage

Overtime, either through the right-sizing process or as containers are replaced/exchanged, Republic intends to distribute new commercial dumpsters. Republic containers will be clearly labeled as to what is acceptable for disposal in its solid waste and recycling containers. Also, oftentimes businesses and multi-family premise managers request collection point signage so that employees or tenants have a continual reminder of how to properly sort materials. This is especially true where there is high turnover in businesses and multi-family properties. Republic will develop collection point signs that can be posted at collection points, such as inside enclosures, to educate employees and tenants at the point of disposal.

■ Recycling Workshops

Republic will respond to requests by businesses and homeowner associations or other groups for workshops, and will tailor workshop content to premise and customer needs.

■ Miscellaneous Collateral Materials

It has been Republic's experience that often a particular business may need specialized outreach materials, such as information flyers to post in lunch rooms, or directives to send to each employee. Republic is committed to developing such materials, as requested by customers on a case-by-case basis. Generally, if it is within the Company's power to produce an item that will make recycling programs successful, Republic will produce that item, usually in-house. Republic has a vast



Lease/Operation of Sanitary Landfill + Waste Collection Services
13: Proposed Plan – Waste Collections

library of outreach materials that it can pull materials from and customize, through the hundreds of hauling divisions it operates nation-wide.

Following is an example of a commercial brochure which belongs to the same family of materials as the residential materials presented. Again, commercial/multi-family collateral materials will be tailored to meet City preferences and programs.



Lease/Operation of Sanitary Landfill + Waste Collection Services
13: Proposed Plan – Waste Collections

Commercial Brochure – Front/Back Cover

The brochure is divided into several sections. On the left, a vertical blue bar contains the text "One provider for all your recycling and waste needs." Below this, there are icons for "The United States Recycled Materials" and "The United States Recycled Paper". The central part of the brochure features a postage meter with labels for "Postage", "Address Area", and "Barcode Area". To the right of the postage meter is a photograph of a recycling center with a large blue recycling bin in the foreground. Below the photograph, the text reads "Two blue bins. One Blue Planet™". At the bottom of the brochure, there is a dark blue bar with the text "Visit RepublicServices.com/TwoBlueBins" and the Republic Services logo.

One provider for all your recycling and waste needs.

The United States Recycled Materials
The United States Recycled Paper

Postage

Address Area

Barcode Area

Two blue bins. One Blue Planet™

Request a FREE waste assessment now

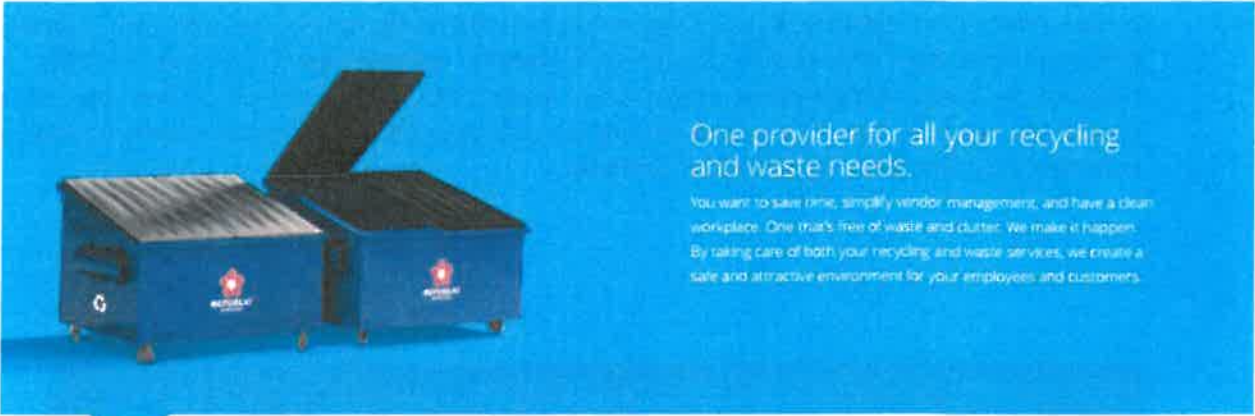
Visit RepublicServices.com/TwoBlueBins

REPUBLIC SERVICES



Lease/Operation of Sanitary Landfill + Waste Collection Services 13: Proposed Plan – Waste Collections

Commercial Brochure – Inside



One provider for all your recycling and waste needs.

You want to save time, simplify vendor management, and have a clean workplace. One that's free of waste and clutter. We make it happen. By taking care of both your recycling and waste services, we create a safe and attractive environment for your employees and customers.

Two blue bins. One Blue Planet.
Step by step, we simplify recycling and waste services.

- 1** Free Waste Assessment

How can we best address your recycling and waste needs?


- 2** Customized Service

Based on your waste assessment, we'll create a recycling plan that fits your needs.

Type and Size of bins

Frequency of pickup

We'll even load up your bins when it's more convenient for you.
- 3** Two Bin Solution

Recycling - One recycling bin allows for separating the waste so your employees don't have to.

Waste Removal with multiple pickup and responsible disposal.


- 4** Easy Account Management

Our waste management software lets you track all recycling and waste pickups. All your online service management tools are yours.

View and pay your bill

Manage email alerts

Plus all additional services.

Account

Service charges are visible online.
- 5** Clean Workplace

Our 24-hour pickup service means we have your workplace clean and clutter-free.

Free pickup of 20+ items


- 6** One Blue Planet for All

From your local office to the world, we're committed to creating a better planet for all.



Request a **FREE** waste assessment now. It's easy.

www.republicservices.com

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My Republic Rewards

Republic is excited to offer the City of San Angelo its *My Republic Rewards* program, which has proven effective in substantially engaging residents in recycling participation and garnering high diversion rates from the outset in communities where residents previously had no access to curbside recycling. The following slides, which begin below and continue on the next page, explain the program fully. The program is offered as a menu item for the City's consideration as indicated in *Section 14 – Compensation Schedule*.



Residential Recycling Presentation




republicgivesback.com


February 2014

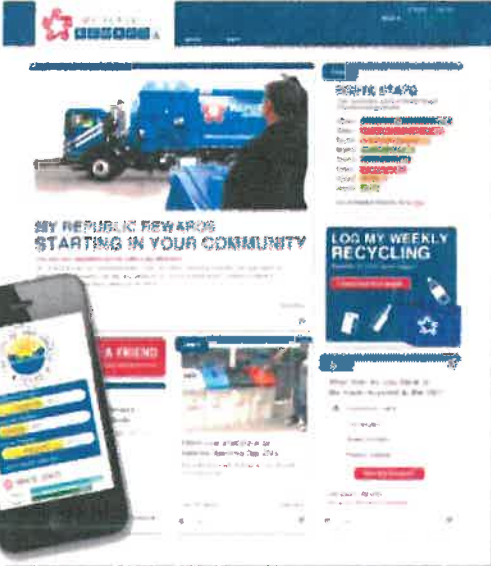


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Residential Rewards Program





MY REPUBLIC REWARDS STARTING IN YOUR COMMUNITY

LOG MY WEEKLY RECYCLING



Republic Rewards is better

Our recycling rewards program creates a unique personal and community engagement program

- Customizable, flexible platform
- Integration of immediate rewards for ALL
- Premium benefits for active participants
- Funding of civic projects via grants


Everyone is online, mobile, social

Progressive, flexible, customizable platform . . . available 24/7, when and where residents want


Proven platform

Republic Rewards Ripple Platform was conceived by a 30-year waste industry veteran in conjunction with a nationally recognized loyalty marketing firm whose proven platforms serve hundreds of clients and millions of users everyday

2



Residential Rewards Program



Community Grants

Cycle our recycling bins are one of the most compelling aspects of RRP.

Vote with your points here

Neighborhood Project


Vote on projects that benefit the neighborhood.

Nonprofit Donation

Vote on donations to local nonprofits.

School Program

Vote on school programs and supplies.



Community Grants

Residents actually do earn points, but instead of using them for rewards they pledge their points for civic projects

Active recyclers encourage friends, neighbors and social media pals to "vote" for their favorite causes. They take pride in "funding" projects like bike trails, parks or civic programs simply by recycling and sharing information.

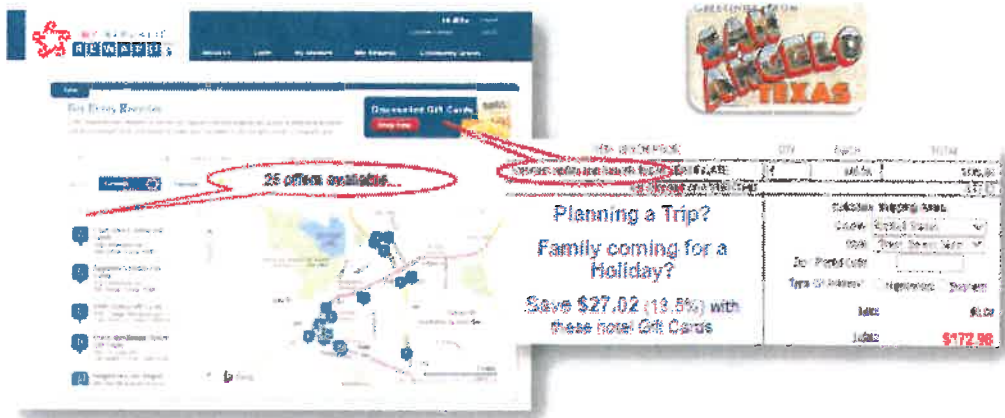
Local communities in conjunction with Republic Rewards identify causes, set points goals and establish grant amounts funded by Community Grants

3



Lease/Operation of Sanitary Landfill + Waste Collection Services
 13: Proposed Plan – Waste Collections

REPUBLIC SERVICES Residential Rewards Program REPUBLIC REWARDS



Individual Rewards

Unlimited, the only qualifier is registration.

All residential recyclers get deals, discounts, and access to major brand gift cards below retail value. No Earn & Burn required...

Premium Rewards

More activity means even better Rewards.

At the core of Republic Rewards is social sharing. Residents see trusted neighbors participating, interacting with other members, and get rewarded for social participation in multiple ways.



REPUBLIC SERVICES Residential Rewards Program REPUBLIC REWARDS

Engage Residents. Energize Communities

Republic Rewards encourages community-wide recycling, motivates social sharing and funds community projects.



Make Waves
 More residents, recycling more.
 Better for the planet.



Inclusive

Cause Ripples
 Points for recycling and more rewards for sharing.



Mobile and Immediate

Reward Everyone
 Individual Rewards and Community Grants.



Social



Lease/Operation of Sanitary Landfill + Waste Collection Services
 13: Proposed Plan – Waste Collections

REPUBLIC SERVICES Residential Rewards Program REWARDS

What Is My Republic Rewards

Introduction...


Republic Rewards is Republic Services' new Recycling Rewards Program, featuring:



<p>Individual Rewards</p>  <p>Unleashed, the only qualifier is reporting recycling activities.</p>	<p>Premium Rewards</p>  <p>More activity means even better Rewards. Residents actually do earn points. Get rewarded for social participation.</p>	<p>Community Grants</p>  <p>Residents actually do earn points. But instead of using them for rewards they pledge their points for civic projects.</p>
--	---	--

We outperform our competition by executing a superior model based on encouraging new residents to recycle, current recyclers to recycle more, and by inspiring others to join the recycling movement.

Developed by Direct Connections, Auger Marketing and Republic Services, Republic Rewards is the feature, customizable, proven technology platform behind Republic Rewards.

<p>Direct Connections</p> <p>Direct and Environmental Services creates partnership with 50 years of sales and marketing experience. The former, LLC has a deep industry knowledge with multiple successful clients in environmental recycling.</p>	<p>Auger</p> <p>Auger is made to quickly evaluate and over 400 programs in market with 200+ accounts. Auger's engagement platform reaches over 1,000,000 daily touch points. Proven technology, operations expertise, successful support.</p>	<p>REPUBLIC SERVICES</p> <p>When you add proactive recycling and industry expertise to Republic Services' ability to drive to our one-to-one service, we have been on the front of the recycling and waste recycling marketplace in the market.</p>	
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REPUBLIC SERVICES Residential Rewards Program REWARDS

Network Partners

<p>Partners</p>	<p>Employee Recognition & Incentives</p> <p>Express rewards systems including e-cards, gift cards and merchandise catalogs.</p>	<p>B2B and B2C Loyalty</p> <p>Long engagement programs, B2B channel driven, customized and comprehensive program catalogs.</p>	<p>Incentives and Channel Rewards</p> <p>Expense enablement benefits, rebate, reward savings and offers for affiliates and small businesses; (travel, hotels, insurance, checks, books, gifts, discounts, tips, and other valuable offers).</p>	<p>Fan Engagement & Monetization</p> <p>Subscribed fan programs for colleges, sports and sports franchises - building these offerings, sponsors, sends more and more assets.</p>	<p>Membership Program Service Support</p> <p>Offering Republic Rewards and services to support private club and other programs.</p>
<p>Descriptions</p>	<p>Retail Distribution Hospitality Foodservice Colleges/Universities Government Entities Utilities</p>				
<p>Client Industries</p>					
<p>Representative Clients</p>					
<p>Core Capabilities</p>	<p>1. Innovative New Product Development Building/Marketing Programs to Drive Engagement and Retain Mobile Product and Channel Development Brand Development and Positioning Membership/Life Cycle Services Small Business Engagement Initiatives Strategies that Enhance Marketing Trends</p>				



Schools Recycling Education

Republic has proposed funding for a Recycling Coordinator employed by the City (see additional information in the subsequent subsection). An excellent activity for this new employee is the delivery of public education to school age children, who are proven great recyclers and program ambassadors. Republic will make available its award winning Recycling Rosie curriculum, and will also offer use of the curriculum, as well as other resources, to the City's Recycling Coordinator and/or School District teachers. A copy of the curriculum's *Table of Contents* is provided at the conclusion of this subsection.

The full curriculum is 86 pages and provides complete lesson plans for teachers. Curriculum objectives include:

- Introduce students to solid waste management systems and problems that arise when waste is not properly managed;
- Help students learn about the cyclical nature of the environment;
- Teach the three Rs of the solid waste disposal solution (reduce, reuse, recycle); and
- Encourage students to participate in recycling programs and to create additional solutions.

The full curriculum is available at <http://www.republicservices.com/Documents/recycle-rose-education-curriculum.pdf>.

For all, including older school-aged children, there are additional resources downloadable for free from Republic Services website, including a collection of 20 environmentally-themed videos, such as *A Cereal Box Goes Full Circle*, which traces the life cycle of a cereal box from market shelf, to Republic's recycling processing facility, and back to market. *Cookie Wrapper Kite* shows creative uses for cookie wrappers, such as building a kite.

Another such video provides composting how-to information which would provide a hands-on learning experience for science teachers and students. Videos are available to watch at:

<http://www.republicservices.com/Corporate/EnvironmentEducation/recycling-videos.aspx>

Several other resources are available on Republic's website, such as

- Kids Zone
- Recycle-Bowl Competition
A notional K-12 recycling competition with rich educational materials and group activities
- Waste In Place
The flexible K-6 curriculum featuring 33 lessons on litter prevention, waste reduction, recycling, landfills, and more.
- Clean Sweep U.S.A.
A fun and engaging educational site designed to supplement middle school environmental education curriculum.



- **Toolbox for Community Change**
Offers full-color classroom posters, such as the "236 Million Tons of Trash" poster.

Republic will provide links to all of its free educational resources in its annual letter to principals at the beginning of each year.

Recycling Rosie Curriculum – Table of Contents

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Partners in Education:

A San Angelo Scholarship Program Rewarding Excellence in Education

Continuing education, training and learning are the cornerstone of our ability to compete in the global marketplace. A well-educated and experienced workforce will restore economic development and job creation. The San Angelo Independent School District in partnership with Republic Services understands that providing opportunities to achieve academic success, personal growth and training in vocational education will sustain a future of economic and intellectual growth.



The continued development, enhancement and teaching of skills and offering resources to challenge and stimulate students to establish priorities and set goals is a commitment to excellence that both the San Angelo Independent School District and Republic Services seek to accomplish with this partnership.

The goal of the Partners in Education program is to provide scholarship opportunities for students interested in pursuing both a traditional four-year university/college degree as well as advanced certification in a trade or vocational program.

Each year in March, ten eligible San Angelo high school students will each be awarded \$1,000 scholarships to continue to pursue their educational objectives. This \$10,000 annual commitment will be continued throughout the life of the contract.

Program: At the beginning of each calendar school year, the San Angelo Independent School District in partnership with Republic Services and the school district leadership will announce the Partners in Education program and the criteria for applying for the annual scholarship program.

Details of the specific evaluation methods and program requirements will be developed by the District, Republic Services and a community partner. The annual scholarship will be awarded to the students who present a written essay describing how they believe today's environment can be preserved and protected for future generations.



Republic's objective is to inspire young people to express their ideas and opinions about the subject through the power of persuasive writing. Through this essay contest, with the working title of *Living Evergreen*, three judges empanelled by the District will select ten essay winners from students entering in grades nine through 12. The winners will be recognized and awarded along with their families during a City Council public meeting.

Entries must be due on or about March 1st of each contract year.

Essay Topics: Students are challenged to answer one of the following questions.

- What steps can you take in your everyday life to enhance and maintain the environment and improve sustainability?
- What current technology and green-living practices does you and your family use today that helps improve the environment and what impacts do you think this makes on the environment?
- What future technical advancements can you imagine for solving current environmental and sustainability challenges?

Fully-Funded Recycling Coordinator

Should the City opt for automated service and so choose this initiative, Republic will fully fund a Recycling Coordinator who is an employee of the City of San Angelo. The exact job description for the position is to be created by the City. The activities of this individual will be overseen and monitored by the City. The intention is to fund an individual to assist the City in implementing recycling, as well as help to maintain and increase diversion over the contract term.

Summary

The educational elements conveyed in this section serve as a starting point for development of outreach program elements and collateral materials. These proposed elements are based on Republic's local experience, and will be designed to provide customers with the information they need in an abbreviated format that is appropriate and will appeal to the generator type in question, as well as provide good incentive for recycling. The objective of the program is to bring customers in line with the City's developing vision of sustainability with a bottom line result of increased diversion. The objective of increasing diversion cannot be met without a reasonable and ongoing effort to remind customers of their recycling options and the benefits of recycling, coupled with the necessary tools to perform recycling activities. Republic believes the above outline encompasses all the basic elements to accomplish City objectives, and is open to the evolution of these ideas prior to the initial transition period and throughout the term of the *Agreement*.



13.2i Customer Service

Republic's administrative offices, which also hold its customer service center, are located in San Angelo at Republic's operations base. Republic employs three full-time local Customer Service Representatives (CSRs) in the San Angelo Call Center.

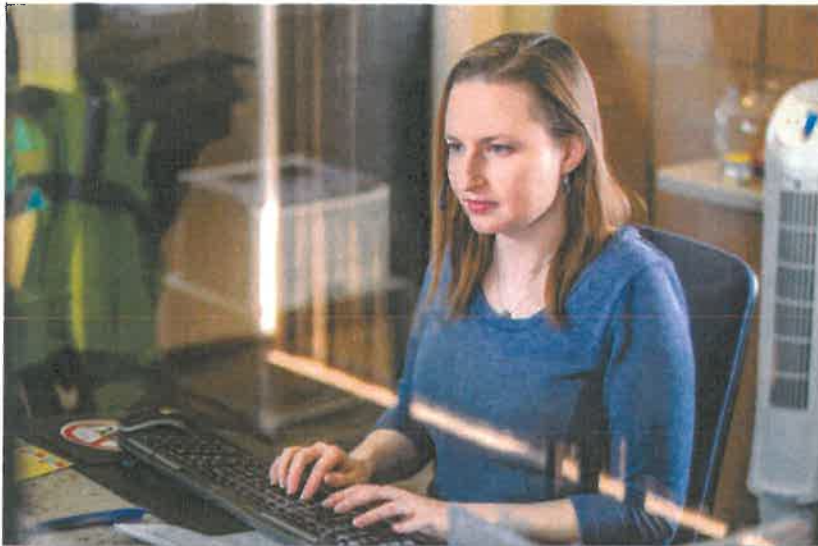
Customer Service Excellence

Delivering exceptional customer experiences is Republic's first priority; maintaining high customer satisfaction is the cornerstone of the Company's success. Republic takes pride in the efficiency of its local call center and its friendly, professional, and experienced customer service representatives. The training and ongoing development of Republic's customer service representatives strictly revolves around meeting customer needs. In fact, placing the customer first in the moment of decision is one of Republic's core priorities and it is an essential component of Republic's personnel training nationwide.

Where the Best People Come to Work

Republic strives to be the sort of company where the best people come to work; a company which attracts people who are devoted to meeting the needs of Republic

Brittany Smith, Customer Service Representative



customers every day. Republic takes pride in its ability to recruit and retain top-notch talent, the average tenure of Republic's Customer Service Representatives is six years—well above the industry average for a call center environment. Republic's CSRs go through a two-week *CustomerFirst* Training Program prior to ever taking their first phone call.



CustomerFirst Principals

Republic's customer service program is based on the following five principles, which guide Republic's daily operations and ensure consistently excellent service.

1. **Quality Personnel**

Republic employs and retains highly skilled and experienced personnel and compensates and incentivizes them accordingly.

2. **Easy Communications**

Appropriate staffing is critical to ensure easy and streamlined access to professional staff for both City residents and City staff. With a high ratio of CSRs to customers, Republic customers have as much time with Republic CSRs as is necessary to respond to any inquiry or permanently resolve any service matter. All CSRs have email access to make it easy for customers and CSRs to communicate directly, electronically.

Samantha Theriot, Dispatcher

3. **Timely One-Call Resolution**

Republic has detailed policies and procedures for its customer service systems and controls which facilitate expeditious concern resolution and follow-up. Republic's use of proven and appropriate methods, field communication, and same-day complaint resolution translates into timely and efficient response. All customer concerns are responded to within eight business hours of receiving the customer's phone call or message.



4. **The Customer is Always Right**

Republic employees are taught to give the benefit of the doubt to every customer even if the facts may imply customer error. For instance, when a customer calls about a missed collection, Republic's CSR assures them their materials will be collected promptly and thanks the customer for calling. Customers will receive a friendly reminder regarding setout times in the event the missed collection was due to a late set-out by the customer. This friendly approach generally mitigates future calls and prevents unnecessary complaints to City staff.

5. **All Republic Employees Trained in Customer Service**

To ensure a high level of quality service, every Republic employee—whether driver, administrative personnel, or manager—is trained in customer service. This ensures all customer interactions, whether internal or external, are processed efficiently,



Lease/Operation of Sanitary Landfill + Waste Collection Services
13: Proposed Plan – Waste Collections

professionally, and in a manner up to Republic standards. Employees are evaluated annually on their performance in this area. Republic's extensive training includes continuing education for CSRs and staff.

Service Standards

1. CSRs and dispatchers document all customer interactions and process service requests real-time into InfoPro, Republic's customer management system. Additional information about InfoPro capabilities, as required by the City's RFP is included at the end of this section due to the volume of material.
2. All customer complaints are resolved to the customer's satisfaction by the next business day. A closed-loop work order process must exist in all instances.
3. Clean, decaled containers and carts will be delivered on time and exactly to the customer's requirements.
4. The customer's site will be left in a clean, orderly fashion.
5. All dispatched services are completed on the day assigned with zero misses.
6. The customer service department goal is to professionally answer at least 80 percent of all incoming calls within 25-seconds of the main menu.

DS³
Customer First

DIVISION STANDARDS

CUSTOMER FIRST

REPUBLIC SERVICES

Delivery - (Commercial) - Next Business Day (Residential) - Next Scheduled Service Day

Removal - (Commercial) - Next Business Day (Residential) - Next Scheduled Service Day

Exchange - (Commercial) - 5 Days (Residential) - Next Scheduled Service Day

Extra Pickup - (Commercial) Call Before 10 am Same Day Call After Noon Next Day
(Residential) - Next Scheduled Service Day

Missed Pickup - (Commercial) Call Before 10 am Same Day Call After Noon Next Day
(Residential) - Next Day

Industrial - Next Day

In the moment of decision, put the CUSTOMER FIRST.



Customer Service Staffing

Republic recognized its CSRs play a vital role in customer satisfaction. Republic's monitoring and recording system ensures calls are answered in a courteous and professional manner, utilizing good diction and language skills. CSRs are empowered to provide solutions in order to ensure one-call resolution. Good leadership and call center management ensures the call center constantly meets its goals.

- Only one CSR is scheduled for vacation at any given time, ensuring maximum phone coverage for customers.
- Two lead CSRs, who normally are assigned to tasks off the phones, jump on phone calls to assist during periods of peak call volume.
- Temporary associates are trained two weeks in advance to new program implementation and/or enhancements to provide additional support.
- No vacations are scheduled the week before or the week of special events to ensure CSR availability to answer questions.
- A forecast model creates a call trend history, which helps the Customer Service Manager accurately predict and prepare for future call volumes.
- Republic will continue to utilize the forecasting tools described above to anticipate the number of additional temporary and full-time permanent CSRs needed to adequately provide phone coverage both during and after the implementation period.

Customer Service Training and Monitoring

Republic has developed comprehensive customer service training that has been specifically tailored to the West Texas market and even further tailored to individual communities Republic serves. There are two primary components to this training: 1) training schedule; and 2) accompanying materials and resources.

As indicated earlier, before new CSRs are allowed to handle phone calls on their own, they undergo an extensive training course that orients them to the general business, to the specific services Republic provides, and to their roles and responsibilities in meeting Republic's commitments to the County and its customers.

The training program is entitled *Element K* and includes in-depth training modules such as Building Strong Customer Relationships, and Customer Service Via Phone and E-mail, as well as Excellence in Technical Customer Service. Each module contains several components. Additionally, as indicated previously, all CSRs are monitored for their call quality, where calls are recorded, evaluated, and reviewed with management. During the review, Supervisors coach employees on soft skills including courtesy, how to be more pro-active, and one-call resolution.

This strong training foundation is pivotal to Republic's local success at achieving above-average call response and call waiting metrics. Representatives in the customer call



center in San Angelo answers 80 percent of the Division's calls within 25 seconds or less from the time the customer has selected a call routing option.

All Customer Service staff also receives quality-based performance reviews and ongoing training in the most advanced customer service techniques. Interactive training tools and resources for Customer Service Managers are located on Republic's internal website.

Procedures for Handling Common Customer Requests

When fielding a call, CSRs immediately access the customer's account information in InfoPro. The CSRs can access all pertinent information, including service address, pick-up day, rate per month, service level, and a complete history of service requests and resolution.

After determining the customer's need, the CSR will input all required information into the customer's permanent file history and, if necessary, generate an on-line automated work order. The timing for responding to these work orders will be as specified in the Collection Services Agreement.

- *If the inquiry is simply for information or clarification about Republic programs, the CSR will answer the question and close the file.*
- *If the request requires action on the part of Republic, the CSR will enter a work order for the appropriate department to address the matter, end the telephone call, and produce an online work order in InfoPro, which must be closed out within two days.*

Each time a customer calls Republic, CSRs enter inquiries and concerns into InfoPro; each call input includes date, time, customer's name and address if they are willing to provide this information, and the nature, date and manner of the resolution.

Dispatch maintains a log of all orders requiring driver action. Upon receipt of the work order needing completion that day, dispatch contacts the appropriate driver and provides instruction as to what is needed to complete the order. In addition, each driver contacts the dispatch after they've completed their assigned route. At this time, the dispatcher will relay any orders the driver needs to complete and will also advise the driver if their assistance is needed in the event of a breakdown on another route.

Depending on the nature of the customer concern, and if the issue has been flagged as a priority, the Dispatch Office radios the Supervisor in charge of the specific route in question, who in turn contacts the driver for resolution of the complaint. Republic route supervisors are in the field working in their assigned area, which enables them to meet a driver at the customer's location to resolve the issue as quickly as possible.



Drivers will document all same-day service orders on their route sheet and note each one as completed when they turn in their paperwork at the end of their shift.

Missed Pick-Ups, Late Setouts, Spills, and Litter Resulting from Collection

Although a rare occurrence, when a missed pick-up is reported, Republic's operations team takes it very seriously. The Route Supervisor completes a root cause analysis on each miss, and addresses it with the driver. Together they drill down on the incident to identify the cause and to devise a way to permanently resolve the issue. The final step is to call the customer and apologize for the driver's error and gather customer feedback. This ensures a cycle of continuous improvement.

The general procedure for addressing all customer service inquiries and concerns, is:

- Process a work order for a missed pick-up, late set out, or spills and litter resulting from collection.
- Republic's CSR will notify dispatch with specific information regarding the work order. This information, also communicated to the route supervisor, is maintained as an open work order until the route supervisor and/or driver radios back to the Dispatcher that the task has been completed.

Containers in Need of Repair, Replacement, or Exchange

Drivers are charged with reporting all containers in need of repair. Once reported, either by customer or driver, a work order is entered into InfoPro and forwarded online to the container delivery department. Then either a supervisor vehicle or a container delivery vehicle will be directed to the customer address for container delivery, which is scheduled based on the request.

Upon delivery of the container, the supervisor and/or container delivery driver will note that the container has been delivered. The work order is then closed by the operations clerk, pending sign off by the driver and supervisor.



State of the Art Telephone System

In 2008, Republic Services invested in a new state of the art Internet Protocol (IP) Telephony network, powered by Cisco Systems Inc., which included a new telephone system.

The Cisco phone system provided new and improved reporting features, including real time data thru Cisco Supervisor Desktop and Webview historical reporting. These functions are crucial to managing contact centers and play a key role in meeting metrics. Most recently the center has achieved a less than 9 second average speed of answer and an 87 percent year to date grade of service.

The new phone system also made significant improvements to monitoring capabilities and quality assurance. Leadership staff now benefit from the ability to monitor real time calls or capturing calls for coaching purposes. Previously, monitoring calls was a manual process with a digital recorder; which caused barriers between capturing and coaching. Agents at the contact center benefit from weekly coaching and quality assurance development. With Cisco monitoring features, supervisor and agent collaborate to improve overall customer experiences.

Performance Measures

Republic's customer service performance is measured by five programs:

1. Net Promoter Score (NPS) is the primary customer satisfaction and customer loyalty metric across the Company. This proven approach has been used by some of America's leading companies to better understand customer preferences, improve the customer experience, and drive growth. NPS measurement and analysis helps companies hone in on the most impactful improvements that customers demand.
2. External Secret Shopper Program
Republic hired Cicero to be third-party secret shoppers.
3. Customer Service Monitoring – Customer Service Manager
The local Customer Service Manager monitors each CSR at least once each month.
4. Customer Service Monitoring – Customer Service Supervisors
Republic Customer Service Supervisors listen in on at least five calls each month. It provides them with an opportunity to hear the types of calls coming in and ways that the supervisors can better instruct drivers – Republic's first line of customer service.
5. Customer Surveys
Key performance indicators include:
 - Service Delivery
 - Missed Pick Up
 - Extra Pick Up
 - On-Call Pick Up
 - Container Delivery, Exchange, and Removal.



This module is used by CSRs to allow easy access to almost any part of the InfoPro system so that customer inquiries can be answered expediently without a transfer to a specialist. Call in service requests are entered here.

- **Dispatch**
This module allows for daily dispatching of scheduled, permanent routes and container delivery.
- **Routing**
From the information keyed in to *Customer Maintenance*, a routing record is created based on input from Republic's routing program, Route Editor.
- **Vehicle Maintenance**
All pertinent information regarding vehicles is entered into this module, such as vehicle make, model, serial number, number of axles, axle capacity (weight distribution), engine type and number, and fuel tank capacity. Vehicle maintenance activities are recorded against the respective vehicle in this module.

InfoPro captures and uses data to produce a number of helpful reports.

Examples of InfoPro production reports include:

- Route Productivity Analysis
- Route Downtime Analysis
- Customer Service History
- Customer Service Report
- Daily Operating Summary
 - Blocked/No Service Report
 - Daily Fuel Report

Container inventory is tracked and managed in InfoPro as well. Inventory is broken down into container type, size, numbers in inventory that are available for use, number in inventory in need of repair, and number in inventory stored at a remote location. This component is automatically updated by the dispatching module as container delivery/removal routes are updated.

InfoPro also produces a number of Divisional management reports to assure each Division is meeting or exceeding performance quotas and corporate standards.

Responsiveness to City/Emergency Response

Republic will return calls to the City immediately and in any case much sooner than what is indicated in the *Agreement*. The City will be supplied with a list of emergency contact numbers from Republic to use after hours or in the event of an emergency.

Service Interruptions

Republic operates a fleet of several hundred vehicles in the North Texas area, and maintains an overall spare fleet of 17 percent, which means that in the case of



unforeseen equipment break downs or failures, spare equipment can be dispatched immediately to complete any remaining route work.

Key Personnel and Experience

These two sections appear on page 18 of *Appendix D* and duplicate information found in *Section 12*. To avoid redundancy this information is not repeated here.



Lease/Operation of Sanitary Landfill + Waste Collection Services
13: Proposed Plan – Waste Collections

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14

Compensation Schedule



Residential Collection Pricing

Sole Collection Contract	2X Week Garbage Collection 96 gallon cart:	1X Week Garbage Collection 96 gallon cart:	1X Week Single Stream Recycle Collection 96 Gallon Cart	1X Week Garbage and 1X Week Single Stream Recycle collection both with 96 Gallon Cart (combined price)
Base Rate	\$10.42*	\$8.05*	\$3.85	\$11.62*
Additional Cart Fee	\$5.00	\$5.00	\$1.25	\$ 5.00 trash, \$1.25 Recycle
Replacement Cart Fee	\$65 per cart	\$65 per cart	\$65 per cart	\$65 per cart
Bulk Waste Fee/Mo. (4X per year collection)	\$0.50	\$0.50	N/A	\$0.50

*Note: all collection rates are based on \$30/ton disposal as per the City's RFP instructions.

Combined Collection Contract and Landfill Contract (20 Yr)	2X Week Garbage Collection 96 gallon cart:	1X Week Garbage Collection 96 gallon cart:	1X Week Single Stream Recycle Collection 96 Gallon Cart	1X Week Garbage and 1X Week Single Stream Recycle collection both with 96 Gallon Cart (combined price)
Base Rate	\$10.84	\$8.59	\$3.85	\$11.82
Additional Cart Fee	\$5.00	\$5.00	\$1.25	\$ 5.00 trash, \$1.25 Recycle
Replacement Cart Fee	\$65 per cart	\$65 per cart	\$65 per cart	\$65 per cart
Bulk Waste Fee/Mo. (4X per year collection)	\$0.50	\$0.50	N/A	\$0.50



**Lease/Operation of Sanitary Landfill + Waste Collection Services
14: Compensation Schedule – Waste Collections**

<i>Combined Collection Contract and Landfill Contract (Life of Site)</i>	<i>2X Week Garbage Collection 96 gallon cart:</i>	<i>1X Week Garbage Collection 96 gallon cart:</i>	<i>1X Week Single Stream Recycle Collection 96 Gallon Cart</i>	<i>1X Week Garbage and 1X Week Single Stream Recycle collection both with 96 Gallon Cart (combined price)</i>
Base Rate	\$9.48	\$7.21	\$8.85	\$10.54
Additional Cart Fee	\$5.00	\$5.00	\$1.25	\$ 5.00 trash, \$1.25 Recycle
Replacement Cart Fee	\$65 per cart	\$65 per cart	\$65 per cart	\$65 per cart
Bulk Waste Fee/Mo. (4X per year collection)	\$0.50	\$0.50	N/A	\$0.50

Annual rate adjustments shall be applied on each anniversary date of the contract, to be based on the annual average increase of the Garbage and Trash Collection Index as published by the BLS for the previous 12 months and shall not be less than 2.5%.

Transition of Service Pricing: The price of the selected services will be implemented on the contract start date. The only exception to this is if the city selects 1X trash only service. The transitional pricing will then be \$12.98 per home per month for current services until selected services begin.

Commercial pricing follows.



**Lease/Operation of Sanitary Landfill + Waste Collection Services
14: Compensation Schedule – Waste Collections**

Commercial Collection Pricing – Standalone

Proposed Commercial Trash Rates:

<i>Collections With/Without Landfill Contract</i>	1X per week	2X per week	3X per week	4X per week	5X per week	6X per week
96 Gallon Cart	\$28.00	\$46.00	\$69.00			
2 CY Container	\$62.00	\$102.00	\$159.00	\$189.00	\$184.50	\$215.00
4 CY Container	\$99.50	\$152.50	\$229.50	\$288.00	\$301.00	\$365.00
6 CY Container	\$117.50	\$205.00	\$303.50	\$389.00	\$457.50	\$549.00
8 CY Container	\$149.00	\$258.00	\$385.00	\$484.50	\$592.50	\$707.00

Extra Pick-Up (each)

96 Gallon Cart	\$15.00
2 CY Container	\$22.50
4 CY Container	\$39.00
6 CY Container	\$45.00
8 CY Container	\$55.00

Proposed Commercial Recycle Rates:

<i>Collections With/Without Landfill Contract</i>	1X per week	2X per week	3X per week
96 Gallon Cart	\$15.00	\$30.00	\$45.00
2 CY Container	\$25.00	\$50.00	\$75.00
4 CY Container	\$45.00	\$90.00	\$135.00
6 CY Container	\$58.00	\$116.00	\$174.00
8 CY Container	\$75.00	\$150.00	\$225.00

Extra Pick-Up

96 Gallon Cart	\$12.50
2 CY Container	\$18.00
4 CY Container	\$31.00
6 CY Container	\$38.50
8 CY Container	\$47.00

Rolloff Container Rates:	Haul Rate	Delivery	Haul Rate Plus Disposal Gate Rate
20 CY Container	\$143.00	\$71.50	\$143.00 + Gate Rate
30 CY Container	\$143.00	\$71.50	\$143.00 + Gate Rate
40 CY Container	\$175.00	\$87.50	\$175.00 + Gate Rate

Notes:

- *Extra cart pricing for Commercial 96 gallon Trash Service is \$17.00 per cart.*
- *Extra cart pricing for Commercial 96 gallon Recycle Service is \$5.00 per cart.*
- *Annual rate adjustments shall be applied on each anniversary date of the contract, to be based on the annual average increase of the Garbage and Trash Collection Index as published by the BLS for the previous 12 months and shall not be less than 2.5%.*



Additional Value Added Items Associated with Republic's Proposal:

- 1) **CNG (Compressed Natural Gas) Vehicles** – CNG vehicles are included as part of Republic's service offering which require an additional investment over conventional diesel vehicles of approximately \$800,000 which will provide the City of San Angelo the opportunity to be the leader in West Texas by servicing their community with clean burning and quiet trucks.
- 2) **CNG Fueling Station** – Republic is proposing to install a CNG fueling station with a capital investment of approximately \$1.8M which the city can utilize to purchase CNG fuel at a Republic's cost plus a nominal administrative fee. The marked savings and advantages are outlined in detail in the proposal.
- 3) **"My Resource"** – Republic has recently rolled out its on-line customer service portal "My Resource" and mobile application in which the customer can access their account on-line to request service and pay their bill. This is the first and only web-based mobile application in the solid waste industry.
- 4) **Scholarships** – Republic's proposal includes sponsoring \$10,000 in scholarships per year for 10 local high schools students wishing to further their education.
- 5) **Material Recovery Facility (MRF)** - Our relationship with local and community vendors will be utilized and will provide recycling processing capabilities to meet San Angelo's need and desire to recycle. Our proposal outlines these relationships with Butts Recycling and Go Green and Recycling. Additionally, Republic will continue to fund a portion of the recycling director's salary at SAFE Recycling and provide free compactors, containers and hauls. Republic is also working in conjunction with Rivers Recycling to construct a MRF in the San Angelo market.
- 6) **One Fleet** – The San Angelo Division has implemented Republic's best-in-class fleet maintenance program. One Fleet is described in detail in the proposal.
- 7) **Local Donations** – Republic provides approximately \$150,000 in cash and services to the local community through various charitable events and organizations. In addition, Republic has spent \$1.75 million purchasing goods and services from local San Angelo businesses in the last calendar year.
- 8) **Local Customer Service** – Republic has three full time customer service representatives and one customer service supervisor that will assist both call-in and walk-in customers. These customer service representatives are San Angelo residents and know the service needs and geography of the city. Republic's customer service office is located in the City of San Angelo.
- 9) **Blue Crew** – Republic's Blue Crew consist of elite drivers, mechanics, operators and supervisors across the country that can be deployed at a moment's notice to assist in disaster relief situations. Due to the size of Republic's fleet, we can also dispatch refuse equipment to aid in these types of relief efforts. Blue Crew is described in more detail in the proposal.
- 10) **Annual E-Waste Event** - Republic will work with SAFE Recycling to staff and host a twice-yearly—spring and fall—e-waste drop off event. This will enable the City to capture additional diversion.

The following additional initiatives are presented as options for the City's consideration:

- 11) **Fully Funded Recycling Coordinator** – Republic is proposing to fully fund a recycling coordinator that will work for the city to administer and enhance public education and participation.



**Lease/Operation of Sanitary Landfill + Waste Collection Services
14: Compensation Schedule – Waste Collections**

12) Rewards Program

Republic Services is pleased to offer San Angelo an award winning incentive-based recycling program that rewards residents for their recycling efforts. My Republic Rewards dramatically increased recycling and added substantial value for residents and their communities across the United States. My Republic Rewards will enhance curbside recycling in San Angelo in order to increase recycling, provide each household with savings, and enhance recycling awareness.

13) Fleetmind – Republic offers an on-board computer system that has real time GPS tracking and routing features to enhance customer service as described in the proposal.

Compensation Schedule – Landfill Lease and Operations

The following information is included to remind reviewers of the benefits of a combined contract for landfill and waste collection. This information is copied from *Section 5*.

<i>Landfill Charges Proposal</i>	<i>Example</i>	<i>10 Yr w/Extensions</i>	<i>Life-of-Site</i>	<i>Combined Award w/Collections Contract - 10 year Landfill</i>	<i>Combined Award w/ Collections - Life of Site</i>
Municipal Tipping Fee (per ton)	\$ 25.00	\$ 40.00	\$ 35.50	\$ 40.00	\$ 35.50
County Tipping Fee (per ton)	\$ 30.00	\$ 42.50	\$ 38.00	\$ 42.50	\$ 38.00
Area Tipping Fee (per ton)	\$ 35.00	\$ 45.00	\$ 40.50	\$ 45.00	\$ 40.50
City Compensation Proposal					
Initial Lump Sum Payment	\$ 20,000,000.00	\$ 500,000.00	\$ 1,000,000.00	\$ 500,000.00	\$ 1,000,000.00
Initial Closure and Post Closure Trust Payment	\$ 20,000,000.00	\$ 4,735,000.00	\$ 4,735,000.00	\$ 4,735,000.00	\$ 4,735,000.00
Trust Payment Factor (per ton/month)	\$ 3.00	\$ 2.45	\$ 2.05	\$ 2.45	\$ 2.05
Annual Lease Payment (per year)	\$ 20,000,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
Municipal Tipping Fee Payment (per ton)	\$ 7.00	\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.25
County Tipping Fee Payment (per ton)	\$ 8.00	\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.25
Area Tipping Fee Payment (per ton)	\$ 9.00	\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.25
Remaining Airspace Purchase (per cubic yard)*	\$ 6.00	\$ 1.81	\$ 1.81	\$ 1.81	\$ 1.81

*Represents the Airspace Generated for the Construction of Cell 51A



Lease/Operation of Sanitary Landfill + Waste Collection Services
14: Compensation Schedule – Waste Collections

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15 Proof of Insurability



Willis

March 18, 2014

City of San Angelo
72 West College, P.O. Box 1751
San Angelo, Texas 76902

RE: Insurance Commitment Letter for Republic Waste Services of Texas, Ltd.
Pursuant to RFP No. ("Contractor")

Dear Sir or Madam:

On behalf of Willis of Arizona, Inc., which is an insurance broker for Contractor and its ultimate parent company, Republic Services, Inc., we are writing to express our intent to provide brokerage services related to the required insurance pursuant to RFP No. OP-10-14 for the Lease and Operation of a Sanitary Landfill and Waste Collection Department subject to any exceptions to the RFP set forth in Contractor's response to the RFP, which are as follows:

- Remove the qualifiers, as shown, regarding the identification of self-insurance - this is not applicable.
- Add "or Contractor's corporate parent" as shown in section C9.2.1.2 - Republic's cover is purchased at the corporate parent level.
- Add "or equivalent" after "workers' compensation insurance" as shown in section C9.2.1.2 and everywhere else it appears in the agreement - Republic is a registered non-subscriber to the TX Workers' Compensation Act.
- Remove the requirement that the certificate of insurance state that all applicable requirements have been satisfied - this is not verbiage that can be added to a standardized ACORD template.
- Revise the notice requirement to restrict it to notice in the event of cancellation, only, as shown - Republic's insurers have agreed to provide notice only in the event of cancellation.

Contractor has been operating the San Angelo Landfill since 2004, and the policies that the City requires have been in place for over ten years. In our capacity as the insurance broker for the Contractor and its ultimate parent, Republic Services, Inc., we will work with the Contractor and its ultimate parent, Republic Services, Inc., to arrange for the policies to remain in place if Contractor is awarded the work under the RFP.

Willis of Arizona, Inc.
16220 N. Scottsdale Road, Suite #500
Scottsdale, AZ 85254





March 18, 2014

City of San Angelo
72 West College, P.O. Box 1751
San Angelo, Texas 76902

RE Insurance Commitment Letter for Republic Waste Services of Texas, Ltd. Pursuant to RFP No. ("Contractor")

Dear Sir or Madam:

On behalf of Contractor and its ultimate parent company, Republic Services, Inc., we are writing to express our intent to provide the required insurance pursuant to RFP No. OP-10-14 for the Lease and Operation of a Sanitary Landfill and Waste Collection Department subject to any exceptions to the RFP set forth in Contractor's response to the RFP, which are as follows:

- Remove the qualifiers, as shown, regarding the identification of self-insurance - this is not applicable.
- Add "or Contractor's corporate parent" as shown in section C9.2 1.2 - Republic's cover is purchased at the corporate parent level.
- Add "or equivalent" after "workers' compensation insurance" as shown in section C9.2 1.2 and everywhere else it appears in the agreement - Republic is a registered non-subscriber to the TX Workers' Compensation Act.
- Remove the requirement that the certificate of insurance state that all applicable requirements have been satisfied - this is not verbiage that can be added to a standardized ACORD template.
- Revise the notice requirement to restrict it to notice in the event of cancellation, only, as shown - Republic's insurers have agreed to provide notice only in the event of cancellation.

Contractor has been operating the San Angelo Landfill since 2004, and the policies that the City requires have been in place for over ten years. We intend for the policies to remain in place if Contractor is awarded the work under the RFP, and have attached the requested Certificate of Insurance.

If you have any questions or concerns, please feel free to contact me at 480-627-2218.

Sincerely,



Robert Vryhof
Vice President, Risk Management

Enclosure



Lease/Operation of Sanitary Landfill + Waste Collection Services
15: Proof of Insurability – Waste Collections

[552.136]



CERTIFICATE OF LIABILITY INSURANCE

Page 1 of 2

DATE (MM/DD/YYYY)
02/23/14

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER CANNON COCHRAN MANAGEMENT SERVICES, INC. 17015 N. SCOTTSDALE RD. SCOTTSDALE, AZ 86258		CONTACT NAME: PHONE (A/C No. Ext): FAX (A/C No. Ext): EMAIL ADDRESS:	
INSURER REPUBLIC SERVICES, INC. 16500 N. ALLEN WAY PHOENIX, AZ 85044		INSURER(S) AFFORDING COVERAGE INSURER A: OLD REPUBLIC INSURANCE COMPANY 26147 INSURER B: ILLINOIS UNION INSURANCE COMPANY 27300 INSURER C: NATIONAL FIRE & MARINE INSURANCE COMPANY 28079 INSURER D: INSURER E: INSURER F:	

COVERAGES CERTIFICATE NUMBER: 387764 REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSTR	TYPE OF INSURANCE	ADOL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> <input type="checkbox"/> GENL AGGREGATE LIMIT APPLIES PRE: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC			[REDACTED]	06/28/2013	06/30/2014	EACH OCCURRENCE \$ 5,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 5,000,000 USD EXP (Any act period) PERSONAL & ADV INJURY \$ 5,000,000 GENERAL AGGREGATE \$ 5,000,000 PRODUCTS-COMP/OP AGG \$ 5,000,000
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input checked="" type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS <input type="checkbox"/> <input type="checkbox"/>			[REDACTED]	05/26/2013	05/30/2014	COMBINED SINGLE LIMIT (Ea accident) \$ 5,000,000 BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input type="checkbox"/> RETENTION \$			[REDACTED]			EACH OCCURRENCE AGGREGATE
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETARY/EMPLOYERS' COMPENSATION (Mandatory in US) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	[REDACTED]	06/28/2013 06/28/2013 06/28/2013	06/30/2014 06/30/2014 06/30/2014	<input checked="" type="checkbox"/> STATUTORY LIMITS <input type="checkbox"/> OTHER EL BATH ACCIDENT \$ 3,000,000 EL DISEASE -EA EMPLOYEE \$ 3,000,000 EL DISEASE -POLICY LIMIT \$ 3,000,000
B	POLLUTION LEGAL LIABILITY:			[REDACTED]	06/28/2013	06/30/2014	\$25,000,000 Per Occurrence \$25,000,000 Aggregate

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
 Division Number: 3439 - Named insured includes: Republic Waste Services of Texas, Ltd. - Dae: Temporary Service Housing

CERTIFICATE HOLDER City of San Angelo PO Box 1751 72 West College San Angelo, TX 76902-1751 United States	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE
---	--



16 Letter of Credit



As per *Appendix D, §D.12 – Financial Security – Irrevocable Letter of Credit*, Republic will, within fifteen days following the contract date provide and maintain in force for the term of the Lease an irrevocable, direct pay Letter or Letters of Credit—or other equally acceptable and mutually agreed upon financial instrument in substantially the form shown in the *Lease* as financial security for its true and faithful performance of the *Lease*.



Lease/Operation of Sanitary Landfill + Waste Collection Services
16: Letter of Credit – Waste Collections

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17

Sample Contract



Sample Contracts—both for lease and operation of the landfill and for waste collection are included with this submittal under separate cover. Please see envelope marked *Sample Contracts*.



Lease/Operation of Sanitary Landfill + Waste Collection Services
17: Sample Contract – Waste Collections

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18

Litigation Disclosure



This information was submitted under separate cover due to its sensitivity. Please see the appropriately marked box(es).



Lease/Operation of Sanitary Landfill + Waste Collection Services
18: Litigation Disclosure – Waste Collections

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**Signature Page, Attachment C
To be submitted with Respondent's Proposal as TAB 19**

The undersigned certifies that (s)he is authorized to submit this proposal on behalf of the entity named below:

Republic Waste Services of Texas LTD
a Texas Limited Partnership
Respondent Entity Name

NA
Co Respondent Entity Name


Signature

Signature

Keith Cardeman
Printed Name

Printed Name

Area President
Title

Title

By signature(s) above, Respondent(s) agrees to the following:

1. If Respondent is a corporation, Respondent will be required to provide a certified copy of the resolution evidencing authority to enter into the contract, if other than an officer will be signing the contract.
2. If awarded a contract in response to this RFP, Respondent will be able and willing to comply with the insurance and indemnification requirements set out in RFP Appendix C and Appendix D.
3. If awarded a contract in response to this RFP, Respondent will be able and willing to comply with all representations made by Respondent in Respondent's proposal and during Proposal process.
4. Respondent has fully and truthfully submitted a Litigation Disclosure form with the understanding that failure to disclose the required information may result in disqualification of proposal from consideration.
5. Respondent agrees to fully and truthfully submit a Respondent Questionnaire and understands that failure to fully disclose requested information may result in disqualification of proposal from consideration or termination of contract, once awarded.
6. To comply with the City's Ethics Code, particularly Section 2-61 that prohibits a person or entity seeking a City contract - or any other person acting on behalf of such a person or entity - from contacting City officials or their staff prior to the time such contract is posted as a City Council agenda item. The undersigned firm submits the following information (the RFP submitter) in response to that Request for Qualifications (as amended by any Addenda), issued by the City of San Angelo, Texas ("City") to perform Professional Services for Historical Site Development. Enclosed and by this reference incorporated herein and made a part of this RFP are the following:
 7. Completed Conflict of Interest and the Department 6 Suspense forms.
8. Respondent understands that they are responsible for calling the City or checking the City's website to determine if any addendums have been issued.
9. Respondent also understands that the City is not bound to select any firm for the final pre-qualified list and may reject any responses submitted.
10. Respondent further understands that all costs and expenses incurred by it in preparing this RFP and participating in this process will be borne solely by the firm, and that the required materials to be submitted will become the property of the City and will not be returned.
11. City will not be responsible for any errors, omissions, inaccuracies, or incomplete statements in this RFP. Firm accepts all terms of the RFP submitted process by signing this letter of interest and making the RFP submitter.
12. This RFP shall be governed by and construed in all respects according to the laws of the State of Texas.

THIS FORM MUST BE RETURNED WITH THE PROPOSAL



CERTIFICATE OF SECRETARY

The undersigned, Secretary of Republic Waste Services of Texas GP, Inc., a Delaware corporation (the "Company"), in its capacity as the general partner of **REPUBLIC WASTE SERVICES OF TEXAS, LTD.**, a Texas limited partnership (the "Partnership"), does hereby certify on behalf of the Company, that **KEITH CORDESMAN** is a duly elected Vice President of the Company, that in such capacity he, the President, or any Vice President of the Company, can exercise such power and perform such duties as usually accompanies such offices, and implicit in such power is the authority to execute and submit a bid for *Lease and Operation of Sanitary Landfill and Waste Collection Services* to the City of San Angelo, in the State of Texas (the "City") and to execute a contract with the City for such services should the bid be awarded to the Partnership, and that there is no current intention to remove him from such office.

IN WITNESS WHEREOF, the undersigned has hereunto set her hand this 26th day of February, 2014.



Eileen B. Schuler
Secretary



**Lease/Operation of Sanitary Landfill + Waste Collection Services
19:Signature Page – Waste Collections**

**LOCAL GOVERNMENT OFFICERS OF THE CITY OF SAN ANGELO
As defined by Chapter 176 of the Texas Local Government Code
(Revised 9/6/13)**

For purposes of completion of the required Conflict of Interest Questionnaire for the City of San Angelo (required by all Vendors who submit bids/proposals), Local Government Officers are:

City of San Angelo City Council:

Mayor: Dwan Morrison, Mayor

- Councilmembers: Mayor Pro-Tempore: Charlotte Farmer, SMD 6
 - Rodney Fleming, SMD 1
 - Marty Self, SMD 2
 - Johnny Silvas, SMD 3
 - Don Vardeman, SMD 4
 - H.R. Wardlaw, III, SMD5

City Manager: Daniel Valenzuela

City of San Angelo Development Corporation officers are:

- Scott Tankersley - President
- John Edward Bancro, Jr. - First Vice President
- Tony Villarreal - Second Vice President
- Daniel Anderson - Director
- Richard Crisp - Director
- Tommy Hebert - Director
- Pedro Ramirez - Director

Executive Director: Roland Peña



Lease/Operation of Sanitary Landfill + Waste Collection Services
19:Signature Page – Waste Collections



CITY OF SAN ANGELO
PURCHASING DEPARTMENT
72 West College Avenue, San Angelo, Texas 76903
Tel: (325) 657-4219 or 657-4220

Debarment and Suspension Certification

- (1) The prospective primary participant certifies to the best of its knowledge and belief that it and its principals
 - (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency.
 - (b) Have not within a three-year period preceding this application been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property.
 - (c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
 - (d) Have not within a three-year period preceding this application had one or more public transactions (Federal, State, or local) terminated for cause or default.

- (2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective primary participant shall attach an explanation to this proposal.

Republic Waste Services of Texas, LTD
 Company
 By *[Signature]*
 Area President
 Title
 1212 Harrison Avenue
 Address
 Arlington, TX 76011
 City, State, Zip

Note: Agents must provide evidence of authority to bind corporation

THIS FORM MUST BE RETURNED WITH THE PROPOSAL



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20 Proposal Checklist



**Proposal Checklist, RFP Attachment D
To be submitted with Respondent's Proposal as TAB 20**

Use this checklist to ensure that all required documents have been included in the proposal and that they are properly tabbed and appear in the correct order.

Tab No.	Document	Initial To Indicate Document is Attached To Proposal
	Table of Contents	
1	Executive Summary – Landfill Lease and Operations	
2	General Information • Attachment A – Landfill Lease and Operations	
3	Experience, Background, Qualifications, & References • RFP Appendix C	
4	Proposed Plan • RFP Appendix C	
5	Compensation Schedule • RFP Appendix E	
6	Proof of Insurability • Insurance Provider's Letter • Copy of Current Certificate of Insurance	
7	Letter of Credit	
8	Disclosures • RFP Appendix C	
9	Sample Contracts	
10	Executive Summary – Waste Collections	
11	General Information and References • Attachment A – Waste Collections	
12	Experience, Background, & Qualifications • RFP Appendix D	
13	Proposed Plan • RFP Appendix D	
14	Compensation Schedule • RFP Appendix F	
15	Proof of Insurability • Insurance Provider's Letter • Copy of Current Certificate of Insurance	
16	Letter of Credit	
17	Sample Contracts	
18	Disclosures • RFP Appendix D	
19	Signature Page • RFP Attachment D	
20	Proposal Checklist • RFP Attachment E	

One (1) Original, nine (9) Copies, and one electronic version of proposal in PDF format.
*Documents marked with an asterisk on this checklist require a signature. Be sure they are signed prior to submittal of proposal.

THIS FORM MUST BE RETURNED WITH THE PROPOSAL



Lease/Operation of Sanitary Landfill + Waste Collection Services
20: Proposal Checklist

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2

LITIGATION DISCLOSURE

3

SAMPLE CONTRACTS

**AGREEMENT FOR WASTE COLLECTION AND DISPOSAL
BETWEEN THE CITY OF SAN ANGELO AND
REPUBLIC WASTE SERVICES OF TEXAS, LTD.**

THIS AGREEMENT FOR WASTE COLLECTION AND DISPOSAL (the "Agreement") is made and entered into on _____, 2014 (the "Effective Date") by and between the City of San Angelo, a Texas home rule municipal corporation, acting by and through its duly authorized Mayor (the "City"), whose address is 72 West College, P.O. Box 1751, San Angelo, Texas 76902, and Republic Waste Services of Texas, Ltd., a Texas limited partnership, located at 1422 Hughes Street, San Angelo, TX 76903 ("Contractor").

RECITALS

WHEREAS, City desires to retain a company to provide waste collection and disposal services in the City; and

WHEREAS, Contractor is a competent and qualified waste collection and disposal company and desires to provide waste collection and disposal services according to the terms and conditions stated in this Agreement; and

WHEREAS, Contractor submitted a bid in response to that certain RFP No. OP-01-14 and was awarded the bid by the City, and the parties desire to enter into this Agreement.

AGREEMENT

NOW THEREFORE, in consideration of the premises and of the mutual covenants and conditions contained in this Agreement, and other valuable consideration, City and Contractor hereby agree as follows:

I. GENERAL

- 1.1 Grant.** For and in consideration of compliance by Contractor with the covenants and conditions set forth in this Agreement and the ordinances and regulations of City governing the collection of garbage, trash, brush, and other refuse, and the disposal of solid waste and landfill operations and the RFP (a copy of which is attached as Exhibit A and incorporated by reference), City hereby grants to Contractor the exclusive right, privilege and permit to use the streets, alleys and thoroughfares within the corporate limits of the City for the purpose of engaging in the business of waste collection and disposal, except that commercial, institutional and industrial businesses may, by obtaining a permit pursuant to City ordinance, haul their own garbage, trash and debris. Those residences and businesses that generate waste that Contractor is not required or legally authorized to collect and dispose of pursuant to law or this Agreement, shall have the right as allowed by City ordinance to contract with other garbage and waste collection businesses that are duly permitted to collect such waste.

1.2 **Definitions.** Capitalized terms used but not otherwise defined in this Agreement shall have the meanings set forth in Appendix B of the RFP.

1.3 **Effective Date.** This Agreement shall be effective as of _____, 2014.

1.4 **Term.**

1.4.1 **Initial Term.** This Agreement shall have an initial term of ten (10) years commencing on August 1, 2014 and terminating on July 31, 2024 (the "Initial Term").

1.4.2 **Renewal by Agreement.** After the Initial Term, this Agreement may be renewed upon mutual agreement of the parties for an additional five (5) years (the "Renewal Term", and collectively with the Initial Term, the "Term"). Either party that does not wish to renew this Agreement upon expiration of the Initial Term shall so notify the other party ninety (90) days prior to the expiration of the Term.

1.4.3 **Limitation.** Notwithstanding the foregoing Sections 1.4.1 - 1.4.2, in no event shall the term of this Agreement, including the Initial Term and any renewals thereof, whether by mutual agreement or Contractor option, exceed twenty (20) years.

1.5 **Termination.**

1.5.1 **Mutual Agreement.** This Agreement may be terminated at any time by mutual agreement of the parties.

1.5.2 **By City.** This Agreement may be terminated by City upon a breach by Contractor of any of the conditions, covenants, or agreements contained in this Agreement and the failure to cure such breach within ten (10) days after the City provides the Contractor with written notice of such breach. Such notice must define with specificity the alleged breach, act or omission. In the event the alleged breach, covenant, condition, violation or failure cannot be cured within the ten (10) day time period, the City Council shall hold a public hearing to determine whether to extend the time to cure the matter or to terminate this Agreement. If the Council finds that Contractor is making diligent efforts to cure the matter, and that an extension of time will not be detrimental to the public health and safety, the Council may allow such extension of time to cure the breach, covenant, condition, violation or failure as it deems reasonable..

1.5.3 **By Contractor.** This Agreement may be terminated by Contractor upon the following occurrences:

- (1) A breach by City of the conditions, covenants, or agreements contained in Sections 3.2 through 3.4 upon one hundred eighty (180) days written notice to City by Contractor to cure such breach, covenant, condition, or violation by City. Such notice must define with specificity the alleged

breach, act or omission. In the event the alleged breach, covenant, condition, violation or failure cannot be cured within the ten (10) day time period, Contractor may extend the time to cure the matter or to cancel this Agreement if it finds that City is making diligent efforts to cure the matter. Such extension shall not be unreasonably withheld; or

(2) If Contractor's regulatory or operational costs increase and the City Council denies a rate adjustment duly requested by Contractor pursuant to Section 3.2.5 of this Agreement. Such termination shall become effective upon one hundred eighty (180) days written notice provided by receipted hand delivery or certified mail, to City by Contractor.

1.5.4 Amounts Due. Any termination of this Agreement shall not relieve City or Contractor from payment of any sum or sums that shall be due and payable to the other party.

1.6 Cumulative Remedies. All rights, options, and remedies of the parties contained in this Agreement or otherwise shall be construed and held to be cumulative, and no one of them shall be exclusive of the other, and the Parties shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by law, whether or not stated in this Agreement.

1.7 Waiver. No waiver by either party of a breach of any of the obligations or terms of this Agreement shall be construed or held to be a waiver of any succeeding or preceding breach of the same or any other obligation or term contained in this Agreement.

1.8 Force Majeure. Neither City nor Contractor shall be liable for the failure to perform their duties if such failure is caused by a catastrophe, riot, war, strike, accident, or act of nature beyond the reasonable control of Contractor or City. If such circumstances persist for more than thirty (30) days, or if after their cessation, Contractor is unable to render full or substantial performance for a period of thirty (30) days, the City may terminate this Agreement by giving Contractor ten (10) days advance written notice. In the event Contractor is required to perform additional services as a result of an occurrence as described above, Contractor shall be compensated for the costs of materials, equipment, labor, and disposal fees based upon rates agreed to by City and Contractor.

1.9 Guaranty. The obligations of Contractor under this Agreement shall be guaranties by Contractor's ultimate parent company, Republic Services, Inc., in accordance with the form of Guaranty attached as Exhibit B to this Agreement, which Guaranty shall be executed simultaneously with this Agreement.

1.10 Independent Contractor Status. It is the intent of the parties that Contractor, and any of its officers, agents, and employees, shall carry out the terms of this Agreement as an independent contractor and not as an agent, servant or employee of City.

II. DUTIES OF CONTRACTOR.

- 2.1 **Collecting Waste.** Contractor shall collect waste in the manner set forth in the following Sections 2.1.1 - 2.1.6 and shall dispose of all waste collected by it from premises within the corporate limits of City to the San Angelo Landfill (the "Landfill"). No other location may be used for the disposal of such waste without the written consent of City.

Contractor shall provide all labor, supervision, vehicles and equipment necessary to provide for the collection and disposal of containerized or non-containerized solid waste placed for collection as may be established by ordinance or resolution of the City of San Angelo, for the consideration set out in this Agreement. Any vehicles or equipment required for the performance of this Agreement shall be provided by Contractor and maintained in a safe and sanitary condition. Location, placement and removal of any dumpsters that may be placed in the City shall comply with City ordinances.

- 2.1.1 **Residential Waste Service.** Contractor agrees to collect and dispose of all garbage, trash, brush, debris, rubbish or other waste (except those items prohibited in Section 2.1.4 or by law) of the residences and businesses of the City of San Angelo, from the streets and alleys within the City limits, for the term of this Agreement not less than two times per week via 90-100 gallon carts. If a customer desires additional cart(s), then Contractor may charge such customer for the carts. Contractor agrees to maintain a high standard of service for the protection of the health and welfare of the public and in the performance of this Agreement, will use the number of trucks and personnel as required by the amount of Solid Waste it is required to collect. The carts shall be in accordance with Section D7.4 of Appendix D of the RFP.
- 2.1.2 **Commercial Waste Service.** Contractor agrees to collect and dispose of all garbage, trash, brush, debris, rubbish or other waste (except those items prohibited in Section 2.1.4 or by law) of the commercial businesses of the City of San Angelo, from the streets and alleys within the City limits, for the term of this Agreement. Contractor agrees to maintain a high standard of service for the protection of the health and welfare of the public and in the performance of this Agreement, will use the number of trucks and personnel as required by the amount of solid waste it is required to collect.
- 2.1.3 **Commercial Billing.** Contractor will be responsible for billing and collection of all charges for commercial service in accordance with the rates for commercial waste collection service established by City ordinance or resolution. Contractor shall also be responsible for billing and collection of all charges for any other special solid waste collection services it provides. Contractor further agrees to collect from the customers it is responsible for billing and remit to City, sanitary inspection, landfill expansion and any other related add-on fees which may be hereinafter enacted by City. Contractor also agrees to remit to

City an amount equal to five (5%) percent (or such other percentage allowed under Section 3 .2 .3 (4)) of amounts billed under this section excluding any add-on fees authorized by the City, as a fee for granting the permit evidenced by this Agreement, which fee shall be in lieu of any permit fees authorized by City ordinance.

2.1.4 Schedule. Contractor will, provide Solid Waste pickup based on the following schedule:

RESIDENTIAL - Not less than twice per week

COMMERCIAL - Not less than once per week

In the event that New Year's Day, Independence Day, Labor Day, Thanksgiving Day or Christmas Day falls on a day regularly scheduled for trash pickup, the residential garbage scheduled for pickup on that day shall be picked up on the next regularly scheduled pickup day following the holiday. Contractor may also alter the schedule for inclement weather or other emergency situation that makes it reasonably impossible to transport waste to the dump site, with the concurrence of the City Manager or his designee. Provided, however, no residential or commercial customer shall be deprived of garbage collection for a period exceeding seven days. When service is suspended for any of the reasons set forth in this Agreement, Contractor will notify the radio, television and print news media as soon as possible after such decision is made.

2.1.5 Prohibited Waste. Contractor shall not pick up and/or haul waste that is prohibited under federal and/or state law. Further, Contractor shall not be required to pick up and/or dispose of any type of medical waste, liquid waste, automotive tires, oil filters, lead acid batteries, petroleum products and by-products and/or explosive materials. In the event such waste and/or products are found, Contractor shall not provide pick up of the same and/or of the containers in which the waste and/or waste products are located and shall notify the City within forty-eight (48) hours of discovery of same. Contractor shall inform each customer, quarterly, of the types of materials that are acceptable in the waste stream.

2.1.6 Complaints. Contractor agrees to respond within a reasonable time to any complaint from the City or any citizen regarding services. Contractor shall maintain a written, log of the source, date and nature of such Complaint, the resolution thereof, and shall provide to City written report of such Complaint at least twice annually.

2.1.7 Recycling Services. City agrees to and does hereby grant Contractor permission to perform recycling services for residential and commercial customers located in the City of San Angelo. Initiation, carrying on and termination of such services as well as selection of materials to be recycled, locations of recycling containers and selection of markets for the

sale of such materials shall be at the sole discretion of Contractor. Such service shall not be exclusive as to Contractor. If any federal or state law, rule or regulation now in effect or that may become effective in the future mandates or regulates recycling, Contractor shall comply with any such law, rule or regulation.

2.2 **Compliance with Laws and Permits.** Contractor shall do all work under this Agreement and incidental thereto and perform all collection and disposal of waste in compliance with any and all city, county, state and federal laws, ordinances or regulations which are now in effect or that may become effective in the future. This Agreement is expressly made subject to the provisions of all pertinent municipal ordinances which are hereby made a part of this Agreement with the same force and effect as if specifically set out in this Agreement. Any costs necessitated by compliance with such laws, ordinances or regulations shall be paid entirely by Contractor except as otherwise provided in this Agreement.

2.2.1 **Acts or Omissions/CERCLA.** Contractor covenants and agrees that it will not cause, suffer, allow or permit the occurrence of any act or omission in the execution and performance of this Agreement which act or omission may be or could result in or give rise to any violation of any federal, state or local law, regulation, ordinance or licensing or permitting requirement or which act or omission might give rise to any action at law or equity for personal injury or wrongful death or for damage to property. Specifically, Contractor agrees to comply with the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") and, in addition, with pertinent provisions of both the Texas Water Code and the Texas Solid Waste Disposal Act.

2.2.2 **Impossibility.** If the compliance described in this section is impossible for reasons beyond its control, Contractor shall promptly notify City of the fact and the reasons it cannot comply. Such notice shall not relieve Contractor of its duty to indemnify City as a result of such noncompliance.

2.2.3 **City Intervention.** If the Contract Administrator for the City has reason to believe that Contractor will be unable or unwilling to timely comply with any City, county, state or federal law or regulation, or any permit requirement, or any directive of any nature from a state or federal regulatory agency, City may take whatever reasonable steps are necessary to comply with said law, regulation, permit requirement or directive up to and including taking over or subcontracting the collection of waste for whatever period of time it deems necessary. City shall give Contractor forty-eight (48) hours written notice of its intention to intervene prior to any intervention unless the delay would compromise the City's ability to effectively comply with said law, regulation, permit requirement or directive. Within that forty-eight hours, Contractor may present an alternative plan (the "Alternative Plan") to the Contract Administrator for Contractor to avoid the scheduled intervention and to avoid being deemed in breach of this Agreement. If any local, state or federal regulatory

agency initiates a compliance action of any nature, the Alternative Plan must meet the requirements and comply with any schedule or deadline imposed by such agency. The Contract Administrator shall have full discretion to accept or reject the Alternative Plan and shall reevaluate Contractor's performance in fulfilling the Alternative Plan and complying with the law, regulation, permit requirement or directive as often as he shall deem necessary and expedient.

In the event that the contract administrator determines, after implementation of the Alternative Plan, that it will not effectively resolve the compliance problem, he shall, again issue forty-eight hours written notice to Contractor of the City's intention to intervene.

City shall have the right to assess all reasonable costs of such interventions to Contractor. Intervention by City shall not relieve Contractor of its duty to indemnify City for the results of such noncompliance in accordance with Section 2.7 below.

- 2.3 **Reports.** Contractor will furnish to City reports in accordance with Section D10 of Appendix D of the RFP.
- 2.4 **Taxes, Licenses, Permits and Utilities.** Contractor shall obtain and/or promptly pay the cost of all taxes, state and federal fees, passthroughs and special charges, licenses, permits, and utilities other than those expressly provided by City under this Agreement. Contractor warrants and represents that it is qualified to engage in the business of waste disposal. In the event that certain certification or licensing is necessary as a result of local, state or federal law to perform the services to be provided, Contractor agrees to secure such certification or license within the prescribed time frame set by the certifying or licensing entity.
- 2.5 **Indemnification.** [Parties to insert indemnity language from RFP]
- 2.6 **Insurance.** [Parties to insert insurance language from RFP with the following changes:
- Remove the qualifiers, as shown, regarding the identification of self-insurance - this is not applicable.
 - Add "or Contractor's corporate parent" as shown in section D13.2.1.2 - Republic's cover is purchased at the corporate parent level.
 - Add "or equivalent" after "workers' compensation insurance" as shown in section D13.2.1.2 and everywhere else it appears in the agreement - Republic is a registered non-subscriber to the TX Workers' Compensation Act.
 - Remove the requirement that the certificate of insurance state that all applicable requirements have been satisfied - this is not verbiage that can be added to a standardized ACORD template.
 - Revise the notice requirement to restrict it to notice in the event of cancellation, only, as shown - Republic's insurers have agreed to provide notice only in the event of cancellation.

- 2.7 **Liquidated Damages.** The parties agree that notwithstanding anything to the contrary in Section D11 of Appendix D to the RFP, the liquidated damages shall be as follows: [parties to negotiate]
- 2.8 **Nondiscrimination.** Contractor shall not discriminate against any person because of their race, sex, age, creed, color, religion; national origin, disability or any other impermissible basis.
- 2.9 **City Manager.** Contractor shall be directly responsible to the City Manager of the City in the performance of its obligations under this Agreement.

III. **DUTIES OF CITY.**

- 3.1 **Maintenance of Alleys.** City shall have the sole responsibility for the maintenance of all public alleys within the corporate limits of the City, including alley surfaces, and the removal of overhanging brush and other obstructions in alleys which prevent Contractor's equipment from passing through the alleys. Contractor agrees to cooperate with City by notifying City of any problem areas in alleys. Contractor shall notify the City Manager in writing of any alley which is impassable, and, thereafter, Contractor shall be relieved of providing service in such alley until it is made passable by City.
- 3.2 **Billing and Collection.**
- 3.2.1 **Residential Service Billing.** City agrees to submit along with its water bill each month, a bill to each residential customer and small business using residential waste collection services of Contractor based on rates established in accordance with ordinance of the City for services actually provided. The customer will then remit payment to the City through its Water Department. City shall ensure that at all times during the term of this Agreement that City will charge a sufficient rate from its residential customers and small business customers to pay the amounts due under this Agreement and to otherwise operate the City's solid waste collection system, including all applicable sales taxes and billing and collection costs and procedures for customers' services under this Agreement. City shall provide to Contractor a copy of all ordinances referenced by this paragraph within thirty (30) days of passing each such ordinance. The parties agree that all payments due by the City under this Agreement are to be made from revenues received by City from the operation of its solid waste collection system and that all payments to be made under this Agreement shall constitute operating expenses of such waste collection system. Contractor shall not have any right to demand payment of any obligation of City under this Agreement from funds raised or to be raised by taxation. No obligations of City under this Agreement shall be construed to be a debt of the City of such kind as to require under the laws of the State of Texas the levy and collection of a tax to discharge such obligation.

3.2.2 Payment to Contractor. Subject to Section 3.2.1 and the deductions set forth in subsection 3.2.3 below, and exclusive of any sales taxes collected for waste collection service, City will pay over to Contractor within fifteen (15) days of the first of the month, all sums billed by City for waste collection service in the previous month. The parties agree that the rates set forth on Exhibit C, subject to adjustments in accordance with this Agreement, shall apply.

3.2.3 Deductions.

3.2.3.1 The total of all waste collection bills remaining unpaid ninety (90) days after the date of the first billing to the customer.

3.2.3.2 The amount of all sanitary inspection fees and state and local landfill surcharge fees billed for the previous month as provided by ordinance.

3.2.3.3 Five per cent (5%) of the total amount billed for waste collection service in the previous month after it is reduced by the amounts withheld under Section (1) and (2) above, as the City's fee for billing and collecting.

3.2.3.4 Five percent (5%) of the total amount billed for waste collection service in the previous month after it is reduced by the amounts withheld under Section (1) and (2) above, as a fee for granting the permit evidenced by this Agreement, which fee shall be in lieu of any permit fees authorized by City ordinance. The City, through its City Council, may from time to time after due notice to Contractor revise the permit fee, but in no event shall it exceed applicable state law. It is expressly understood that should the fee for granting such franchise permit by the City to the electrical, gas and cable companies increase, Contractor's fee shall then be raised by the same amount after thirty (30) days' notice by City to Contractor, and that the City Ordinance setting applicable rates for trash collection shall be adjusted to reflect a pass through of such increase in permit fee. The City also reserves the right to provide for the addition of new fees as provided for by new state laws and/or City ordinances.

3.2.4 Billing List. City shall provide to Contractor upon signing, and annually thereafter on the anniversary date of this Agreement, a complete list of addresses of residential waste disposal customers. Thereafter, City shall provide to contractor a monthly list of additions and terminations of customer accounts (by address only) for the previous month. It is understood and agreed to by the parties hereto that City shall use this list as a basis for determining the total amount billed for the previous month and such amount shall be paid over to Contractor less the deductions set forth in Subsection 3.2.3.

3.2.5 Adjustments in Rates. Annual rate adjustments shall be on each anniversary date of the contract. It will be based on the annual average increase of the Garbage and Trash Collection Index as published by the Bureau of Labor and Statistics for the previous 12 months and shall not be less than 2.5%.

3.3 Compliance with Laws and Permits. City warrants and represents that it shall timely perform all of its obligations hereunder and shall at no time knowingly request Contractor to take any action with regard to waste disposal services which would or could violate any federal, state, county and/or city statutes, ordinances, laws, regulations, licensing or permitting requirements. Further, City warrants and represents, that to its knowledge, it has taken all actions which are necessary and/or provided for in accordance with all federal, state, county, city, and/or local statutes, laws, ordinances, and regulations to legally enter into and execute this Agreement so as to render the same effective and binding upon the City under the terms and conditions stated in this Agreement. If City learns that further action is necessary to comply with the meaning of this Section 3.4, City will take such action within a reasonable time.

IV. MISCELLANEOUS PROVISIONS.

4.1 Assignment. Contractor may not assign this Agreement or any rights, duties and obligations thereunder without the prior written consent of City (which consent shall not be unreasonably withheld) and, in the event of an attempted assignment by Contractor of this Agreement without the express prior written consent of City, such attempted assignment shall be void and without effect.

City may assign its rights and privileges under this Agreement by giving Contractor ninety (90) days' notice of the assignment.

4.2 Parties Bound. This Agreement is binding on and inures solely to the benefit of the parties and their respective successors, legal representatives, heirs and permitted assigns, and no other person shall have any legal or equitable right, remedy or claim under or in respect of or by virtue of this Agreement or any provision contained in this Agreement.

4.3 Construction. The language of this Agreement shall be construed according to its fair meaning and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. Headings are for convenience and reference and are not intended to define, limit or extend the scope of any provision of this Agreement. All the terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number (singular and plural) or any other gender (masculine, feminine or neuter) as the context or sense of this Agreement, or any section or cause hereof may require. The locative adverbs "herein," "hereunder," "hereto," "hereinafter," and like words wherever the same appear in this Agreement, mean and refer to this Agreement in its entirety and not

to any specific paragraph, section or subsection hereof unless otherwise expressly designated in context.

- 4.4 **Governing Law Venue.** This Agreement is made and performable in Tom Green County, Texas, and shall be interpreted in accordance with the laws of the State of Texas. Venue for any legal action arising out of this Agreement shall lie in any court of competent jurisdiction in Tom Green County, Texas.
- 4.5 **Incorporation by Reference.** All permits, ordinances, agreements, exhibits, attachments or annexes referred to in this Agreement, whether or not attached to this Agreement, are incorporated by reference and made a part of this Agreement for all purposes, the same as if written in full in this Agreement.
- 4.6 **Entire Agreement; Conflict.** This Agreement, the RFP and the instruments called for and/or incorporated by reference in this Agreement contain all of the covenants, statements, representations and promises agreed to by the parties and supersede any commitment, agreement, memorandum, understanding, stipulation or representation previously made by the parties or their agents or employees, including that certain Agreement for Waste Collection and Disposal and Landfill Lease and Operation between the City and Contractor dated July 6, 2004. No agent of either party has authority to make, and the parties shall not be bound by, nor liable for, any covenant, statement, representation or promise not set forth in this Agreement. If any provisions in this Agreement conflict with the RFP, the terms of this Agreement shall prevail.
- 4.7 **Amendments.** No amendment to this Agreement shall be effective unless such is in writing and signed by both parties.
- 4.8 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement shall not become effective until executed by both parties.
- 4.9 **Severability.** In the event one or more provisions of this Agreement shall for any reason be held invalid, illegal, or unenforceable in any respect, as to any person or set of circumstances, such holding shall not affect the validity of any remaining provision of this Agreement or that provision's application to other persons not similarly situated or to other circumstances, and the Agreement shall be construed as if such invalid, illegal, or unenforceable provision had not been contained in it.
- 4.10 **Attorney's Fees and Costs.** If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.
- 4.11 **Notice.** Any formal notice required or permitted under this Agreement shall be deemed sufficiently given if it is in writing and personally delivered or deposited in the United States mail, postage prepaid and sent by registered or certified mail (return receipt requested) to the party to whom said notice is to be given. Notices

delivered in person shall be deemed to be served effective as of the date the notice is delivered. Notices sent by registered or certified mail (return receipt requested) shall be deemed to be served seventy-two (72) hours after the date said notice is postmarked to the addressee, postage prepaid. Until changed by written notice given by one party to the other, the addresses of the parties shall be as follows:

Contractor: General Manager
 Republic Waste Services of Texas, Ltd.
 1422 Hughes Street
 San Angelo, TX 76903

With a copy to: Deputy General Counsel – West Region
 Republic Services, Inc.
 18500 N. Allied Way
 Phoenix, AZ 85054

City: City Manager
 City of San Angelo
 P.O. Box 1751
 San Angelo, Texas 76903

- 4.12 **Survival of Covenants and Conditions.** It is expressly agreed that all covenants and conditions regarding the rights and obligations of the parties subsequent to the termination of this Agreement shall survive the termination and shall continue in full force and effect in accordance with the terms of the specific provision.
- 4.13 **Payment.** All sums payable under this Agreement are payable in U.S. currency and shall be paid to Contractor or City at the places provided in this Agreement for service of notice to said party.

[Signatures on following page]

CITY OF SAN ANGELO

BY: _____

Date: _____

BY: _____
Alicia Ramirez, City Clerk

REPUBLIC WASTE SERVICES OF TEXAS,
a Texas limited partnership

BY: _____
Keith Cordesman

Title: _____
Area President

ATTEST:

BY: _____
NAME: _____
Title: _____

Date: _____

EXHIBIT A

RFP

[Parties to insert RFP and Appendices]

EXHIBIT B

GUARANTY

[See Attached]

GUARANTY

THIS GUARANTY is made and entered into as of _____, 2014, by Republic Services, Inc., a Delaware corporation ("Guarantor"), in favor of the City of San Angelo, a Texas home rule municipal corporation (the "Guaranteed Party").

Recitals

A. Republic Waste Services of Texas, Ltd., a Texas limited partnership ("Subsidiary"), and the Guaranteed Party are parties to the following agreements, both dated as of the date of this Guaranty: (a) Agreement for Waste Collection and Disposal; and (b) Agreement for Landfill Lease and Operation (collectively, the "Agreement").

B. As an inducement to the Guaranteed Party to enter into the Agreements, Guarantor has agreed to guarantee the performance of Subsidiary's obligations under the Agreements.

In consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Agreement

1. Guaranty. Guarantor irrevocably and unconditionally guarantees to the Guaranteed Party the due and punctual performance of each obligation of Subsidiary contained in the Agreements in accordance with its terms and conditions. Guarantor agrees that if Subsidiary shall fail to perform any of its obligations under the Agreements when due in accordance with the terms of the Agreements, it shall, upon demand made by the Guaranteed Party, immediately perform the obligation, to the extent that such performance is required to be made or performed by Subsidiary. Notwithstanding anything to the contrary contained in this Guaranty, this Guaranty pertains only to those obligations owed by Subsidiary under the Agreements, and shall in no way alter or expand any obligation owing under the Agreements or diminish any defense available to Subsidiary under the Agreements. This Guaranty in no way alters the respective obligations, rights, defenses, setoffs, counterclaims, or privileges of the parties to the Agreements, all of which shall be equally available to Guarantor as to Subsidiary in the event the Guaranteed Party makes a claim under this Guaranty. The Guaranteed Party, however, may commence any action or proceeding based upon this Guaranty directly against Guarantor without making Subsidiary a party defendant in such action or proceeding and it shall not be necessary for the Guaranteed Party to bring any action or proceeding first against Subsidiary to recover from the Guarantor.

Guarantor agrees that the obligations of Guarantor pursuant to this Guaranty shall remain in full force and effect without regard to, and shall not be released, discharged or affected in any way by any of the following (whether or not Guarantor shall have any knowledge thereof):

(a) any termination, amendment, modification or other change in the Agreements;

(b) any failure, omission or delay on the part of Subsidiary, Guarantor, any or any other guarantor of Subsidiary's obligations to conform or comply with any term of the Agreements;

(c) any waiver, compromise, release, settlement or extension of time of performance or observance of any of the obligations or Agreements contained in the Agreements;

(d) any dissolution of Guarantor or any voluntary or involuntary bankruptcy, insolvency, reorganization, arrangement, readjustment, assignment for the benefit of creditors, composition, receivership, liquidation, marshalling of assets and liabilities or similar events or proceedings with respect to Subsidiary, Guarantor or any other guarantor of Subsidiary's obligations, as applicable, or any of their respective property or creditors, or any action taken by any trustee or receiver or by any court in any such proceeding;

(e) any merger or consolidation of Subsidiary, Guarantor or any other guarantor of Subsidiary's obligations into or with any person, or any sale, lease or transfer of any of the assets of Subsidiary, Guarantor or any other guarantor of Subsidiary's obligations to any other person; or

(f) any change in the ownership of the capital stock of Subsidiary, Guarantor or any other guarantor of Subsidiary's obligations or any change in the relationship between Subsidiary, Guarantor or any other guarantor of Subsidiary's obligations, or any termination of any such relationship.

2. Representations and Warranties. Guarantor represents and warrants to the Guaranteed Party that this Guaranty has been duly executed and delivered by Guarantor and constitutes the legal, valid and binding obligation of Guarantor, enforceable against Guarantor in accordance with its terms.

3. Miscellaneous

(a) Governing Law. This Guaranty shall be governed by and construed in accordance with the laws of the State of Texas without reference to the choice of law principles thereof. Any legal action, suit or proceeding arising out of or relating to this Agreements shall be instituted exclusively in the state or federal courts of the State of Texas.

(b) No Third Party Benefits. Nothing in this Guaranty is intended, and it shall not be construed, to confer any rights or benefits upon any person other than the Guaranteed Party and no other third party shall have any rights or remedies hereunder.

(c) Notices. All notices and other communications to Guarantor under this Guaranty shall be sufficiently given for all purposes hereunder if in writing and: (i) delivered personally; or (ii) sent by documented overnight delivery service, in each case, to the following:

Republic Services, Inc.
18500 North Allied Way
Phoenix, AZ 85054
Attn: Treasury Department

or to such other address and/or to the attention of such other person as Guarantor may designate by written notice to the Guaranteed Party.

(d) Binding Effect; Assignment. This Guaranty shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that no party hereto may assign its rights or delegate its obligations under this Guaranty without the express written consent of the other party hereto.

(e) Headings. The headings contained in this Guaranty are inserted for convenience only and will not affect the meaning or interpretation of this Guaranty.

(f) Amendment; No Waiver. This Guaranty may not be modified or amended except by an instrument in writing signed by the party against whom enforcement of any such modification or amendment is sought. Any party hereto may, only by an instrument in writing, waive compliance by the other party hereto with any term or provision of this Guaranty. The waiver by any party hereto of a breach of any term or provision of this Guaranty shall not be construed as a waiver of any subsequent breach.

IN WITNESS WHEREOF, Guarantor has executed this Guaranty as of the date first above written.

Republic Services, Inc.

By: _____
Name: _____
Its: _____

EXHIBIT C

RATES FOR SERVICES

[to be inserted]

**AGREEMENT FOR
LANDFILL LEASE AND OPERATION
BETWEEN THE CITY OF SAN ANGELO AND
REPUBLIC WASTE SERVICES OF TEXAS, LTD.**

THIS AGREEMENT FOR LANDFILL LEASE AND OPERATION (the "Agreement") is made and entered into on _____, 2014 (the "Effective Date") by and between the City of San Angelo, a Texas home rule municipal corporation, acting by and through its duly authorized Mayor (the "City"), whose address is 72 West College, P.O. Box 1751, San Angelo, Texas 76902, and Republic Waste Services of Texas, Ltd., a Texas limited partnership, located at 1422 Hughes Street, San Angelo, TX 76903 ("Contractor").

RECITALS

WHEREAS, City desires to retain a company to lease and operate that certain solid waste landfill known as the City of San Angelo Landfill, located at 3002 Old Ballinger Hwy, San Angelo, Texas (the "Landfill") and to perform such work as may be incidental thereto; and

WHEREAS, Contractor is a competent and qualified waste disposal company and desires to provide landfill operation services according to the terms and conditions stated in this Agreement; and

WHEREAS, Contractor submitted a bid in response to that certain RFP No. OP-01-14 and was awarded the bid by the City, and the parties desire to enter into this Agreement.

AGREEMENT

NOW THEREFORE, in consideration of the premises and of the mutual covenants and conditions contained in this Agreement, and other valuable consideration, City and Contractor hereby agree as follows:

I. GENERAL

- 1.1 Grant.** For and in consideration of compliance by Contractor with the covenants and conditions set forth in this Agreement and the ordinances and regulations of City governing the disposal of solid waste and landfill operations and the RFP (a copy of which is attached as Exhibit A and incorporated by reference), City hereby grants to Contractor the exclusive right, privilege and permit to use and operate the landfill property described below for the purposes stated in this Agreement during the term of this Agreement and any extensions thereof.
- 1.2 Lease.** City agrees to lease and does hereby lease to Contractor the Landfill, a legal description of which is attached as Exhibit B.
- 1.2.1 Lease Payments.** Contractor shall pay City each month for the use of the Landfill in accordance with the following terms and conditions:

(1) [See bid documents – to be inserted if awarded the bid]

Extensions beyond the Term - Increasing annually at a minimum of ___%, to be negotiated by City and Contractor at least one hundred twenty (120) days prior to the expiration of the Term and any extensions thereof.

1.3 **Definitions.** Capitalized terms used but not otherwise defined in this Agreement shall have the meanings set forth in Appendix B of the RFP.

1.4 **Effective Date.** This Agreement shall be effective as of _____, 2014.

1.5 **Term.**

1.5.1 **Initial Term.** This Agreement shall have an initial term of ten (10) years commencing on August 1, 2014 and terminating on July 31, 2024 (the "Initial Term").

1.5.2 **Renewal by Agreement.** After the Initial Term, this Agreement may be renewed upon mutual agreement of the parties for an additional five (5) years (the "Renewal Term", and collectively with the Initial Term, the "Term"). Either party that does not wish to renew this Agreement upon expiration of the Initial Term shall so notify the other party ninety (90) days prior to the expiration of the Term.

1.5.3 **Contractor Renewal Option.** If the Term of this Agreement shall end during the life of a cell that has already been built and developed by Contractor, Contractor shall have the option to renew the Agreement for a period based on the estimated life expectancy of that currently existing cell. The estimated life expectancy of the cell shall be determined by mutual agreement of City and Contractor subject to the limitation in Section 1.5.4, and such life expectancy shall be expressed in writing in an amendment to this Agreement and signed by both parties at the time of renewal. Contractor shall not initiate building or developing a new landfill cell during the final two years of the Initial Term or a Renewal Term without the express written consent of City.

1.5.4 **Limitation.** Notwithstanding the foregoing Sections 1.5.1 - 1.5.3, in no event shall the term of this Agreement, including the Initial Term and any renewals thereof, whether by mutual agreement or Contractor option, exceed twenty (20) years.

1.6 **Termination.**

1.6.1 **Mutual Agreement.** This Agreement may be terminated at any time by mutual agreement of the parties.

1.6.2 **By City.** This Agreement may be terminated by City upon a breach by Contractor of any of the conditions, covenants, or agreements contained in this Agreement or the failure of Contractor to dispose of waste in

preceding breach of the same or any other obligation or term contained in this Agreement.

- 1.9 **Force Majeure.** Neither City nor Contractor shall be liable for the failure to perform their duties if such failure is caused by a catastrophe, riot, war, strike, accident, or act of nature beyond the reasonable control of Contractor or City. If such circumstances persist for more than thirty (30) days, or if after their cessation, Contractor is unable to render full or substantial performance for a period of thirty (30) days, the City may terminate this Agreement by giving Contractor ten (10) days advance written notice. In the event Contractor is required to perform additional services as a result of an occurrence as described above, Contractor shall be compensated for the costs of materials, equipment, labor, and disposal fees based upon rates agreed to by City and Contractor.
- 1.10 **Guaranty.** The obligations of Contractor under this Agreement shall be guaranties by Contractor's ultimate parent company, Republic Services, Inc., in accordance with the form of Guaranty attached as Exhibit C to this Agreement, which Guaranty shall be executed simultaneously with this Agreement.
- 1.11 **Independent Contractor Status.** It is the intent of the parties that Contractor, and any of its officers, agents, and employees, shall carry out the terms of this Agreement as an independent contractor and not as an agent, servant or employee of City.

II. **DUTIES OF CONTRACTOR.**

- 2.1 **Landfill Operation, Closing, and Post-Closure.** Contractor shall be responsible for operation, closing and post closure of the Landfill and disposal areas of the Landfill adhering to City's permit requirements as approved by the Texas Commission on Environmental Quality (the "TCEQ"). The parties agree that except as modified in this Agreement, Section C7 of Appendix C of the RFP shall govern Contractor's operation of the Landfill.
- 2.2 **Landfill Design and Costs.** Contractor shall be responsible for designing the Landfill in accordance with applicable Federal, State and Local laws. Contractor shall be responsible for performing the following functions and/or assuming the following costs associated with the Landfill:
- (1) Permit fees and permit modification fees, including the costs of engineers and consultants to obtain permits from TCEQ.
 - (2) Ground water and methane gas sampling.
 - (3) All costs of quality assurance, quality control, professionals and laboratory testing during planning, construction and testing.
 - (4) Closure and Post Closure inspection and testing.
 - (5) Site monitoring and maintenance after completion of closure of cells.

(6) Leachate disposal costs during operation and after closure of cells.

2.3 Operation of Municipal Landfill. Contractor shall provide disposal service at the Landfill for the disposal of solid waste in accordance with all federal and state laws, rules and regulations applicable to the contracted work as such laws, rules and regulations now exist or may be amended during the term of this Agreement or any extensions thereof.

Contractor shall have the duty and responsibility for the operation of the Landfill according to TCEQ Permit No. 79, issued to the City, any amendments and limitations thereof (the "Permit"), which is incorporated by reference and made a part of this agreement for all purposes the same as if written in full in this Agreement, and any and all state and federal regulations.

2.3.1 Labor and Equipment. Contractor shall furnish all labor, supervision, and equipment necessary to provide landfill services to the City. Any vehicles, material or equipment required for the performance of this Agreement shall be provided by Contractor and maintained in a safe and sanitary condition at all times.

2.3.2 Roads. Contractor shall be responsible for cleaning up any refuse blown from the Landfill by wind or other natural forces. Contractor shall not be responsible for cleaning up garbage or refuse dumped along the street leading to the Landfill unless it is dumped by Contractor. Contractor shall maintain all weather roads in the Landfill from entrance to dumping areas.

2.3.3 Sources of Waste. City shall have the right to landfill its garbage and refuse free of charge so long as such action is in compliance with the Permit and any federal, state or local law or regulation.

It is expressly understood that Contractor shall not dump or deposit or cause to be dumped or deposited at the Landfill, any garbage, refuse, trash, rubbish or miscellaneous waste collected outside of the City limits without the prior written approval of City. Contractor shall exercise due diligence and good faith in determining the source of all solid waste brought to the Landfill, and shall, to the best of its ability, keep accurate records showing the point of origin of all such waste and in any event, shall keep any and all required records in the manner required of an operator or transporter under local, state and federal law and the Permit.

2.3.4 Landfill Schedule. Contractor shall keep the Landfill open to the public to accept waste for disposal at the following times:

- (1) Monday through Friday from 7:00 a.m. to 6:00 p.m.
- (2) Saturday from 7:00 a.m. to 3:00 p.m.

Environmental Response, Compensation and Liability Act of 1980 (“CERCLA”) and, in addition, with pertinent provisions of both the Texas Water Code and the Texas Solid Waste Disposal Act.

2.4.2 Impossibility. If the compliance described in this section is impossible for reasons beyond its control, Contractor shall promptly notify City of the fact and the reasons it cannot comply. Such notice shall not relieve Contractor of its duty to indemnify City as a result of such noncompliance.

2.4.3 City Intervention. If the Contract Administrator for the City has reason to believe that Contractor will be unable or unwilling to timely comply with any City, county, state or federal law or regulation, or any permit requirement, or any directive of any nature from a state or federal regulatory agency, City may take whatever reasonable steps are necessary to comply with said law, regulation, permit requirement or directive up to and including taking over or subcontracting operation of the Landfill and/or collection of waste for whatever period of time it deems necessary. City shall give Contractor forty-eight (48) hours written notice of its intention to intervene prior to any intervention unless the delay would compromise the City’s ability to effectively comply with said law, regulation, permit requirement or directive. Within that forty-eight hours, Contractor may present an alternative plan (the “Alternative Plan”) to the Contract Administrator for Contractor to avoid the scheduled intervention and to avoid being deemed in breach of this Agreement. If any local, state or federal regulatory agency initiates a compliance action of any nature, the Alternative Plan must meet the requirements and comply with any schedule or deadline imposed by such agency. The Contract Administrator shall have full discretion to accept or reject the Alternative Plan and shall reevaluate Contractor’s performance in fulfilling the Alternative Plan and complying with the law, regulation, permit requirement or directive as often as he shall deem necessary and expedient.

In the event that the contract administrator determines, after implementation of the Alternative Plan, that it will not effectively resolve the compliance problem, he shall, again issue forty-eight hours written notice to Contractor of the City’s intention to intervene.

City shall have the right to assess all reasonable costs of such interventions to Contractor. Intervention by City shall not relieve Contractor of its duty to indemnify City for the results of such noncompliance in accordance with Section 2.7 below.

2.5 Reports. Contractor will furnish to City reports in accordance with Section C11.3 of Appendix C of the RFP.

2.6 Taxes, Licenses, Permits and Utilities. Contractor shall obtain and/or promptly pay the cost of all taxes, state and federal fees, passthroughs and special charges,

licenses, permits, and utilities other than those expressly provided by City under this Agreement. Contractor warrants and represents that it is qualified to engage in the business of waste disposal. In the event that certain certification or licensing is necessary as a result of local, state or federal law to perform the services to be provided, Contractor agrees to secure such certification or license within the prescribed time frame set by the certifying or licensing entity.

2.7 **Indemnification.** [Parties to insert indemnity language from RFP]

2.8 **Insurance.** [Parties to insert insurance language from RFP with the following suggested changes]:

- Remove the qualifiers, as shown, regarding the identification of self-insurance - this is not applicable.
- Add "or Contractor's corporate parent" as shown in section C9.2.1.2 - Republic's cover is purchased at the corporate parent level.
- Add "or equivalent" after "workers' compensation insurance" as shown in section C9.2.1.2 and everywhere else it appears in the agreement - Republic is a registered non-subscriber to the TX Workers' Compensation Act.
- Remove the requirement that the certificate of insurance state that all applicable requirements have been satisfied - this is not verbiage that can be added to a standardized ACORD template.
- Revise the notice requirement to restrict it to notice in the event of cancellation, only, as shown - Republic's insurers have agreed to provide notice only in the event of cancellation.

2.9 **Financial Assurance.** Contractor and City agree that federal and state laws and regulations currently require financial assurance by owners and operators to demonstrate financial ability to perform operation, closure and post closure functions of a landfill site for thirty years after its closure. Contractor shall provide the City with a \$5,000,000 performance bond to secure its obligations under this Agreement. Contractor agrees to and shall perform, or cause to be performed, all landfill closure functions in accordance with state and federal laws and the Permit. Contractor agrees to submit to City the following documents and financial instruments to demonstrate that Landfill cells are being utilized and closed in a cost efficient manner, and to demonstrate Contractor's financial ability to carry out such functions.

2.10 **Liquidated Damages.** The parties agree that notwithstanding anything to the contrary in Section C12.4 of Appendix C to the RFP, the liquidated damages shall be as follows: [parties to negotiate]

2.11 **Nondiscrimination.** Contractor shall not discriminate against any person because of their race, sex, age, creed, color, religion; national origin, disability or any other impermissible basis.

2.12 **City Manager.** Contractor shall be directly responsible to the City Manager of the City in the performance of its obligations under this Agreement.

III. DUTIES OF CITY.

- 3.1 Landfill Site. During the term of this Agreement and any extensions allowed hereunder, City agrees to lease the Landfill to Contractor in accordance with Section 1.2. If the Landfill is used up and exhausted during the term of this Agreement or the term of any renewals hereof, then the City may at its option provide another sanitary landfill complying with State and Federal laws. If City does not provide another sanitary landfill, Contractor may, at its option, be released from providing any further services under this Agreement. Provided, however, any such release shall not be construed to be a release of Contractor from its duties under the indemnification provisions of this Agreement or any other provisions of this Agreement that expressly survive termination of the Agreement. Any alternative landfill site furnished by the City pursuant to this section shall be leased to Contractor for the remainder of the term of this Agreement or extensions hereof and shall be maintained by Contractor according to the provisions in this Agreement. The amount of the lease payments for such landfill site shall be negotiated between the City and Contractor. The lease of the new landfill site shall begin on the date that it becomes necessary for Contractor to begin utilization of such landfill for the disposal garbage and refuse.
- 3.2 Compliance with Laws and Permits. City warrants and represents that it shall timely perform all of its obligations hereunder and shall at no time knowingly request Contractor to take any action with regard to waste disposal services which would or could violate any federal, state, county and/or city statutes, ordinances, laws, regulations, licensing or permitting requirements. Further, City warrants and represents, that to its knowledge, it has taken all actions which are necessary and/or provided for in accordance with all federal, state, county, city, and/or local statutes, laws, ordinances, and regulations to legally enter into and execute this Agreement so as to render the same effective and binding upon the City under the terms and conditions stated in this Agreement. If City learns that further action is necessary to comply with the meaning of this Section 3.4, City will take such action within a reasonable time.

IV. MISCELLANEOUS PROVISIONS.

- 4.1 Assignment. Contractor may not assign this Agreement or any rights, duties and obligations thereunder without the prior written consent of City (which consent shall not be unreasonably withheld) and, in the event of an attempted assignment by Contractor of this Agreement without the express prior written consent of City, such attempted assignment shall be void and without effect.

City may assign its rights and privileges under this Agreement by giving Contractor ninety (90) days' notice of the assignment.

- 4.2 Parties Bound. This Agreement is binding on and inures solely to the benefit of the parties and their respective successors, legal representatives, heirs and permitted assigns, and no other person shall have any legal or equitable right,

remedy or claim under or in respect of or by virtue of this Agreement or any provision contained in this Agreement.

- 4.3 **Construction.** The language of this Agreement shall be construed according to its fair meaning and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. Headings are for convenience and reference and are not intended to define, limit or extend the scope of any provision of this Agreement. All the terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number (singular and plural) or any other gender (masculine, feminine or neuter) as the context or sense of this Agreement, or any section or cause hereof may require. The locative adverbs "herein," "hereunder," "hereto," "hereinafter," and like words wherever the same appear in this Agreement, mean and refer to this Agreement in its entirety and not to any specific paragraph, section or subsection hereof unless otherwise expressly designated in context.
- 4.4 **Governing Law Venue.** This Agreement is made and performable in Tom Green County, Texas, and shall be interpreted in accordance with the laws of the State of Texas. Venue for any legal action arising out of this Agreement shall lie in any court of competent jurisdiction in Tom Green County, Texas.
- 4.5 **Incorporation by Reference.** All permits, ordinances, agreements, exhibits, attachments or annexes referred to in this Agreement, whether or not attached to this Agreement, are incorporated by reference and made a part of this Agreement for all purposes, the same as if written in full in this Agreement.
- 4.6 **Entire Agreement; Conflict.** This Agreement, the RFP and the instruments called for and/or incorporated by reference in this Agreement contain all of the covenants, statements, representations and promises agreed to by the parties and supersede any commitment, agreement, memorandum, understanding, stipulation or representation previously made by the parties or their agents or employees, including that certain Agreement for Waste Collection and Disposal and Landfill Lease and Operation between the City and Contractor dated July 6, 2004. No agent of either party has authority to make, and the parties shall not be bound by, nor liable for, any covenant, statement, representation or promise not set forth in this Agreement. If any provisions in this Agreement conflict with the RFP, the terms of this Agreement shall prevail.
- 4.7 **Amendments.** No amendment to this Agreement shall be effective unless such is in writing and signed by both parties.
- 4.8 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement shall not become effective until executed by both parties.

- 4.9 **Severability.** In the event one or more provisions of this Agreement shall for any reason be held invalid, illegal, or unenforceable in any respect, as to any person or set of circumstances, such holding shall not affect the validity of any remaining provision of this Agreement or that provision's application to other persons not similarly situated or to other circumstances, and the Agreement shall be construed as if such invalid, illegal, or unenforceable provision had not been contained in it.
- 4.10 **Attorney's Fees and Costs.** If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.
- 4.11 **Notice.** Any formal notice required or permitted under this Agreement shall be deemed sufficiently given if in writing and personally delivered or deposited in the United States mail, postage prepaid and sent by registered or certified mail (return receipt requested) to the party to whom said notice is to be given. Notices delivered in person shall be deemed to be served effective as of the date the notice is delivered. Notices sent by registered or certified mail (return receipt requested) shall be deemed to be served seventy-two (72) hours after the date said notice is postmarked to the addressee, postage prepaid. Until changed by written notice given by one party to the other, the addresses of the parties shall be as follows:

Contractor: General Manager
 Republic Waste Services of Texas, Ltd.
 1422 Hughes Street
 San Angelo, TX 76903

With a copy to: Deputy General Counsel – West Region
 Republic Services, Inc.
 18500 N. Allied Way
 Phoenix, AZ 85054

City: City Manager
 City of San Angelo
 P.O. Box 1751
 San Angelo, Texas 76903

- 4.12 **Survival of Covenants and Conditions.** It is expressly agreed that all covenants and conditions regarding the rights and obligations of the parties subsequent to the termination of this Agreement shall survive the termination and shall continue in full force and effect in accordance with the terms of the specific provision.
- 4.13 **Payment.** All sums payable under this Agreement are payable in U.S. currency and shall be paid to Contractor or City at the places provided in this Agreement for service of notice to said party.

[Signatures on following page]

CITY OF SAN ANGELO

BY: _____

Date: _____

BY: _____
Alicia Ramirez, City Clerk

REPUBLIC WASTE SERVICES OF TEXAS,
a Texas limited partnership

BY: _____
Keith Cordesman

Title: Area President

ATTEST:

BY: _____
NAME: _____
Title: _____

Date: _____

EXHIBIT A

RFP

[Parties to insert RFP and Appendices]

EXHIBIT B

Legal Description of Landfill

EXHIBIT C

GUARANTY

[See Attached]

GUARANTY

THIS GUARANTY is made and entered into as of _____, 2014, by Republic Services, Inc., a Delaware corporation (“Guarantor”), in favor of the City of San Angelo, a Texas home rule municipal corporation (the “Guaranteed Party”).

Recitals

A. Republic Waste Services of Texas, Ltd., a Texas limited partnership (“Subsidiary”), and the Guaranteed Party are parties to the following agreements, both dated as of the date of this Guaranty: (a) Agreement for Waste Collection and Disposal; and (b) Agreement for Landfill Lease and Operation (collectively, the “Agreement”).

B. As an inducement to the Guaranteed Party to enter into the Agreements, Guarantor has agreed to guarantee the performance of Subsidiary’s obligations under the Agreements.

In consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Agreement

1. Guaranty. Guarantor irrevocably and unconditionally guarantees to the Guaranteed Party the due and punctual performance of each obligation of Subsidiary contained in the Agreements in accordance with its terms and conditions. Guarantor agrees that if Subsidiary shall fail to perform any of its obligations under the Agreements when due in accordance with the terms of the Agreements, it shall, upon demand made by the Guaranteed Party, immediately perform the obligation, to the extent that such performance is required to be made or performed by Subsidiary. Notwithstanding anything to the contrary contained in this Guaranty, this Guaranty pertains only to those obligations owed by Subsidiary under the Agreements, and shall in no way alter or expand any obligation owing under the Agreements or diminish any defense available to Subsidiary under the Agreements. This Guaranty in no way alters the respective obligations, rights, defenses, setoffs, counterclaims, or privileges of the parties to the Agreements, all of which shall be equally available to Guarantor as to Subsidiary in the event the Guaranteed Party makes a claim under this Guaranty. The Guaranteed Party, however, may commence any action or proceeding based upon this Guaranty directly against Guarantor without making Subsidiary a party defendant in such action or proceeding and it shall not be necessary for the Guaranteed Party to bring any action or proceeding first against Subsidiary to recover from the Guarantor.

Guarantor agrees that the obligations of Guarantor pursuant to this Guaranty shall remain in full force and effect without regard to, and shall not be released, discharged or affected in any way by any of the following (whether or not Guarantor shall have any knowledge thereof):

(a) any termination, amendment, modification or other change in the Agreements;

(b) any failure, omission or delay on the part of Subsidiary, Guarantor, any or any other guarantor of Subsidiary's obligations to conform or comply with any term of the Agreements;

(c) any waiver, compromise, release, settlement or extension of time of performance or observance of any of the obligations or Agreements contained in the Agreements;

(d) any dissolution of Guarantor or any voluntary or involuntary bankruptcy, insolvency, reorganization, arrangement, readjustment, assignment for the benefit of creditors, composition, receivership, liquidation, marshalling of assets and liabilities or similar events or proceedings with respect to Subsidiary, Guarantor or any other guarantor of Subsidiary's obligations, as applicable, or any of their respective property or creditors, or any action taken by any trustee or receiver or by any court in any such proceeding;

(e) any merger or consolidation of Subsidiary, Guarantor or any other guarantor of Subsidiary's obligations into or with any person, or any sale, lease or transfer of any of the assets of Subsidiary, Guarantor or any other guarantor of Subsidiary's obligations to any other person; or

(f) any change in the ownership of the capital stock of Subsidiary, Guarantor or any other guarantor of Subsidiary's obligations or any change in the relationship between Subsidiary, Guarantor or any other guarantor of Subsidiary's obligations, or any termination of any such relationship.

2. Representations and Warranties. Guarantor represents and warrants to the Guaranteed Party that this Guaranty has been duly executed and delivered by Guarantor and constitutes the legal, valid and binding obligation of Guarantor, enforceable against Guarantor in accordance with its terms.

3. Miscellaneous

(a) Governing Law. This Guaranty shall be governed by and construed in accordance with the laws of the State of Texas without reference to the choice of law principles thereof. Any legal action, suit or proceeding arising out of or relating to this Agreements shall be instituted exclusively in the state or federal courts of the State of Texas.

(b) No Third Party Benefits. Nothing in this Guaranty is intended, and it shall not be construed, to confer any rights or benefits upon any person other than the Guaranteed Party and no other third party shall have any rights or remedies hereunder.

(c) Notices. All notices and other communications to Guarantor under this Guaranty shall be sufficiently given for all purposes hereunder if in writing and: (i) delivered personally; or (ii) sent by documented overnight delivery service, in each case, to the following:

Republic Services, Inc.
18500 North Allied Way
Phoenix, AZ 85054
Attn: Treasury Department

or to such other address and/or to the attention of such other person as Guarantor may designate by written notice to the Guaranteed Party.

(d) Binding Effect; Assignment. This Guaranty shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that no party hereto may assign its rights or delegate its obligations under this Guaranty without the express written consent of the other party hereto.

(e) Headings. The headings contained in this Guaranty are inserted for convenience only and will not affect the meaning or interpretation of this Guaranty.

(f) Amendment; No Waiver. This Guaranty may not be modified or amended except by an instrument in writing signed by the party against whom enforcement of any such modification or amendment is sought. Any party hereto may, only by an instrument in writing, waive compliance by the other party hereto with any term or provision of this Guaranty. The waiver by any party hereto of a breach of any term or provision of this Guaranty shall not be construed as a waiver of any subsequent breach.

IN WITNESS WHEREOF, Guarantor has executed this Guaranty as of the date first above written.

Republic Services, Inc.

By: _____
Name: _____
Its: _____

EXHIBIT D

RATES FOR DISPOSAL SERVICES

[to be inserted]

4

2012 SUMMARY ANNUAL REPORT



REPUBLIC SERVICES, INC.

2012 Summary Annual Report



FELLOW STOCKHOLDERS,



As I reflect on 2012, it can be best defined as a year in Republic's history when we took strategic steps to strengthen our foundation in preparation for growth and innovation in 2013 and beyond. Despite a less than favorable economy, we executed on our long-term strategy and maintained our track record of generating strong cash flow from the business. Consistent with our balanced approach to cash utilization, we reinvested in the business and returned a significant portion of free cash flow to our stockholders. This included dividends of \$329 million and share repurchases of \$325 million.

We are extremely pleased with the progress we have made and value our employees' hard work that contributed to our 2012 successes.

Our strategy has not changed. It is designed to generate cash flow growth and improve returns on invested capital.

DELIVERING STRONG FINANCIAL PERFORMANCE

We delivered adjusted free cash flow of \$768 million and closed the year with a total stockholder return of 9.9%. Additionally, we proudly returned \$654 million in total cash to our stockholders during the year, a cash yield of 6.3%.

In the second half of 2012, we experienced two sequential quarters of core price improvement. This was an encouraging indicator as we entered 2013. We expect full year 2013 price to exceed our 2012 performance. We also delivered positive results from initiatives to grow the business, including positive unit growth in all collection lines of business while maintaining high levels of customer retention. We believe this is a positive indicator that there is some level of economic stability and improvement occurring in the marketplace. And, our marketing efforts are beginning to take hold.

INCREASING EMPLOYEE ENGAGEMENT AND PRODUCTIVITY

Strong company performance begins with employees who believe—believe in the company and in the role they play to deliver results. In 2012, we optimized our organization to ensure we have the right people in the right roles to achieve our goals. This means more accountability, wider spans of control and more meaningful work for everyone. We strengthened our internal performance management system, improved our learning and development capabilities, and simplified business processes and decision making so all employees are working to achieve "The Republic Way."

INVESTING IN THE BUSINESS

We completed approximately \$100 million in acquisitions in 2012, which was our highest investment in four years. These acquisitions have annual run rate revenue of approximately \$65 million and an expected annual EBITDA contribution of approximately \$23 million. Our financial flexibility enables us to complete these accretive transactions and gives us the capacity we need to pursue future deals.

We finished 2012 with 62% of our residential routes now being automated, single-operator trucks. Operating an automated fleet is more than increasing productivity. It also greatly increases driver safety and engagement, broadens our driver recruitment demographic, and improves customer experience.

ENVIRONMENTALLY RESPONSIBLE INVESTMENTS

We are focused on being good stewards of the planet. Republic has a substantial recycling business and we intend to continue expanding our capabilities in this growing segment. We believe that waste streams from recycling and diverted materials will continue to grow. Two years ago, we identified 25 of our existing markets that we could invest in to build our recycling capacity. We are doing this by expanding into three to five of these markets per year. In 2012, we made improvements at three existing recycling facilities, opened a new facility in Jacksonville, Florida, and broke ground on a new single-stream facility in Dallas.

We are also pleased with the strides we have made in gradually converting our fleet to natural gas. Natural gas allows us to take advantage of the cost savings of running a fleet on this clean alternative fuel source. Approximately 55% of our vehicle purchases during 2012 were vehicles fueled by natural gas. Further, we added seven fueling stations to our portfolio giving us a total of 21 stations, four of which we share with our municipal partners to help gain a wider acceptance and use of this abundant alternative fuel.

2013 – A CONTINUED STEADFAST AND FOCUSED PACE OF CHANGE

Our strategy has not changed. It is designed to generate cash flow growth and improve returns on invested capital. We remain committed to an effective cash flow utilization strategy that includes increasing cash returns to our stockholders through share repurchases and dividends.

To deliver on this strategy and to create value for all stakeholders, in 2013 we are focusing our attention on what we do best. This includes executing our long-term plan of profitably growing and operating our North American solid waste and recycling businesses. We will accomplish this by continuing our pricing programs and utilizing our return on investment-based tools. We will grow the business through sales, acquisitions and investments in recycling processing capability. We also will enhance the customer experience by continuously improving our service delivery and differentiating our service offerings.

We continue to manage our cost structure through programs designed to gain operational efficiencies, including fleet automation, CNG conversion and standardized maintenance practices.

Most importantly, we will continue investing in our people, building our talent and improving team engagement.

As we have demonstrated year after year, our strategy and performance are solid. We have consistently demonstrated the strength of our core business, and executing our strategy will ensure we maintain our

position as the market leader. I believe with a lot of focused determination over the next few years, we can earn five stars – from our employees, customers and stockholders – if we continue to be guided by just one: our Republic Star.

My deepest thanks go to our employees for their unwavering focus on teamwork and showing our customers that we work for them, to our customers for the opportunity to serve them, to our Board of Directors for their wisdom and counsel, and to our stockholders for your continued investments and trust.

We are all committed to delivering for you.



Don Slager

President & Chief Executive Officer

2012 SUCCESSES:

\$768M in Adjusted Free Cash Flow

\$654M in Cash Returned to Stockholders

\$329M in Dividends

\$325M in Share Repurchases

\$100M in Strategic Acquisitions



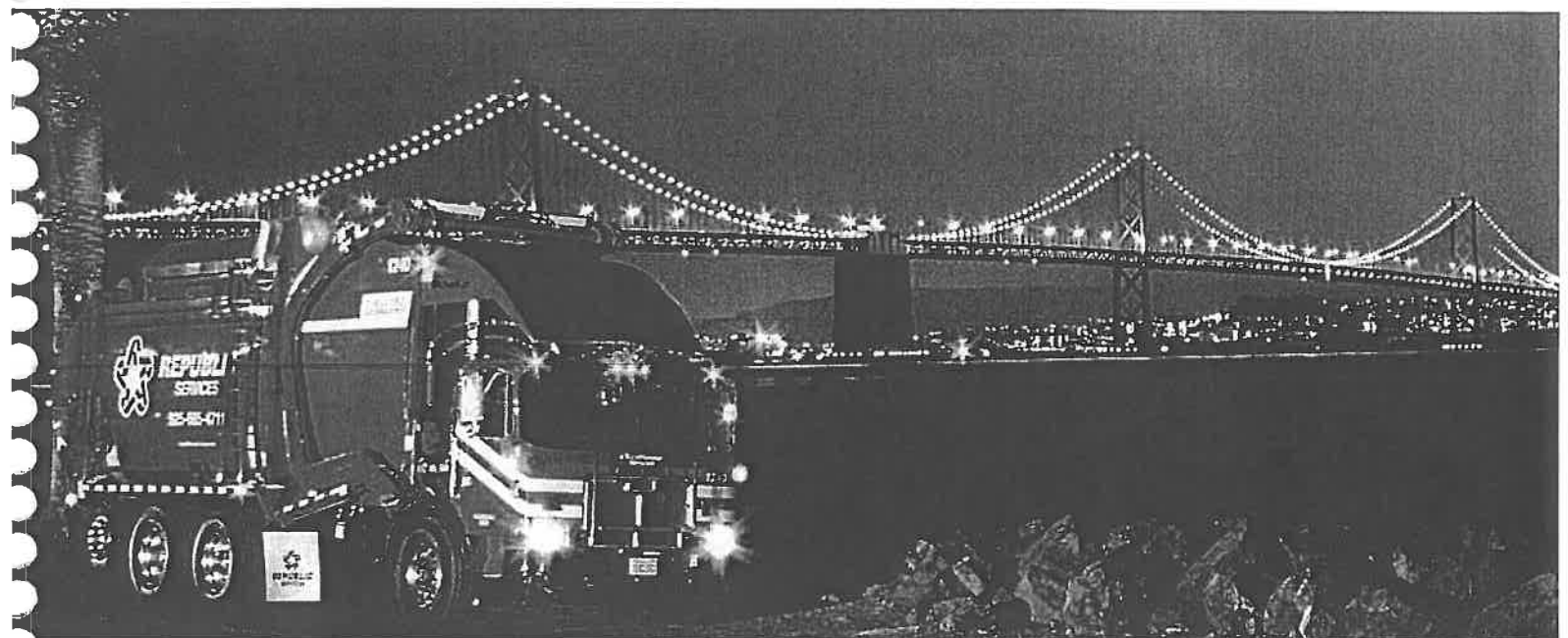
HIGHLIGHTS



in millions except percentages

	2012	2011	2010
Cash Returned to Stockholders	\$654	\$769	\$336
Cash yield	6.3%	7.0%	3.0%
Shares repurchased	11.8	15.7	1.4
Net investment in acquisitions	\$100	\$52	\$29
Total tons recycled	4.6	4.4	4.0
Automated residential routes	62%	59%	51%
Natural gas vehicles (% of fleet)	8%	5%	3%

NOTE: See "Adjusted Free Cash Flow" section in Republic's Current Report on Form 8-K, dated February 7, 2013, for a reconciliation of adjusted free cash flow to cash provided by operating activities and a description of why we present it.



DOING MORE OF WHAT WE DO BEST IN 2013

STRATEGIC ACQUISITIONS

We continue to grow our company through thoughtful acquisitions. In 2012, we accelerated our efforts in this area, investing \$100 million in acquisitions. In 2013, we remain dedicated to growing our business with strategic acquisitions at the same pace, when and where it makes sense and only with adequate returns on invested capital.

SUSTAINABLE IMPACT

We take our role as responsible stewards of the environment seriously and will grow our recycling infrastructure so we can provide more residents and businesses – and our great grandchildren – with a cleaner, healthier, more sustainable planet. Keeping our 2012 pace, we will invest in three to five existing markets to expand our recycling capability and meet customer needs in 2013. We will also expand our planet-friendly fleet. We ended 2012 with approximately 8% of our fleet powered by natural gas. We expect 50% of our annual truck purchases to be CNG and the natural gas share of our fleet to grow to 20% by 2016.

ENHANCEMENTS FOR CUSTOMERS

In 2013 – and the years to follow – we will focus on providing even more value to our customers. We will do this by offering more products and services our customers need and want; delivering the type of quality service customers can't find anywhere else; and providing an overall experience that makes doing business with us easy, convenient and worth every penny. Let's just say, we are working hard to earn five stars.

FLEET AUTOMATION

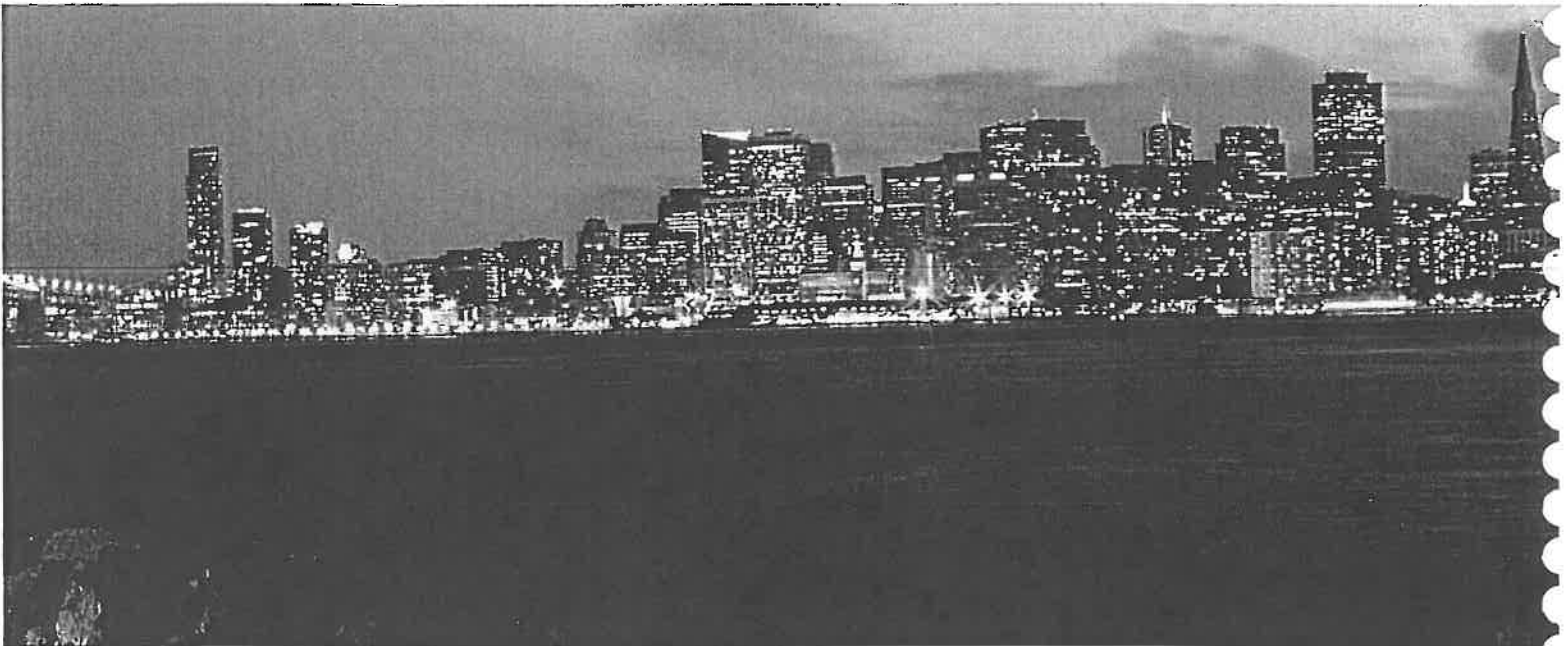
Automation increases productivity and provides a safer working environment for our drivers. An automated, single-operator fleet allows us to serve more customers more efficiently and enables us to attract and retain strong, diverse talent. We ended 2012 with approximately 62% of our residential fleet automated. And, with our current conversion and purchase plans, we expect approximately 80% of our residential fleet to be automated within seven years.

FLEET MAINTENANCE STANDARDIZATION

Through OneFleet, our maintenance standardization program, we are minimizing variability in our maintenance processes. This standardization will result in higher vehicle quality and reliability and a safer, more efficient fleet with lower operating costs. Approximately 50% of our fleet is managed in facilities that have implemented a consistent and higher set of maintenance standards and practices. We expect all of our fleet will be managed to these standards by 2016.

GROWTH FOR EMPLOYEES

Success starts with the people we employ to operate our company on a day-to-day basis. With strong talent across all roles and geographies in our footprint, our customers are getting the best—the best thinking and the best execution. Our employees are deeply invested in our success and in satisfying our customers. In 2013, we will roll out new tools and programs for employees, designed to maximize results and drive employee engagement.



STRENGTH IN NUMBERS

191



195 transfer stations

954



trucks purchased in 2012

30,000 employees



\$100 million
in 2012 strategic
acquisitions



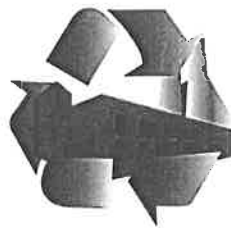
15,400 recycling and waste collection
trucks on the road

39

states &
Puerto Rico



solar energy
projects



71 recycling
facilities

69

landfill gas projects



332

collection companies

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2012

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission file number: 1-14267

REPUBLIC SERVICES, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State of Incorporation)

65-0716904

(I.R.S. Employer Identification No.)

18500 North Allied Way
Phoenix, Arizona
(Address of Principal Executive Offices)

85054
(Zip Code)

Registrant's telephone number, including area code: (480) 627-2700

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class

Name of Each Exchange on which Registered

Common Stock, par value \$.01 per share

The New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files) Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of June 30, 2012, the aggregate market value of the shares of the Common Stock held by non-affiliates of the registrant was \$9.7 billion.

As of February 8, 2013, the registrant had outstanding 362,596,989 shares of Common Stock (excluding treasury shares of 44,076,417).

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement relative to the 2013 Annual Meeting of Stockholders are incorporated by reference in Part III hereof.

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Unless the context requires otherwise, all references in this Form 10-K to "Republic", "the company," "we," "us" and "our" refer to Republic Services, Inc. and its consolidated subsidiaries.

PART I

ITEM 1. BUSINESS

Overview

We are the second largest provider of services in the domestic non-hazardous solid waste industry as measured by revenue. We provide non-hazardous solid waste collection services for commercial, industrial, municipal and residential customers through 332 collection operations in 38 states and Puerto Rico. We own or operate 195 transfer stations, 191 active solid waste landfills and 71 recycling centers. We also operate 69 landfill gas and renewable energy projects. We were incorporated as a Delaware corporation in 1996. On December 5, 2008, we acquired all the issued and outstanding shares of Allied Waste Industries, Inc. (Allied) in a stock-for-stock transaction for an aggregate purchase price of \$12.1 billion, which included \$5.4 billion of debt, at fair value.

Based on analysts' reports and industry trade publications, we believe the United States non-hazardous solid waste services industry generates annual revenue of approximately \$55 billion, of which approximately 60% is managed by publicly owned waste companies. We believe that we and one other public waste company generated in excess of 60% of the publicly owned companies' total revenue. Industry data also indicates that the non-hazardous waste industry in the United States remains fragmented as privately held companies and municipal and other local governmental authorities generate approximately 19% and 22%, respectively, of total industry revenue. We believe growth in the solid waste industry historically has been linked primarily to growth in the overall economy, including the level of new household and business formation and changes in residential and commercial construction activity.

Our operations are national in scope, but the physical collection and disposal of waste is very much a local business and the dynamics and opportunities differ in each of our markets. By combining local operating management with standardized business practices, we drive greater overall operating efficiency across the company while maintaining day-to-day operating decisions at the local level, closest to the customer.

We manage our operations through three geographic operating regions that are also our reportable segments: East, Central and West. Each region is organized into several areas and each area contains multiple business units or operating locations. Each of our regions and substantially all our areas provide collection, transfer, recycling and disposal services. We believe this structure facilitates integrating our operations within each region, which is a critical component of our operating strategy. It also allows us to maximize the growth opportunities in each of our markets and to operate the business efficiently, while minimizing administrative overhead costs and maintaining effective controls and standards over operational and administrative matters, including financial reporting. See Note 14, *Segment Reporting*, to our consolidated financial statements in Item 8 of this Form 10-K for further discussion of our operating segments.

During the fourth quarter of 2012, we restructured our field and corporate operations to create a more efficient and competitive company. These changes included consolidating the regions from four to three, which resulted in a change to our reportable segments to those described above, and areas from 28 to 20, relocating office space and reducing administrative staffing levels. We implemented this realignment to leverage our strong leadership team and organizational capabilities to refine how we operate. We have not made any changes to the span of control at our business units, keeping the appropriate leadership focus and decision making closest to our customers.

Management Team

We believe we have one of the most experienced management teams in the solid waste industry.

Donald W. Slager became our Chief Executive Officer (CEO) and remained our President on January 1, 2011, after having served as our President and Chief Operating Officer (COO) from the Allied acquisition in December 2008 until then. In addition to his duties as CEO, Mr. Slager resumed the role of principal operating executive from November 2011 until August 2012. Prior to the Allied acquisition, Mr. Slager worked for Allied from 1992 through 2008 and served in various management positions, including President and COO from 2004 through 2008 and Executive Vice President and COO from 2003 to 2004. From 2001 to 2003, Mr. Slager served as Senior Vice President, Operations. Mr. Slager held various management positions at Allied from 1992 to 2003, and was previously General Manager at National Waste Services, where he served in various management positions since 1985. Mr. Slager has over 32 years of experience in the solid waste industry. Mr. Slager has been a member of our Board of Directors since June 24, 2010.

Glenn A. Culpepper was elected Executive Vice President – Chief Financial Officer, effective on January 9, 2013. Mr. Culpepper has more than 30 years of broad-based financial experience. He joins Republic from Summit Materials, a leading business in the aggregates and building materials sector, where he has been Chief Financial Officer (CFO) for the last two years. Prior to that, Mr. Culpepper spent 21 years at CRH PLC, a large publicly-traded multinational construction materials company based in Dublin, Ireland, including two years as its principal financial officer and member of its board of directors, and 13 years as the CFO of its North American operations, Oldcastle Materials. Prior to CRH, Mr. Culpepper held roles of increasing responsibility in audit, tax and mergers and acquisitions at Price Waterhouse.

Robert Boucher was named Executive Vice President, Operations in August 2012. Mr. Boucher joined us in June 2010 as the Area President for the Houston area and then served as Senior Vice President, Operations, Southern Region. Mr. Boucher has had a 20-year career in the waste industry, including serving as President and Chief Executive Officer of Synagro from 2002 to 2010. Before that, Mr. Boucher worked for Allied Waste Industries, Inc. from 1997 to 2002 in positions including District Manager and Regional Vice President. Mr. Boucher also worked for Waste Management from 1994 to 1997 and for American Waste Systems from 1989 to 1994. During this time, his many roles included Division Manager, Operations Manager, General Manager and Division President. Mr. Boucher has over 23 years of experience in the solid waste industry.

Jeffrey A. Hughes was named Executive Vice President, Human Resources in December 2008. Before that, Mr. Hughes served as Senior Vice President, Eastern Region Operations for Allied from 2004 until the Allied acquisition in December 2008. Mr. Hughes served as Assistant Vice President of Operations Support for Allied from 1999 to 2004 and as a District Manager for Allied from 1988 to 1999. Mr. Hughes has over 25 years of experience in the solid waste industry.

Michael P. Rissman has served as our Executive Vice President, General Counsel and Corporate Secretary since August 2009. Previously, Mr. Rissman had served as acting General Counsel and Corporate Secretary from March 2009. Mr. Rissman joined Allied as Vice President and Deputy General Counsel in July 2007 and continued in the same positions at Republic following the Allied acquisition in December 2008. Prior to joining Allied, Mr. Rissman was a partner at Mayer Brown LLP, in Chicago, where he worked from 1990 until coming to Allied in 2007.

Our local management team has extensive industry experience in growing, operating and managing solid waste companies and has substantial experience in their local geographic markets. This allows us to quickly respond to and meet our customers' needs and stay in touch with local businesses and municipalities. Each regional management team includes a regional president, vice president-controller, vice president of human resources, vice president of sales, vice president of operations support, director of safety, director of engineering and environmental management, and director of market planning and development. We believe that our strong regional management teams allow us to effectively and efficiently drive our initiatives and help ensure consistency throughout the organization. Our regional management teams and area presidents have extensive authority, responsibility and autonomy for operations within their respective geographic markets. As a result of retaining experienced managers with extensive knowledge of and involvement in their local communities, we are proactive in anticipating customers' needs and adjusting to changes in our markets. We also seek to implement the best practices of our various regions, areas and business units throughout our operations to continue improving operating margins.

Integrated Operations

We believe we have created a company with a strong, national operating platform. We seek to achieve a high rate of internalization by controlling waste streams from the point of collection through processing or disposal. Our fully integrated markets generally have a lower cost of operations and more favorable cash flows than our non-integrated markets. Through acquisitions, landfill operating agreements and other market development activities, we create market-specific, integrated operations typically consisting of one or more collection operations, transfer stations and landfills. We also operate recycling centers in markets where diversion of waste is a priority and it is profitable to do so. We consider acquiring companies that own or operate landfills with significant permitted disposal capacity and appropriate levels of waste volumes.

We also seek to acquire solid waste collection operations in markets in which we own or operate landfills. In addition, we generate internal growth in our disposal operations by developing new landfills and expanding our existing landfills in markets in which we have significant collection operations or in markets that we determine lack sufficient disposal capacity. During the year ended December 31, 2012, approximately 67% of the total waste volume that we collected was disposed at landfill sites that we own or operate (internalization). In a number of our larger markets, we and our competitors are required to take waste to government-controlled disposal facilities (flow control). This provides us with an opportunity to compete effectively in these markets without investing in landfill capacity.

Major Initiatives

Our initiatives are designed to deliver total waste stream solutions, including recycling, to our customers while creating sustainable economic value for our stockholders. We believe focusing on the following major initiatives will improve profitability and generate value for our stockholders:

Customer Experience

We strive to provide the highest level of customer service. Our policy is to periodically visit each commercial account to ensure customer service and satisfaction. We also have municipal marketing representatives who are responsible for working with municipalities or communities to which we provide residential service to ensure customer satisfaction. Additionally, the municipal representatives organize and drive the effort to obtain new or renew municipal contracts in their service areas.

We will continue to exceed our customers' expectations through consistently delivering high quality service and an expanded use of technology to make it easier to do business with us. Our technology eventually will allow more customers to access information and perform functions like changing service requests and making payments over the internet that were previously done with the assistance of a customer service representative. By increasing the ease of use and functionality of our web-based market presence, we believe we will enhance customer satisfaction and retention while we lower our costs.

Expansion of Recycling Capabilities

We believe approximately 35% of municipal solid waste is recycled. Communities have increasingly committed to their residents to enhance and expand their recycling programs. We continue to focus on innovative waste disposal processes and programs to help our customers achieve their goals related to sustainability and environmentally sound waste practices. We currently own or operate 71 recycling centers. During 2012, we invested approximately \$76 million on five recycling centers. We will continue to look for opportunities to expand our recycling capabilities in markets where these services are desired and provide an appropriate return on our investment.

Fleet Automation

Through 2012, we have converted approximately 62% of our residential routes to automated single driver trucks. By converting our residential routes to automated service, we believe we can more efficiently service our

customers, improve driver safety, increase productivity and reduce labor costs. Additionally, communities using automated vehicles have higher participation rates in recycling programs, thereby complementing our initiative to expand our recycling capabilities.

Fleet Conversion to Compressed Natural Gas (CNG)

We currently operate 1,300 CNG vehicles out of our total 15,000 active vehicles. We expect to continue our gradual fleet conversion to CNG, our preferred alternative fuel technology, as part of our ordinary annual fleet replacement process. We believe a gradual fleet conversion is most prudent to realize the full value of our previous fleet investments. Approximately 54% of our vehicle purchases during 2012 were vehicles fueled by CNG. We believe using CNG vehicles provides us a competitive advantage in communities with strict clean emission objectives or initiatives that focus on protecting the environment. Although upfront costs are higher, we expect that using natural gas will reduce our overall fleet operating costs through lower maintenance and fuel expenses.

Standardized Maintenance

We believe we operate the eighth largest vocational fleet in the United States. As of December 31, 2012, our average fleet age in years, by line of business, was as follows:

	<u>Number of Vehicles</u>	<u>Average Age</u>
Residential	7,500	6
Commercial	4,000	6
Industrial	3,500	9
Total	<u>15,000</u>	<u>7</u>

We have historically spent approximately 5% of our revenue on fleet maintenance. Through standardization of core functions, we believe we can minimize variability in our maintenance processes, resulting in higher vehicle quality and reliability and a safer, more efficient fleet with lower operating costs. We have standardized maintenance programs for approximately 50% of our fleet maintenance operations through December 31, 2012.

Cash Utilization Strategy

Key components of our cash utilization strategy include generating and growing free cash flow and sustaining or improving our return on invested capital. Our definition of free cash flow, which is not a measure determined in accordance with United States generally accepted accounting principles (U.S. GAAP), is cash provided by operating activities less purchases of property and equipment, plus proceeds from sales of property and equipment as presented in our consolidated statements of cash flows. We believe that free cash flow is a driver of stockholder value and provides useful information regarding the recurring cash provided by our operations. Free cash flow also demonstrates our ability to execute our cash utilization strategy, which includes:

- internal growth and acquisitions,
- dividends,
- share repurchases, and
- strong capital structure.

We manage our free cash flow by ensuring that capital expenditures and operating asset levels are appropriate in light of our existing business and growth opportunities and by closely managing our working capital, which consists primarily of accounts receivable, accounts payable, and accrued landfill and environmental costs.

Internal Growth and Acquisitions

Our growth strategy focuses on increasing revenue, gaining market share and enhancing stockholder value through internal growth in price and volume as well as through development activities, acquisitions and improving our operating margins. Within our markets, our goal is to deliver sustainable, long-term profitable growth while efficiently operating our assets to generate acceptable rates of return. We allocate capital to businesses, markets and development projects both to support growth and to achieve acceptable rates of return. The key components of our growth strategy are:

Price Growth. We seek to secure price increases necessary to offset increased costs, to improve our operating margins and to obtain adequate returns on our substantial investments in vehicles, other equipment, landfills, transfer stations and recycling facilities.

Volume Growth. Growth through increases in our customer base and services provided is the most capital efficient means to grow our business. We seek to obtain long-term contracts for collecting solid waste with exclusive franchise agreements with municipalities as well as commercial and industrial contracts. By obtaining such long-term agreements, we can grow our contracted revenue base at the same rate as the underlying population growth in these markets. In addition, by securing a base of long-term recurring revenue, we are better able to protect our market position from competition. We work to increase volumes while ensuring that prices charged for services provide an appropriate return on our capital investment.

Sales and Marketing Activities. We manage our sales and marketing activities to enable us to capitalize on our leading position in many of the markets in which we operate. While most of our marketing activity is local in nature, we also provide a National Accounts program in response to the needs of national and regional customers. This National Accounts program is designed to provide the best total solution to our customers' evolving waste management needs in an environmentally responsible manner. We partner with national clients to reach their sustainability goals, optimize waste streams, balance equipment and service intervals, and provide customized reporting. The National Accounts program centralizes services to effectively manage customer needs, while helping minimize costs. With our extended geographic reach, this program effectively serves our customers nationwide. As an industry leader, our mission is to use our strengths and expertise to exceed customer expectations by consistently delivering the best national program available.

Development Activities. We seek to identify opportunities to further our position as an integrated service provider in markets where we are not fully integrated. Where appropriate, we seek to obtain permits to build transfer stations, recycling centers and landfills that would provide vertically integrated waste services or expand the service areas for our existing disposal sites. Development projects, while generally less capital intensive than acquisitions, typically require extensive permitting efforts that can take years to complete with no assurance of success. We undertake development projects when we believe there is a reasonable probability of success and where reasonably priced acquisition opportunities are not available.

We continuously evaluate our existing operating assets and their deployment within each market to determine if we have optimized our position and to ensure appropriate investment of capital. Where operations are not generating acceptable returns, we examine opportunities to achieve greater efficiencies and returns through integrating additional assets. If such enhancements are not possible, we may ultimately decide to divest the existing assets and reallocate resources to other markets.

Acquisitions. Our acquisition growth strategy focuses primarily on acquiring privately held solid waste and recycling companies that complement our existing business platform. We believe our ability to acquire privately held companies is enhanced by increasing competition in the solid waste industry, increasing capital requirements due to changes in solid waste regulatory requirements, and the limited number of exit strategies for privately held companies. In addition, we will continue to evaluate opportunities to acquire operations and facilities that are being divested by other publicly owned waste companies.

Public-Private Partnerships. In addition to privately held solid waste and recycling companies, we also focus on the waste and recycling operations and facilities of municipal and other local governmental authorities for growth opportunities. We believe our ability to acquire operations and facilities from municipalities that are privatizing is growing, as they increasingly seek to raise capital and reduce risk.

The consolidation of acquired businesses into existing operations, whether through acquisitions or public-private partnerships, reduces costs by decreasing capital and expenses used for truck routing, personnel, equipment and vehicle maintenance, inventories and back-office administration.

Dividends

In July 2003, our board of directors initiated a quarterly cash dividend of \$0.04 per share. Our quarterly dividend has increased from time to time thereafter, the latest increase occurring in the third quarter of 2012 to \$0.235 per share, representing a compound annual growth rate since 2003 of approximately 22%. We expect to continue paying quarterly cash dividends and may consider additional dividend increases if we believe they will enhance stockholder value.

Share Repurchases

We have had a share repurchase program since November 2010. From November 2010 to December 31, 2012, we used \$825.6 million to repurchase 29.0 million shares of our common stock at a weighted average cost per share of \$28.49. We expect to use the remaining authorization, totaling \$324.4 million, to repurchase outstanding shares during 2013.

Strong Capital Structure

Debt. Since our merger with Allied on December 5, 2008, we have refinanced \$5,288.2 million in senior notes and \$1,022.3 million in tax-exempt financings. This reduced the average coupon rate on our senior notes and tax-exempt financings, on a weighted average basis, by more than 175 basis points while extending our debt maturities and giving greater stability to our capital structure. As a result of the refinancing, our debt maturity profile is as follows:

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Thereafter</u>
Credit facilities	\$ -	\$ -	\$ -	\$ 1,000.0	\$ 1,250.0	\$ -
Senior notes	-	-	-	-	-	5,725.7
Debentures	-	-	-	-	-	200.5
Tax-exempt financings	11.3	11.3	4.8	25.0	5.2	1,040.3
Total	<u>\$ 11.3</u>	<u>\$ 11.3</u>	<u>\$ 4.8</u>	<u>\$ 1,025.0</u>	<u>\$ 1,255.2</u>	<u>\$ 6,966.5</u>

Credit Ratings. A key component of our financial strategy includes maintaining investment grade ratings on our senior debt, which was rated BBB by Standard & Poor's, BBB by Fitch and Baa3 by Moody's as of December 31, 2012. Such ratings have allowed us, and should continue to allow us, to readily access capital markets at competitive rates.

Operations

Our operations primarily consist of providing collection, transfer and disposal of non-hazardous solid waste and recovering and recycling certain materials.

Collection Services. We provide solid waste collection services to commercial, industrial, municipal and residential customers through 332 collection operations. In 2012, 77% of our revenue was derived from collection services. Within the collection line of business, 35% of our revenue is from services provided to municipal and residential customers, 40% is from services provided to commercial customers, and 25% is from services provided to industrial (both permanent and temporary) and other customers.

Our residential collection operations involve the curbside collection of refuse from small containers into collection vehicles for transport to transfer stations, or directly to landfills or recycling centers. We typically perform residential solid waste collection services under contracts with municipalities, which we generally secure by competitive bid and which give us exclusive rights to service all or a portion of the homes in the respective municipalities. These contracts or franchises usually range in duration from one to five years, although some of our exclusive franchises are for significantly longer periods. We also perform residential solid waste collection services on a subscription basis, in which individual households contract directly with us. The fees received for subscription residential collection are based primarily on market factors, frequency and type of service, the distance to the disposal facility and the cost of disposal. In general, subscription residential collection fees are paid quarterly in advance by the residential customers receiving the service.

In our commercial and industrial collection operations, we supply our customers with waste containers of varying sizes. We also rent compactors to large waste generators. We typically perform commercial collection services under one- to three-year service agreements, and fees are determined based on a number of factors including the market, collection frequency, type of equipment furnished, type and volume or weight of the waste collected, transportation costs, and the cost of disposal.

We also provide waste collection services to industrial and construction facilities on a contractual basis with terms ranging from a single pickup to one year or longer. Our construction services are provided to the commercial construction and home building sectors. We collect the containers or compacted waste and transport the waste to either a transfer station or directly to a landfill for disposal.

We also provide recycling services based on our collection customers' requirements to complete our service offerings.

Transfer Services. We own or operate 195 transfer stations. Revenue at transfer stations is primarily generated by charging tipping or disposal fees which accounted for 5% of our revenue during 2012. Our collection operations deposit waste at these transfer stations, as do other private and municipal haulers, for compaction and transfer to disposal sites or recycling centers. Transfer stations provide collection operations with a cost effective means to consolidate waste and reduce transportation costs while providing our landfill sites with an additional "gate" to extend their geographic reach.

Disposal Services. We own or operate 191 active landfills. We charge tipping fees to third parties, which accounted for 12% of our revenue during 2012. As of December 31, 2012, we had approximately 37,000 permitted acres and total available permitted and probable expansion disposal capacity of 4.8 billion in-place cubic yards. The in-place capacity of our landfills is subject to change based on engineering factors, requirements of regulatory authorities, our ability to continue to operate our landfills in compliance with applicable regulations, and our ability to successfully renew operating permits and obtain expansion permits at our sites. Some of our landfills accept non-hazardous special waste, including utility ash, asbestos and contaminated soils.

Most of our active landfill sites have the potential for expanded disposal capacity beyond the currently permitted acreage. We monitor the availability of permitted disposal capacity at each of our landfills and evaluate whether to pursue an expansion at a given landfill based on estimated future waste volumes and prices, market needs, remaining capacity and the likelihood of obtaining an expansion. To satisfy future disposal demand, we are currently seeking to expand permitted capacity at certain of our landfills. However, we cannot assure you that all proposed or future expansions will be permitted as designed.

We also have responsibility for 128 closed landfills, for which we have associated closure and post-closure obligations.

Recycling Services. We own or operate 71 recycling centers. These facilities generate revenue through the collection, processing, and sale of old corrugated cardboard (OCC), old newspaper (ONP), aluminum, glass and other materials. Most of these recyclable materials are collected by our collection operations.

Changing market demand for recyclable materials causes volatility in commodity prices. At current volumes and mix of materials, we believe a ten dollar per ton change in the price of recyclable materials will change annual revenue and operating income by approximately \$29 million and \$20 million, respectively, on an annual basis.

In certain instances we issue recycling rebates to municipalities or large industrial customers, which can be based on the price we receive upon the final sale of recyclable materials, a fixed contractual rate or other measures. We also receive rebates when we dispose of recyclable materials at third-party facilities.

Of the current waste stream, approximately 35% is recycled, and we believe that percentage is growing faster than the overall waste stream as more volumes are diverted from landfills. As consumer demand for recycling services has increased, we have met that demand by integrating recycling components to each of our collection service offerings. Our goal is to provide a complete waste stream management solution to our customers in an environmentally sustainable way.

Other Services. Other revenue consists primarily of National Accounts revenue generated from nationwide contracts in markets outside our operating areas, where the associated waste handling services are subcontracted to local operators. Thus, substantially all of this revenue is offset with related subcontract costs, which are recorded in cost of operations.

Customers

We provide services to a broad base of commercial, industrial, municipal and residential customers. No single customer has individually accounted for more than 3% of our consolidated revenue in any of the last three years.

Competition

Although we operate in a highly competitive industry, entry into our business and the ability to operate profitably require substantial amounts of capital and managerial experience. Competition in the non-hazardous solid waste industry comes from a few other large, national publicly-owned companies, including Waste Management, Inc., several regional publicly- and privately-owned solid waste companies, and thousands of small privately-owned companies. In any given market, competitors may have larger operations and greater resources. In addition, we compete with municipalities that maintain waste collection or disposal operations. These municipalities may have financial advantages due to the availability of tax revenue and tax-exempt financing.

We compete for collection accounts primarily on the basis of price and the quality of our services. From time to time, our competitors reduce the price of their services in an effort to expand market share or to win a competitively bid municipal contract. Our ability to maintain and increase prices in certain markets may be impacted by our competitors' pricing policies. This may have an impact on our future revenue and profitability.

Seasonality and Severe Weather

Our operations can be adversely affected by periods of inclement or severe weather, which could increase the volume of waste collected under our existing contracts (without corresponding compensation), delay the collection and disposal of waste, reduce the volume of waste delivered to our disposal sites, or delay the construction or expansion of our landfill sites and other facilities. Our operations also can be favorably affected by severe weather, which could increase the volume of waste in situations where we are able to charge for our additional services.

Regulation

Our facilities and operations are subject to a variety of federal, state and local requirements that regulate, among other things, the environment, public health, safety, zoning and land use. Operating and other permits, licenses and other approvals generally are required for landfills and transfer stations, certain solid waste collection vehicles, fuel storage tanks and other facilities that we own or operate. These permits are subject to denial, revocation, modification and renewal in certain circumstances. Federal, state and local laws and regulations vary,

but generally govern wastewater or storm water discharges, air emissions, the handling, transportation, treatment, storage and disposal of hazardous and non-hazardous waste, and the remediation of contamination associated with the release or threatened release of hazardous substances. These laws and regulations provide governmental authorities with strict powers of enforcement, which include the ability to revoke or decline to renew any of our operating permits, obtain injunctions, or impose fines or penalties in the event of violations, including criminal penalties. The U.S. Environmental Protection Agency (EPA) and various other federal, state and local authorities administer these regulations.

We strive to conduct our operations in compliance with applicable laws, regulations and permits. However, from time to time we have been issued citations or notices from governmental authorities that have resulted in the need to expend funds for remedial work and related activities at various landfills and other facilities or in the need to expend funds for fines, penalties or settlements. We cannot assure you that citations and notices will not be issued in the future despite our regulatory compliance efforts. We have established final capping, closure, post-closure and remediation reserves that we believe, based on currently available information, will be adequate to cover our current estimates of regulatory costs. However, we cannot assure you that actual costs will not exceed our reserves.

Federal Regulation. The following summarizes the primary federal environmental and occupational health and safety-related statutes that affect our facilities and operations:

- *The Solid Waste Disposal Act, including the Resource Conservation and Recovery Act (RCRA).* RCRA establishes a framework for regulating the handling, transportation, treatment, storage and disposal of hazardous and non-hazardous solid waste, and requires states to develop programs to ensure the safe disposal of solid waste in sanitary landfills.

Subtitle D of RCRA establishes a framework for regulating the disposal of municipal solid waste. Regulations under Subtitle D currently include minimum comprehensive solid waste management criteria and guidelines, including location restrictions, facility design and operating criteria, final capping, closure and post-closure requirements, financial assurance standards, groundwater monitoring requirements and corrective action standards. All of the states in which we operate have implemented permit programs pursuant to RCRA and Subtitle D. These state permit programs may include landfill requirements that are more stringent than those of Subtitle D. Our failure to comply with any of these environmental requirements at any of our locations may lead to temporary or permanent loss of an operating permit, which would result in costs in connection with securing new permits and reduced revenue from lost operational time.

All of our planned landfill expansions and new landfill development projects have been engineered to meet or exceed Subtitle D requirements. Operating and design criteria for existing operations have been modified to comply with these regulations. Compliance with Subtitle D regulations has resulted in increased costs and may in the future require substantial additional expenditures in addition to other costs normally associated with our waste management activities.

- *The Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA).* CERCLA, among other things, provides for the cleanup of sites from which there is a release or threatened release of a hazardous substance into the environment. CERCLA may impose strict joint and several liability for the costs of cleanup and for damages to natural resources upon current owners and operators of a site, parties who were owners or operators of a site at the time the hazardous substances were disposed of, parties who transported the hazardous substances to a site, and parties who arranged for the disposal of the hazardous substances at a site. Under the authority of CERCLA and its implementing regulations, detailed requirements apply to the manner and degree of investigation and remediation of facilities and sites where hazardous substances have been or are threatened to be released into the environment. Liability under CERCLA is not dependent on the existence or disposal of only "hazardous wastes," but also can be based upon the existence of small quantities of more than 700 "substances" characterized by the EPA as "hazardous," many of which are found in common household waste. Among other things, CERCLA authorizes the federal government to investigate and remediate sites at which hazardous substances have been or are threatened to be released into the environment or to order persons potentially liable for the cleanup of the hazardous substances to do so

themselves. In addition, the EPA has established a National Priorities List of sites at which hazardous substances have been or are threatened to be released and which require investigation or cleanup.

CERCLA liability is strict liability. It can be founded upon the release or threatened release, even as a result of unintentional, non-negligent or lawful action, of hazardous substances, including very small quantities of such substances. Thus, even if we have never knowingly transported or received hazardous substances, it is likely that hazardous substances have been deposited or "released" at landfills or other facilities that we presently or historically have owned or operated, or at properties owned by third parties to which we have transported waste. Therefore, we could be liable under CERCLA for the cost of cleaning up such hazardous substances at such sites and for damages to natural resources, even if those substances were deposited at our facilities before we acquired or operated them. The costs of a CERCLA cleanup can be very expensive and can include the costs of disposing of hazardous substances at appropriately-licensed facilities. Given the difficulty of obtaining insurance for environmental impairment liability, any such liability could have a material impact on our business, financial condition, results of operations and cash flows.

- *The Federal Water Pollution Control Act of 1972 (the Clean Water Act).* This act regulates the discharge of pollutants from a variety of sources, including solid waste disposal sites, into streams, rivers and other waters of the United States. Runoff from our landfills and transfer stations that is discharged into surface waters through discrete conveyances must be covered by discharge permits that generally require us to conduct sampling and monitoring, and, under certain circumstances, to reduce the quantity of pollutants in those discharges. Storm water discharge regulations under the Clean Water Act require a permit for certain construction activities and for runoff from industrial operations and facilities, which may affect our operations. If a landfill or transfer station discharges wastewater through a sewage system to a publicly owned treatment works, the facility must comply with discharge limits imposed by that treatment works. In addition, states may adopt groundwater protection programs under the Clean Water Act or the Safe Drinking Water Act that could affect the manner in which our landfills monitor and control their waste management activities. Furthermore, if development at any of our facilities alters or affects wetlands, we may be required to secure permits before such development starts. In these situations, permitting agencies may require mitigation of wetland impacts.
- *The Clean Air Act.* The Clean Air Act imposes limitations on emissions from various sources, including landfills. In March 1996, the EPA promulgated regulations that require large municipal solid waste landfills to install landfill gas monitoring systems. These regulations apply to landfills that commenced construction, reconstruction or modification on or after May 30, 1991, and, principally, to landfills that can accommodate 2.5 million cubic meters or more of municipal solid waste. The regulations apply whether the landfills are active or closed. The date by which each affected landfill must have a gas collection and control system installed and made operational varies depending on calculated emission rates at the landfill. Efforts to curtail the emission of greenhouse gases and to ameliorate the effect of climate change may require our landfills to deploy more stringent emission controls and monitoring systems, with resulting capital or operating costs. Many state regulatory agencies also currently require monitoring systems for the collection and control of certain landfill gas. Certain of these state agencies are also implementing greenhouse gas control regulations that would also apply to landfill gas emissions. See Item 1A, *Risk Factors – "Regulation of greenhouse gas emissions could impose costs on our operations, the magnitude of which we cannot yet estimate,"* in this Form 10-K.

In addition, our vehicle fleet also may become subject to higher efficiency standards or other carbon-emission restrictions. Over the past two years, EPA and the National Highway Traffic Safety Administration (NHTSA) have adopted regulations mandating the reduction of vehicle tail pipe emissions as a means of reducing greenhouse gas emissions. The regulations take the form of fuel economy standards. EPA and NHTSA have developed fuel economy standards in two vehicle categories: (1) conventional automobiles and light-duty trucks; and (2) heavy-duty trucks, including solid waste collection vehicles and tractor trailers. We own and operate vehicles in both categories. For conventional automobiles and light-duty trucks, in May 2010 EPA and NHTSA finalized fuel economy standards for model years 2012 through 2016. In October 2011, EPA and

NHTSA initiated a second round of rulemaking for conventional automobiles and pick-up trucks in model years 2017 through 2025. In August 2011, EPA and NHTSA finalized standards for heavy duty trucks, including solid waste collection vehicles and tractor trailers, for model years 2014 through 2018. In issuing the fuel economy standards for heavy-duty trucks and tractor trailers, the government estimated the standards would increase the cost of the average tractor-trailer by approximately \$6,200, but that the vehicle would save fuel costs over its operating life.

- * *The Occupational Safety and Health Act of 1970 (OSHA)*. This act authorizes the Occupational Safety and Health Administration of the U.S. Department of Labor to promulgate occupational safety and health standards. A number of these standards, including standards for notices of hazardous chemicals and the handling of asbestos, apply to our facilities and operations.

State and Local Regulation. Each state in which we operate has its own laws and regulations governing solid waste disposal, water and air pollution, and, in most cases, releases and cleanup of hazardous substances and liabilities for such matters. States also have adopted regulations governing the design, operation, maintenance and closure of landfills and transfer stations. Some counties, municipalities and other local governments have adopted similar laws and regulations. In addition, our operations may be affected by the trend in many states toward requiring solid waste reduction and recycling programs. For example, several states have enacted laws that require counties or municipalities to adopt comprehensive plans to reduce, through solid waste planning, composting, recycling or other programs, the volume of solid waste deposited in landfills. Additionally, laws and regulations restricting the disposal of certain waste in solid waste landfills, including yard waste, newspapers, beverage containers, unshredded tires, lead-acid batteries, electronic wastes and household appliances, have been adopted in several states and are being considered in others. Legislative and regulatory measures to mandate or encourage waste reduction at the source and waste recycling also have been or are under consideration by the U.S. Congress and the EPA.

To construct, operate and expand a landfill, we must obtain one or more construction or operating permits, as well as zoning and land use approvals. These permits and approvals may be burdensome to obtain and to comply with, are often opposed by neighboring landowners and citizens' groups, may be subject to periodic renewal, and are subject to denial, modification, non-renewal and revocation by the issuing agency. Significant compliance disclosure obligations often accompany these processes. In connection with our acquisition of existing landfills, we may be required to spend considerable time, effort and money to bring the acquired facilities into compliance with applicable requirements and to obtain the permits and approvals necessary to increase their capacity.

Other Regulations. Many of our facilities own and operate underground storage tanks that are generally used to store petroleum-based products. These tanks are subject to federal, state and local laws and regulations that mandate their periodic testing, upgrading, closure and removal. In the event of leaks or releases from these tanks, these regulations require that polluted groundwater and soils be remediated. We believe that all of our underground storage tanks meet all applicable regulations. If underground storage tanks we own or operate leak, we could be liable for response costs and, if the leakage migrates onto the property of others, we could be liable for damages to third parties. We are unaware of facts indicating that issues of compliance with regulations related to underground storage tanks will have a material adverse effect on our consolidated financial condition, results of operations or cash flows.

With regard to our solid waste transportation operations, we are subject to the jurisdiction of the Surface Transportation Board and are regulated by the Federal Highway Administration, Office of Motor Carriers, and by regulatory agencies in states that regulate such matters. Various state and local government authorities have adopted, or are considering adopting, laws and regulations that would restrict the transportation of solid waste across state, county, or other jurisdictional lines. In 1978, the U.S. Supreme Court ruled that a law that restricts the importation of out-of-state solid waste is unconstitutional; however, states have attempted to distinguish proposed laws from those involved in and implicated by that ruling. In 1994, the U.S. Supreme Court ruled that a flow control law, which attempted to restrict solid waste from leaving its place of generation, imposes an impermissible burden upon interstate commerce and is unconstitutional. In 2007, however, the U.S. Supreme

Court upheld the right of a local government to direct the flow of solid waste to a publicly-owned and publicly-operated waste facility. A number of county and other local jurisdictions have enacted ordinances or other regulations restricting the free movement of solid waste across jurisdictional boundaries. Other governments may enact similar regulations in the future. These regulations may cause a decline in volumes of waste delivered to our landfills or transfer stations and may increase our costs of disposal, thereby adversely affecting our operations and our financial results.

Liabilities Established for Landfill and Environmental Costs. We have established reserves for landfill and environmental costs, which include landfill site final capping, closure and post-closure costs. We periodically reassess such costs based on various methods and assumptions regarding landfill airspace and the technical requirements of Subtitle D of RCRA, and we adjust our rates used to expense final capping, closure and post-closure costs accordingly. Based on current information and regulatory requirements, we believe that our recorded reserves for such landfill and environmental expenditures are adequate. However, environmental laws may change, and we cannot assure you that our recorded reserves will be adequate to cover requirements under existing or new environmental laws and regulations, future changes or interpretations of existing laws and regulations, or adverse environmental conditions previously unknown to us. Refer to the Contractual Obligations table within Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," contained elsewhere in this Form 10-K for further information.

Liability Insurance and Bonding

The nature of our business exposes us to the risk of liabilities arising out of our operations, including possible damages to the environment. Such potential liabilities could involve, for example, claims for remediation costs, personal injury, property damage and damage to the environment in cases where we may be held responsible for the escape of harmful materials; claims of employees, customers or third parties for personal injury or property damage occurring in the course of our operations; or claims alleging negligence or other wrongdoing in the planning or performance of work. We also could be subject to fines and civil and criminal penalties in connection with alleged violations of regulatory requirements. Because of the nature and scope of the possible environmental damages, liabilities imposed in environmental litigation can be significant. Our solid waste operations have third party environmental liability insurance with limits in excess of those required by permit regulations, subject to certain limitations and exclusions. However, we cannot assure you that such environmental liability insurance would be adequate, in scope or amount, in the event of a major loss, nor can we assure you that we would continue to carry excess environmental liability insurance should market conditions in the insurance industry make such coverage costs prohibitive.

We maintain commercial general and auto liability, employment practices liability, environmental and remediation liability, directors and officers' liability, workers' compensation and employer's liability coverage, as well as umbrella liability policies to provide excess coverage over the underlying limits contained in these primary policies. We also carry property insurance. Although we try to operate safely and prudently and we have, subject to limitations and exclusions, substantial liability insurance, we cannot assure you that we will not be exposed to uninsured liabilities that could have a material adverse effect on our consolidated financial condition, results of operations and cash flows.

Our insurance programs for workers' compensation, commercial general and auto liability, environmental and remediation liability and employee-related health care benefits are either self-insured or subject to large deductible insurance policies. Claims in excess of self-insurance or deductible levels are insured subject to the excess policy limits and exclusions. Accruals are based on claims filed and actuarial estimates of claims development and claims incurred but not reported. Due to the variable condition of the insurance market, we have experienced, and may experience in the future, increased self-insurance or deductible retention levels and increased premiums. As we assume more risk for self-insurance through higher retention levels, we may experience more variability in our self-insurance reserves and expense.

In the normal course of business, we purchase performance bonds, insurance policies, letters of credit, or cash and marketable securities deposits in connection with municipal residential collection contracts, financial

assurance for closure and post-closure of landfills, environmental remediation, environmental permits, and business licenses and permits as a financial guarantee of our performance. To date, we have satisfied financial responsibility requirements by making deposits in the form of cash or marketable securities or by obtaining bank letters of credit, insurance policies or surety bonds.

Employees

We work to create and maintain an environment that attracts, develops and retains people who assure our success with customers, differentiate us from our competitors and allow us to be an employer of choice for top talent. As of December 31, 2012, we employed approximately 30,000 full-time employees, approximately 26% of whom were covered by collective bargaining agreements.

Safety remains our highest priority for all of our employees and the communities we serve. Our long-standing commitment to safety is unwavering. We will continue to improve our driver safety training program and reward our people for operating in a safe and conscientious manner in all our lines of business.

Availability of Reports and Other Information

Our corporate website is www.republicservices.com. We make available on that website, free of charge, access to our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statements on Schedule 14A, and amendments to those materials filed or furnished with the Securities and Exchange Commission (SEC) pursuant to Section 13(a) and 15(d) of the Securities Exchange Act of 1934. We make such materials available as soon as reasonably practicable after we electronically submit them to the SEC. Our corporate website also contains our Certificate of Incorporation, Bylaws, Corporate Governance Guidelines, Code of Ethics, Political Contributions Policy, and Charters of the Nominating and Corporate Governance Committee, Audit Committee and Management Development and Compensation Committee of the board of directors. In addition, the SEC website is www.sec.gov. The SEC makes available on that website, free of charge, reports, proxy and information statements, and other information regarding issuers, such as us, that file electronically with the SEC. Information on our website or the SEC website is not part of this Form 10-K. We intend to satisfy the disclosure requirements under Item 5.05 of Form 8-K and applicable New York Stock Exchange (NYSE) rules regarding amendments to or waivers of our Code of Ethics by posting this information on our website at www.republicservices.com.

ITEM 1A. RISK FACTORS

This Form 10-K contains certain forward-looking information about us that is intended to be covered by the safe harbor for "forward-looking statements" provided by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that are not historical facts. Words such as "guidance," "expect," "will," "may," "anticipate," "plan," "estimate," "project," "intend," "should," "can," "likely," "could," "outlook" and similar expressions are intended to identify forward-looking statements. These statements include statements about our plans, strategies and prospects. Forward-looking statements are not guarantees of performance. These statements are based upon our management's current beliefs and expectations and are subject to risk and uncertainties, including the risks set forth below in these Risk Factors, which could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot assure you that the expectations will prove to be correct. Accordingly, you should not place undue reliance on the forward-looking statements, which speak only as of the date of this Form 10-K. Except to the extent required by applicable law or regulation, we undertake no obligation to update or publish revised forward-looking statements to reflect events or circumstances after the date of this Form 10-K or to reflect the occurrence of unanticipated events.

We have substantial indebtedness, which may limit our financial flexibility.

As of December 31, 2012, we had approximately \$7 billion in principal value of debt and capital leases outstanding. This amount of indebtedness and our debt service requirements may limit our financial flexibility to

access additional capital and make capital expenditures and other investments in our business, to withstand economic downturns and interest rate increases, to plan for or react to changes in our business and our industry, and to comply with the financial and other covenants of our debt instruments. Further, our ability to comply with these financial and other covenants may be affected by changes in economic or business conditions or other events that are beyond our control. If we do not comply with these covenants, we may be required to take actions such as reducing or delaying capital expenditures, reducing or eliminating dividends or stock repurchases, selling assets, restructuring or refinancing all or part of our existing debt, or seeking additional equity capital.

General economic conditions can directly and adversely affect our operating results.

Our business is directly affected by changes in national and general economic factors and overall economic activity that are outside of our control, including consumer confidence and interest rates. A weak economy generally results in decreases in volumes of waste generated, which adversely affects our revenues. In addition, we have a relatively high fixed-cost structure, which is difficult to adjust quickly to match declining waste volume levels. Consumer uncertainty and the loss of consumer confidence may decrease overall economic activity and thereby limit the amount of services we provide. Additionally, the decline in waste volumes may result in increased competitive pricing pressure and increased customer turnover, resulting in lower revenue and increased operating costs. Recent and continuing economic conditions have negatively impacted the portion of our collection business servicing commercial and industrial accounts in general and the manufacturing and construction industries in particular. We cannot assure you that worsening economic conditions would not have a significant adverse impact on our consolidated financial condition, results of operations or cash flows. Further, recovery in the solid waste industry historically has lagged behind recovery in the general economy. Accordingly, we cannot assure you that an improvement in general economic conditions will result in an immediate, or any, improvement in our consolidated financial condition, results of operations or cash flows.

The weak U.S. economy may expose us to credit risk for amounts due from governmental agencies, large national accounts, industrial customers and others.

The weak U.S. economy has reduced the amount of taxes collected by various governmental agencies. We provide services to a number of these agencies, including numerous municipalities. These governmental agencies may suffer financial difficulties resulting from a decrease in tax revenue and may ultimately be unable or unwilling to pay amounts owed to us. In addition, the weak economy may cause other customers, including our large national accounts or industrial clients, to suffer financial difficulties and ultimately be unable or unwilling to pay amounts owed to us. This could negatively impact our consolidated financial condition, results of operations and cash flows.

The waste industry is highly competitive and includes competitors that may have greater financial and operational resources, flexibility to reduce prices or other competitive advantages that could make it difficult for us to compete effectively.

We principally compete with large national waste management companies, numerous municipalities, and numerous regional and local companies. Competition for collection accounts is primarily based on price and the quality of services. Competition for disposal business is primarily based on price, geographic location and quality of operations. One of our competitors may have greater financial and operational resources than we do. Further, many counties and municipalities that operate their own waste collection and disposal facilities have the benefits of tax revenue or tax-exempt financing. Our ability to obtain solid waste volume for our landfills also may be limited by the fact that some major collection operations also own or operate landfills to which they send their waste. In markets in which we do not own or operate a landfill, our collection operations may operate at a disadvantage to fully integrated competitors. As a result of these factors, from time to time we may have difficulty competing effectively in certain markets. If we were to lose market share or if we were to lower prices to address competitive issues, it could negatively impact our consolidated financial condition, results of operations and cash flows.

Price increases may not be adequate to offset the impact of increased costs and may cause us to lose volume.

We seek to secure price increases necessary to offset higher costs, to maintain or improve operating margins, and to obtain adequate returns on our substantial investments in assets such as our landfills. From time to time, our competitors reduce their prices in an effort to expand their market share. Contractual, general economic or market-specific conditions also may limit our ability to raise prices. For example, many of our contracts have price adjustment provisions that are tied to an index such as the Consumer Price Index. Particularly in a weak U.S. economy such as the current one, our costs may increase in excess of the increase, if any, in the Consumer Price Index. This may continue to be the case even when the U.S. economy recovers because a recovery in the solid waste industry historically has lagged behind a recovery in the general economy. As a result, we may be unable to offset increases in costs, improve our operating margins and obtain adequate investment returns through price increases. Price increases also might cause us to lose volume to lower-cost competitors.

Increases in the cost of fuel or petrochemicals would increase our operating expenses, and we cannot assure you that we would be able to recover such cost increases from our customers.

We depend on fuel purchased in the open market to operate our collection and transfer trucks and other equipment used for collection, transfer and disposal. Fuel prices are unpredictable and fluctuate significantly based on events beyond our control, including geopolitical developments, actions by the Organization of the Petroleum Exporting Countries and other oil and gas producers, supply and demand for oil and gas, war, terrorism and unrest in oil-producing countries, adverse weather and regional production patterns. Due to contractual or market factors, we may not be able to offset such volatility through fuel recovery fees. Our fuel costs were \$530.1 million in 2012, or 6.5% of revenue, compared to \$516.5 million in 2011, or 6.3% of our revenue.

To manage our exposure to volatility in fuel prices, we have entered into multiple swap agreements whereby we receive or make payments to counter-parties should the price of fuel vary from a specified amount. During 2012, approximately 8% of our fuel volume purchases were hedged with swap agreements. Additionally, we are able to collect fuel recovery fees from some customers. For 2012, we were able to recover approximately 67% of our fuel costs with fuel recovery fees. At current consumption levels, a twenty-cent per gallon change in the price of diesel fuel changes our fuel costs by approximately \$24 million on an annual basis. Offsetting these changes in fuel expense would be changes in our fuel recovery fee charged to our customers. At current participation rates, a twenty-cent change in the price of diesel fuel changes our fuel recovery fee by approximately \$19 million. Accordingly, a substantial rise or drop in fuel costs could result in a material impact to our revenue and cost of operations.

Over the last several years, regulations have been adopted mandating changes in the composition of fuels for motor vehicles. The renewable fuel standards that EPA sets annually affect the type of fuel our motor vehicle fleet uses. Pursuant to the Energy Independence and Security Act of 2007, EPA establishes annual renewable fuel volume requirements and separate volume requirements for four different categories of renewable fuels (renewable fuel, advanced biofuel, cellulosic biofuel, and biomass-based diesel). These volume requirements set standards for the proportion of refiners' or importers' total fuel volume that must be renewable and must take into account the fuels' impact on reducing greenhouse gas emissions. These regulations are one of many factors that may affect the cost of the fuel we use.

Our operations also require the use of products (such as liners at our landfills) whose costs may vary with the price of petrochemicals. An increase in the price of petrochemicals could increase the cost of those products, which would increase our operating and capital costs. Petrochemical prices, and hence our operating and capital costs, may be further affected by regulatory efforts to reduce greenhouse gases from the industries that produce such petrochemicals. We are also susceptible to increases in indirect fuel recovery fees from our vendors.

Fluctuations in prices for recycled commodities that we sell to customers may adversely affect our consolidated financial condition, results of operations and cash flows.

We purchase or collect and process recyclable materials such as paper, cardboard, plastics, aluminum and other metals for sale to third parties. Our results of operations may be affected by changing prices or market requirements for recyclable materials. The resale and purchase prices of, and market demand for, recyclable materials are volatile due to changes in economic conditions and numerous other factors beyond our control. These fluctuations may affect our consolidated financial condition, results of operations and cash flows.

To manage our exposure to fluctuations in prices for recycled commodities, we have entered into multiple hedging arrangements whereby we receive or make payments to counter-parties should the price of recycled commodities vary from a specified amount or range. During 2012, approximately 41% of our tonnage sold was hedged with such arrangements. At current volumes and mix of materials, we believe a ten dollar per ton change in the price of recyclable materials will change annual revenue and operating income by approximately \$29 million and \$20 million, respectively, on an annual basis. Accordingly, a substantial rise or drop in recycled commodity prices could result in a material impact to our revenue and cost of operations.

Adverse weather conditions, including those brought about by climate change, may limit our operations and increase the costs of collection and disposal.

Our collection and landfill operations could be adversely impacted by extended periods of inclement weather, or by increased severity of weather and climate extremes resulting from climate change, some of which we may already be experiencing. Recent studies suggest that global warming is occurring faster than previously projected, with the World Bank now projecting a 7.2° Fahrenheit temperature increase by the end of the century. In addition to sea level rise, this temperature increase is expected to result in more severe droughts, floods, and other extreme weather events. Any of this could increase the volume of waste collected under our existing contracts (without corresponding compensation), interfere with collection and landfill operations, delay the development of landfill capacity or reduce the volume of waste generated by our customers. In addition, adverse weather conditions may result in the temporary suspension of our operations, which can significantly affect our operating results in the affected regions during those periods.

We may be unable to maintain our credit ratings or execute our financial strategy.

Our ability to execute our financial strategy depends in part on our ability to maintain investment grade ratings on our debt. The credit rating process is contingent upon a number of factors, many of which are beyond our control. We cannot assure you that we will be able to maintain our investment grade ratings in the future. If we were unable to do so, our interest expense would increase and our ability to obtain financing on favorable terms may be adversely affected.

Our financial strategy also depends on our ability to generate sufficient cash flow to reinvest in our existing business, fund internal growth, acquire other solid waste businesses, pay dividends, repurchase stock, and take other actions to enhance stockholder value. We cannot assure you that we will succeed in executing our broad-based pricing initiatives, that we will generate sufficient cash flow to execute our financial strategy, that we will be able to pay cash dividends at our present rate, or increase them, or that we will be able to continue our share repurchase program.

The solid waste industry is a capital-intensive industry and our capital expenditures may exceed current expectations, which could require us to obtain additional funding for our operations or impair our ability to grow our business.

Our ability to remain competitive and to grow our business largely depends on our cash flow from operations and access to capital. If our capital efficiency programs cannot offset the impact of inflation and business growth, it may be necessary to increase the amount we spend. Additionally, if we make acquisitions or further expand our

operations, the amount we spend on capital, capping, closure, post-closure, environmental remediation and other items will increase. Our cash needs also will increase if the expenditures for capping, closure, post-closure and remediation activities increase above our current estimates, which may occur over a long period due to changes in federal, state or local government requirements and other factors beyond our control. Increases in expenditures would negatively impact our cash flows.

We may be unable to obtain or maintain required permits or to expand existing permitted capacity of our landfills, which could decrease our revenue and increase our costs.

We cannot assure you that we will be able to obtain or maintain the permits we require to operate because permits to operate new landfills and transfer stations and to expand the permitted capacity of existing landfills have become more difficult and expensive to obtain and maintain. Permits often take years to obtain as a result of numerous hearings and compliance requirements with regard to zoning, environmental and other regulations. These permits are also often subject to resistance from citizen or other groups and other political pressures. Local communities and citizen groups, adjacent landowners or governmental agencies may oppose the issuance of a permit or approval we may need, allege violations of the permits under which we currently operate or laws or regulations to which we are subject, or seek to impose liability on us for environmental damage. Responding to these challenges has at times increased our costs and extended the time associated with establishing new landfills and transfer stations and expanding existing landfills. In addition, failure to receive regulatory and zoning approval may prohibit us from establishing new landfills or transfer stations or expanding existing landfills. Our failure to obtain the required permits to operate our landfills and transfer stations could have a material adverse impact on our consolidated financial condition, results of operations and cash flows. In addition, we may have to dispose collected waste at landfills operated by our competitors or haul the waste long distances at a higher cost to one of our other landfills, either of which could significantly increase our waste disposal costs.

If we do not appropriately estimate landfill capping, closure and post-closure costs, our financial condition and results of operations may be adversely affected.

A landfill must be closed and capped, and post-closure maintenance commenced, once the landfill's permitted capacity is reached and additional capacity is not authorized. We have significant financial obligations relating to capping, closure and post-closure costs at our existing owned or operated landfills, and will have material financial obligations with respect to any future owned or operated landfills. We establish accruals for the estimated costs associated with capping, closure and post-closure financial obligations. We could underestimate such costs, and our financial obligations for capping, closure or post-closure costs could exceed the amounts accrued or amounts otherwise receivable pursuant to trust funds established for this purpose. Additionally, if a landfill must be closed earlier than expected or its remaining airspace is reduced for any other reason, the accruals for capping, closure and post-closure could be required to be accelerated. If our capping, closure or post-closure costs exceed the amounts accrued, or if such accruals are required to be accelerated, this could have a material adverse impact on our consolidated financial condition, results of operations and cash flows.

Alternatives to landfill disposal could reduce our disposal volumes and cause our revenues and operating results to decline.

Most of the states in which we operate landfills require counties and municipalities to formulate comprehensive plans to reduce the volume of solid waste deposited in landfills through waste planning, composting, recycling or other programs. Some state and local governments mandate waste reduction at the source and prohibit the disposal of certain types of wastes, such as yard waste, at landfills. Further, many of our customers voluntarily are diverting waste to alternatives to landfill disposal, such as recycling and composting, while also working to reduce the amount of waste they generate. Many of the largest companies in the U.S. are setting zero-waste goals in which they strive to send no waste to landfills. Although such actions help to protect our environment, they have reduced and will in the future reduce the volume of waste going to landfills and may affect the prices that we can charge for landfill disposal. Accordingly, we cannot assure you that we will be able to operate our landfills at their current volumes or charge current prices for landfill disposal services due to the decrease in

demand for such services. If we cannot expand our service offerings and grow lines of business to service waste streams that do not go to landfills and to provide services for customers that wish to reduce waste entirely, this could have a negative impact on our consolidated financial condition, results of operations and cash flows. Further, even if we can develop such service offerings and lines of business, disposal alternatives nonetheless could have a negative impact on our consolidated financial condition, results of operations and cash flows.

The possibility of landfill and transfer station site development projects, or expansion projects not being completed or certain other events could result in material charges to income.

In accordance with U.S. GAAP, we capitalize certain expenditures relating to development, expansion and other projects. If a facility or operation is permanently shut down or determined to be impaired, or a development, expansion or other project is not completed or is determined to be impaired, we will charge against earnings any unamortized capitalized expenditures relating to such facility or project that we are unable to recover through sale, transfer or otherwise. We also carry a significant amount of goodwill on our consolidated balance sheets, which we must assess for impairment annually, and more frequently in the case of certain triggering events. We may incur charges against earnings in accordance with this policy, or other events may cause impairments. Such charges could have a material adverse impact on our results of operations.

We are subject to costly environmental regulations and flow-control regulations that may affect our operating margins, restrict our operations and subject us to additional liability.

Complying with laws and regulations governing the collection, treatment, storage, transfer and disposal of solid and hazardous wastes and materials, air quality and emissions of greenhouse gases, water quality and the remediation of contamination associated with the release of hazardous substances is costly. Laws and regulations often require us to enhance or replace our equipment and to modify landfill operations or initiate final closure of a landfill. We cannot assure you that we will be able to implement price increases sufficient to offset the costs of complying with these laws and regulations. In addition, environmental regulatory changes could accelerate or increase expenditures for capping, closure and post-closure, and environmental and remediation activities at solid waste facilities and obligate us to spend sums in addition to those presently accrued for such purposes.

Our collection, transfer, and landfill operations are and will continue to be affected by state or local laws or regulations that restrict the transportation of solid waste across state, county or other jurisdictional lines or that direct the flow of waste to a specified facility or facilities. Such laws and regulations could negatively affect our operations, resulting in declines in landfill volumes and increased costs of alternate disposal.

In addition to the costs of complying with environmental regulations, we incur costs to defend against litigation brought by government agencies and private parties who allege we are in violation of our permits and applicable environmental laws and regulations, or who assert claims alleging nuisance, environmental damage, personal injury or property damage. As a result, we may be required to pay fines or implement corrective measures, or we may have our permits and licenses modified or revoked. A significant judgment against us, the loss of a significant permit or license, or the imposition of a significant fine could have a material adverse impact on our consolidated financial condition, results of operations and cash flows. We establish accruals for our estimates of the costs associated with our environmental obligations. We could underestimate such accruals and remediation costs could exceed amounts accrued. Such shortfalls could result in significant unanticipated charges to income.

Regulation of greenhouse gas emissions could impose costs on our operations, the magnitude of which we cannot yet estimate.

Efforts to curtail the emission of greenhouse gases and to ameliorate the effects of climate change continue to progress. Our landfill operations emit methane, identified as a greenhouse gas, and our vehicle fleet emits, among other things, carbon dioxide, which also is a greenhouse gas. Conventional wisdom still suggests that passage of comprehensive, federal climate change legislation is highly unlikely. Nonetheless, should comprehensive federal

climate change legislation be enacted, we expect it to impose costs on our operations, the materiality of which we cannot predict.

Absent comprehensive federal legislation to control greenhouse gas emissions, EPA is moving ahead administratively under its existing Clean Air Act authority. EPA is compelled to issue rules by the U.S. Supreme Court's April 2007 *Massachusetts v. EPA* ruling that greenhouse gases are "pollutants" for purposes of the Clean Air Act and EPA's December 2009 finding that continued emissions of greenhouse gases endanger human health and welfare. With respect to our light- and heavy-duty vehicle fleet, EPA has since finalized regulations limiting greenhouse gas emissions and increasing fuel economy standards. EPA and NHTSA have finalized such regulations applicable to heavy-duty vehicles through model-year 2018 and to light-duty vehicles through model-year 2025. We cannot assure you that federal efforts to curtail greenhouse gas emissions and to increase the fuel efficiency of light-duty and heavy duty vehicles will not have a material effect on our operations or on our consolidated financial condition, results of operations, or cash flows.

As it relates to stationary sources of greenhouse gases, in May 2010 EPA finalized the Prevention of Significant Deterioration and Title V Greenhouse Gas Tailoring Rule (Tailoring Rule). The Tailoring Rule sets levels of greenhouse gas emissions at new or modified stationary emission sources that trigger permit and control obligations. Recent efforts to challenge the Tailoring Rule before the U.S. Court of the Appeals for the District of Columbia have failed. Nonetheless, in July 2011 EPA issued a rule deferring the application of the Tailoring Rule to biogenic carbon emissions from solid waste landfills for three years, which largely exempts landfills from the Tailoring Rule during this period. We cannot assure you, however, that the eventual application of the Tailoring Rule to our landfills will not have a material effect on our landfill operations or on our consolidated financial condition, results of operations, or cash flows.

We may have environmental liabilities that are not covered by our insurance. Changes in insurance markets also may impact our financial results.

We may incur liabilities for the deterioration of the environment as a result of our operations. We maintain high deductibles for our environmental liability insurance coverage. If we were to incur substantial liability for environmental damage, our insurance coverage may be inadequate to cover such liability. This could have a material adverse impact on our consolidated financial condition, results of operations and cash flows.

Also, due to the variable condition of the insurance market, we may experience future increases in self-insurance levels as a result of increased retention levels and increased premiums. As we assume more risk for self-insurance through higher retention levels, we may experience more variability in our self-insurance reserves and expense.

Despite our efforts, we may incur additional hazardous substances liability in excess of amounts presently known and accrued.

We are a potentially responsible party at many sites under CERCLA, which provides for the remediation of contaminated facilities and imposes strict, joint and several liability for the cost of remediation on current owners and operators of a facility at which there has been a release or a threatened release of a "hazardous substance." CERCLA liability also extends to parties who were site owners and operators at the time hazardous substances were disposed, and on persons who arrange for the disposal of such substances at the facility (i.e., generators of the waste and transporters who selected the disposal site). Hundreds of substances are defined as "hazardous" under CERCLA and their presence, even in minute amounts, can result in substantial liability. Notwithstanding our efforts to comply with applicable regulations and to avoid transporting and receiving hazardous substances, we may have additional liability under CERCLA, or similar state laws or RCRA, in excess of our current reserves because such substances may be present in waste collected by us or disposed of in our landfills, or in waste collected, transported or disposed of in the past by companies we have acquired. Actual costs for these liabilities could be significantly greater than amounts presently accrued for these purposes, which could have a material adverse impact on our consolidated financial position, results of operations, and cash flows.

Currently pending or future litigation or governmental proceedings could result in material adverse consequences, including judgments or settlements.

We are and will continue to be involved in lawsuits, regulatory inquiries, and governmental and other legal proceedings arising out of the ordinary course of our business. Many of these matters raise complicated factual and legal issues and are subject to uncertainties. The timing of the final resolutions to lawsuits, regulatory inquiries, and governmental and other legal proceedings is uncertain. Further, the possible outcomes or resolutions to these matters could include adverse judgments or settlements, either of which could require substantial payments and adversely affect our consolidated financial condition, results of operations and cash flows.

We may be unable to manage our growth effectively.

Our growth strategy places significant demands on our financial, operational and management resources. To continue our growth, we may need to add administrative and other personnel, and may need to make additional investments in operations and systems. We cannot assure you that we will be able to find and train qualified personnel, or do so on a timely basis, or to expand our operations and systems to the extent, and in the time, required.

We may be unable to execute our acquisition growth strategy.

Our ability to execute our growth strategy depends in part on our ability to identify and acquire desirable acquisition candidates and on our ability to successfully integrate acquired operations into our business. The integration of our operations with those of acquired companies may present significant challenges to our management. In addition, competition for acquisition candidates may prevent us from acquiring certain acquisition candidates. Thus, we cannot assure you that:

- desirable acquisition candidates exist or will be identified,
- we will be able to acquire any of the candidates identified,
- we will effectively integrate companies we acquire, or
- any acquisitions will be profitable or accretive to our earnings.

If any of these factors force us to alter our growth strategy, our growth prospects could be adversely affected.

Businesses we acquire may have undisclosed liabilities.

Our due diligence investigations of acquisition candidates may fail to discover certain undisclosed liabilities. If we acquire a company having undisclosed liabilities such as environmental, remediation or contractual liabilities, as a successor owner we may be responsible for such undisclosed liabilities. We try to minimize our exposure to such liabilities when we can by conducting due diligence, by obtaining indemnification from each seller of the acquired companies, by deferring payment of a portion of the purchase price as security for the indemnification and by acquiring only specified assets. However, we cannot assure you that we will be able to obtain indemnification or that any indemnification obtained will be enforceable, collectible or sufficient in amount, scope or duration to fully offset any undisclosed liabilities arising from our acquisitions.

Our consolidated financial statements are based on estimates and assumptions that will differ from actual results.

Our consolidated financial statements have been prepared in accordance with U.S. GAAP and necessarily include amounts based on management's estimates. Actual results will differ from these amounts. Significant items

requiring management to make subjective or complex judgments about matters that are inherently uncertain include the recoverability of long-lived assets, the depletion and amortization of landfill development costs, accruals for final capping, closure and post-closure costs, valuation allowances for accounts receivable and deferred tax assets, liabilities for potential litigation, claims and assessments, and liabilities for environmental remediation, employee benefit and pension plans, deferred taxes, uncertain tax positions and self-insurance. We cannot assure you that the liabilities recorded for items such as these will be adequate to cover the costs we ultimately will face.

The introduction of new accounting rules, laws or regulations could adversely impact our results of operations.

Complying with new accounting rules, laws or regulations could adversely impact our results of operations or cause unanticipated fluctuations in our results of operations in future periods.

We may be subject to workforce influences, including work stoppages, which could increase our operating costs and disrupt our operations.

As of December 31, 2012, approximately 26% of our workforce was represented by various local labor unions. If our unionized workers were to engage in strikes, work stoppages or other slowdowns, we could experience a significant disruption of our operations and an increase in our operating costs, which could have an adverse impact on our consolidated financial condition, results of operations and cash flows. Additional groups of employees may seek union representation in the future and, if successful, the negotiation of collective bargaining agreements could divert management attention and result in increased operating costs. If a greater percentage of our workforce becomes unionized, our consolidated financial condition, results of operations and cash flows could be adversely impacted due to the potential for increased operating costs.

Our obligation to fund multi-employer pension plans to which we contribute, or our withdrawal from such plans, may have an adverse impact on us.

We contribute to 27 multi-employer pension plans under collective bargaining agreements (CBAs) covering union-represented employees. Approximately 20% of our total current employees participate in such multi-employer plans. We do not administer these plans and generally are not represented on the boards of trustees of these plans. The Pension Protection Act enacted in 2006 (the PPA) requires under-funded pension plans to improve their funding ratios. Based on the information available to us, we believe that some of the multi-employer plans to which we contribute are either "critical" or "endangered" as those terms are defined in the PPA. Except as discussed in the following four paragraphs and Note 11 to our consolidated financial statements, *Employee Benefit Plans*, we cannot determine at this time the amount of additional funding, if any, we may be required to make to these plans and, therefore, have not recorded any related liabilities. However, plan assessments could have an adverse impact on our results of operations or cash flows for a given period.

Further, under current law, upon the termination of a multi-employer pension plan, or in the event of a withdrawal by us (which we consider from time to time) or a mass withdrawal of contributing employers (each, a Withdrawal Event), we would be required to make payments to the plan for our proportionate share of the plan's unfunded vested liabilities. We cannot assure you that there will not be a Withdrawal Event with respect to any of the multi-employer pension plans to which we contribute or that, in the event of such a Withdrawal Event, the amounts we would be required to contribute would not have a material adverse impact on our consolidated financial condition, results of operations and cash flows.

We have CBAs with local bargaining units of the Teamsters under which we have obligations to contribute to the Central States, Southeast and Southwest Areas Pension Fund (the Fund). All of these CBAs have been, are or will be under negotiation in the remainder of 2013. As part of our negotiations, we have proposed or intend to propose to withdraw from the Fund. Withdrawal is only one of the issues in these negotiations, and we do not know what the ultimate outcome of the negotiations in any locale will be. With respect to each CBA, if we do

withdraw, this will constitute a Withdrawal Event and will require us to make payments to the Fund for a proportionate share of its unfunded vested liabilities.

During 2012, we had Withdrawal Events with respect to two of our facilities. Based on information provided to us by the Fund, our actuarial calculations and a number of other variable factors including our estimated number of 2013 contribution based units, we have estimated our liability to the Fund associated with these two Withdrawal Events will be approximately \$31 million, which was charged to earnings during the three months ended September 30, 2012.

If we do have an additional Withdrawal Event or Events with respect to one or more of the remaining bargaining units, the amount ultimately payable would depend upon a number of variable factors involving valuations and actuarial calculations. We do not presently know what the result of those calculations and valuations would be. However, we believe our additional liability upon a complete withdrawal from the Fund would be between \$113 million and \$146 million if it were to occur in 2013, based on current estimates. In the future, a loss may become probable, at which time or times we will incur an expense that will reduce earnings. Any such expense may be material to our results of operations in the period or periods incurred.

For additional discussion and detail regarding multi-employer pension plans see, Note 11, *Employee Benefit Plans*, to our consolidated financial statements in Item 8 of this Form 10-K.

The costs of providing for pension benefits and related funding requirements are subject to changes in pension fund values and fluctuating actuarial assumptions, and may have a material adverse impact on our results of operations and cash flows.

We sponsor a defined benefit pension plan that is funded with trustee assets invested in a diversified portfolio of debt and equity securities. Our costs for providing such benefits and related funding requirements are subject to changes in the market value of plan assets. Our pension expenses and related funding requirements are also subject to various actuarial calculations and assumptions, which may differ materially from actual results due to changing market and economic conditions, interest rates and other factors. A significant increase in our pension obligations and funding requirements could have a material adverse impact on our consolidated financial condition, results of operations and cash flows.

The loss of key personnel could have a material adverse effect on our consolidated financial condition, results of operations, cash flows and growth prospects.

Our future success depends on the continued contributions of several key employees and officers. The loss of the services of key employees and officers, whether such loss is through resignation or other causes, or the inability to attract additional qualified personnel, could have a material adverse effect on our financial condition, results of operations, cash flows and growth prospects.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our corporate office is located at 18500 North Allied Way, Phoenix, Arizona 85054, where we currently lease approximately 145,000 square feet of office space. We also maintain regional administrative offices in all of our regions.

Our principal property and equipment consists of land, landfills, buildings, vehicles and equipment. We own or lease real property in the states in which we conduct operations. At December 31, 2012, we owned or operated 332 collection operations, 195 transfer stations, 191 active solid waste landfills and 71 recycling centers in

38 states and Puerto Rico. In aggregate, our active solid waste landfills total approximately 102,000 acres, including approximately 37,000 permitted acres. We also own or have responsibilities for 128 closed landfills. We believe that our property and equipment are adequate for our current needs.

ITEM 3. LEGAL PROCEEDINGS

We are subject to extensive and evolving laws and regulations and have implemented safeguards to respond to regulatory requirements. In the normal course of our business, we become involved in legal proceedings. Some of these actions may result in fines, penalties or judgments against us, which may impact earnings and cash flows for a particular period. Although we cannot predict the ultimate outcome of any legal matter with certainty, except as described below, we do not believe the outcome of our pending legal proceedings will have a material adverse impact on our consolidated financial position, results of operations or cash flows.

As used herein, the term *legal proceedings* refers to litigation and similar claims against us and our subsidiaries, excluding: (1) ordinary course accidents, general commercial liability and workers compensation claims, which are covered by insurance programs, subject to customary deductibles, and which, together with self-insured employee health care costs, are discussed in Note 7 to our consolidated financial statements, *Other Liabilities*; (2) environmental remediation liabilities, which are discussed in Note 8 to our consolidated financial statements, *Landfill and Environmental Costs*; and (3) tax-related matters, which are discussed in Note 10 to our consolidated financial statements, *Income Taxes*. Please see our consolidated financial statements included in this Form 10-K under Item 8 for information about these matters.

We accrue for legal proceedings when losses become probable and reasonably estimable. We have recorded an aggregate accrual of approximately \$66 million relating to our outstanding legal proceedings as of December 31, 2012, including those described in this Form 10-K and others that are not specifically identified herein. As of the end of each reporting period, we review each of our legal proceedings and we accrue, as a charge currently in expense, for all probable and reasonably estimable losses. Where we are able to reasonably estimate a range of losses we may incur with respect to such a matter, we accrue for the amount within the range that constitutes our best estimate. If we are able to reasonably estimate a range but no amount within the range appears to be a better estimate than any other, we use the amount that is the low end of the range. If we had used the high ends of the ranges, our aggregate potential liability would have been approximately \$79 million higher than the amount recorded as of December 31, 2012.

General Legal Proceedings

Countywide Matter

In a suit filed on October 8, 2008 in the Tuscarawas County Ohio Court of Common Pleas, approximately 700 individuals and businesses located in the area around the Countywide Recycling and Disposal Facility sued Republic Services, Inc. (Republic), Republic Services of Ohio II, LLC (Republic-Ohio), Waste Management, Inc. (WMI) and Waste Management Ohio, Inc. (WMO) for alleged negligence and nuisance. Republic-Ohio has owned and operated the landfill since February 1, 1999. Plaintiffs allege that due to the acceptance of a specific waste stream and operational issues and conditions, the landfill has generated odors and other unsafe emissions that have impaired the use and value of their property and may have adverse health effects. A second almost identical lawsuit was filed by approximately 82 plaintiffs on October 13, 2009 in the Tuscarawas County Ohio Court of Common Pleas against Republic, Republic-Ohio, WMI and WMO. The court has consolidated the two actions. We have assumed both the defense and the liability of WMI and WMO in the consolidated action. The relief requested on behalf of each plaintiff in the consolidated action is: (1) an award of compensatory damages according to proof in an amount in excess of \$25,000 for each of the three counts of the amended complaint; (2) an award of punitive damages in the amount of two times compensatory damages, pursuant to applicable statute, or in such amount as may be awarded at trial for each of the three counts of the amended complaint; (3) costs for medical screening and monitoring of each plaintiff; (4) interest on the damages according to law; (5) costs and disbursements of the lawsuit; (6) reasonable fees for attorneys and expert witnesses; and (7) any

further relief the court deems just, proper and equitable. Plaintiffs filed an amended consolidated complaint on September 9, 2010, which no longer asserts a claim for medical monitoring. Plaintiffs also have abandoned any claims for adverse health effects. As a result of various dismissals of plaintiffs, this case presently consists of approximately 600 plaintiffs. Discovery is ongoing. In February 2011, the court granted our motion to dismiss plaintiffs' qualified statutory public nuisance claims. Republic, WMI and WMO have been dismissed from the litigation. A trial for 10 of the plaintiffs has been scheduled for March 2013.

Luri Matter

On August 17, 2007, a former employee, Ronald Luri, sued Republic Services, Inc., Republic Services of Ohio Hauling LLC, Republic Services of Ohio I LLC, Jim Bowen and Ron Krall in the Cuyahoga County Common Pleas Court in Ohio. Plaintiff alleges that he was unlawfully fired in retaliation for refusing to discharge or demote three employees who were all over 50 years old. On July 3, 2008, a jury verdict was awarded against us in the amount of \$46.6 million, including \$43.1 million in punitive damages. On September 24, 2008, the court awarded pre-judgment interest of \$0.3 million and attorney fees and litigation costs of \$1.1 million. Post-judgment interest accrued or will accrue at a rate of 8% for 2008, 5% for 2009, 4% for 2010 and 2011, and 3% for 2012 and 2013. We appealed to the Court of Appeals, and on May 19, 2011 the court reduced the punitive damages award to \$7.0 million. Plaintiff appealed to the Ohio Supreme Court, challenging the reduction of punitive damages. We cross-appealed, seeking a new trial on the ground that the proceedings in the trial court violated Ohio's punitive damages statute, which requires that the compensatory and punitive damages phases of trial be bifurcated in certain types of cases. On February 15, 2012, in a case called *Havel v. Villa St. Joseph*, the Ohio Supreme Court upheld the constitutionality of the bifurcation requirement. On July 3, 2012, the Ohio Supreme Court reversed the judgment against us and remanded the case for application of its decision in *Havel*. Plaintiff filed a motion for reconsideration/clarification, which the Ohio Supreme Court denied. Plaintiff then filed a motion for additional briefing before the Court of Appeals. The Court of Appeals denied the request and remanded the case to the Cuyahoga County Common Pleas Court for application of *Havel*.

Compensation Matter

In May 2011, one of our shareholders sued Republic Services, Inc., its directors, and several executive officers in the Court of Chancery in Delaware challenging certain compensation decisions that were made by the Board of Directors or its Compensation Committee. The lawsuit is purportedly brought on behalf of our company against all of our directors and several executive officers. In particular, the plaintiff's amended complaint: (1) challenges certain payments totaling \$3.05 million made to our former Chief Executive Officer, James O'Connor, under his June 25, 2010 Retirement Agreement; (2) contends that the company committed "waste" by awarding restricted stock units that vest over time (some of which would not be tax deductible) rather than awarding performance-based units (which typically would be tax deductible); (3) alleges that the Board overpaid itself by awarding directors too many restricted stock units in 2009 and 2010; and (4) alleges that the Company may not pay any bonuses under its Synergy Incentive Plan because net earnings purportedly have not increased since the merger with Allied. The amended complaint seeks injunctive relief and seeks an equitable accounting for unspecified losses the company purportedly sustained. We believe the lawsuit is without merit and is not material. The defendants filed motions to dismiss the amended complaint. On June 29, 2012, the Court of Chancery denied defendants' motion with respect to the claim related to the granting of restricted stock units to directors and granted the motion with respect to all other claims.

Congress Development Landfill Matter

Congress Development Co. (CDC) is a general partnership that owns and operates the Congress Landfill. The general partners in CDC are our subsidiary, Allied Waste Transportation, Inc. (Allied Transportation), and an unaffiliated entity, John Sexton Sand & Gravel Corporation (Sexton). Sexton was the operator of the landfill through early 2007, when Allied Transportation took over as the operator. The general partners likely will be jointly and severally liable for the costs associated with the following matter relating to the Congress Landfill.

In a suit originally filed on December 23, 2009 in the Circuit Court of Cook County, Illinois and subsequently amended to add additional plaintiffs, approximately 2,950 plaintiffs sued our subsidiaries Allied Transportation and Allied Waste Industries, Inc. (Allied), CDC and Sexton. The court entered an order dismissing Allied without prejudice on October 26, 2010. The plaintiffs allege bodily injury, property damage and inability to have normal use and enjoyment of property arising from, among other things, odors and other damages arising from landfill gas leaking, and they base their claims on negligence, trespass, and nuisance. On January 6, 2012, the court took plaintiffs' motion for leave to amend their complaint to seek punitive damages under advisement, to be considered on a plaintiff-by-plaintiff basis. The court also granted plaintiffs leave to serve discovery on the punitive damages issue. Following the court's order in our favor striking the plaintiffs' allegations requesting actual damages in excess of \$50 million and punitive damages in excess of \$50 million, the amount of damages being sought is unspecified. Discovery is ongoing.

Legal Proceedings over Certain Environmental Matters Involving Governmental Authorities with Possible Sanctions of \$100,000 or More

Item 103 of the SEC's Regulation S-K requires disclosure of certain environmental matters when a governmental authority is a party to the proceedings and the proceedings involve potential monetary sanctions unless we reasonably believe that the monetary sanctions will not equal or exceed \$100,000. We are disclosing the following matter in accordance with that requirement:

Lorain County Landfill Matter

Since 2006, the Lorain County Landfill located in Lorain, Ohio has agreed to two consensual Director's Final Findings and Orders (DFFOs) issued by the Ohio Environmental Protection Agency related to operational issues, including odor nuisances. The Ohio Attorney General's office has advised us that it intends to initiate legal proceedings against our subsidiary, Lorain County Landfill, LLC, and against Lorain County LFG Power Station Energy Developments, Inc. (Developments), which has operated and maintained the landfill's gas collection system, for violations that are alleged to continue to occur in violation of the DFFOs and are related to alleged continuing nuisance odors. We are engaging in discussions with representatives of the Attorney General's office to attempt to amicably resolve the State's issues and to negotiate a consent order that would be filed with the common pleas court. The Attorney General's office has communicated a settlement demand to Lorain County Landfill, LLC. We understand that the Attorney General's office also is seeking a penalty against Developments. The Attorney General's office also is seeking injunctive relief related to ongoing landfill operations, including the landfill gas collection and control system. Settlement discussions with the Attorney General's office are ongoing.

Sunshine Canyon Matter

On July 13, 2012, Sunshine Canyon Landfill, located in Sylmar, California, entered into a settlement agreement with the South Coast Air Quality Management District (SCAQMD) that resolved SCAQMD's claims for excess emissions charges, civil penalties, and investigative and administrative costs relating to all odor-related and surface emissions notices of violation (NOVs) received by Sunshine Canyon from the SCAQMD through June 30, 2012. Per the terms of the settlement, Sunshine Canyon did not admit any liability and agreed to pay the SCAQMD a stipulated amount of \$435,000, plus other fees, for a release of these claims. Sunshine Canyon also remains subject to certain operational requirements set forth in the third stipulated amended abatement order issued by the SCAQMD's independent hearing board, as further modified by stipulation on July 11, 2012. Since the date of settlement with the SCAQMD, Sunshine Canyon has received additional NOVs for odors and excess surface emissions. While the SCAQMD prosecutor's office has stated its intention to assess a penalty on Sunshine Canyon for these additional NOVs not covered by the prior settlement, it has not yet indicated the amount or type of penalty it will seek.

ITEM 4. MINE SAFETY DISCLOSURES

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information, Holders and Dividends

The principal market for our common stock is the NYSE, and it is traded under the symbol RSG. The following table sets forth the range of the high and low sale prices per share of our common stock on the NYSE and the cash dividends declared per share of common stock for the periods indicated:

	<u>High</u>	<u>Low</u>	<u>Dividends Declared</u>
<i>Year Ended December 31, 2012:</i>			
First Quarter	\$ 30.92	\$ 27.00	\$ 0.22
Second Quarter	31.32	25.15	0.22
Third Quarter	29.22	25.76	0.235
Fourth Quarter	29.97	26.25	0.235
<i>Year Ended December 31, 2011:</i>			
First Quarter	\$ 31.50	\$ 28.36	\$ 0.20
Second Quarter	33.10	29.24	0.20
Third Quarter	31.73	24.72	0.22
Fourth Quarter	30.01	25.78	0.22

There were 772 holders of record of our common stock at February 8, 2013, which does not include beneficial owners for whom Cede & Co. or others act as nominees.

In February 2013, our board of directors declared a regular quarterly dividend of \$0.235 per share for stockholders of record on April 1, 2013. We expect to continue to pay quarterly cash dividends, and we may consider increasing our dividends if we believe it will enhance stockholder value.

We have the ability under our credit facilities to pay dividends and repurchase our common stock if we are in compliance with the financial covenants in our credit facilities. As of December 31, 2012, we were in compliance with those financial covenants.

Issuer Purchases of Equity Securities

The following table provides information relating to our purchases of shares of our common stock during the three months ended December 31, 2012:

	<u>Total Number of Shares Purchased (a)</u>	<u>Average Price Paid per Share (a)</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Program (b)</u>	<u>Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program (c)</u>
October 2012	-	\$ -	-	\$ 441,706,723
November 2012	2,828,442	26.97	2,828,442	365,437,695
December 2012	1,432,546	28.74	1,426,800	324,433,694
	<u>4,260,988</u>		<u>4,255,242</u>	

- (a) In August 2011, our board of directors approved a share repurchase program pursuant to which we may repurchase up to \$750.0 million of our outstanding shares of common stock through December 31, 2013 (the 2011 Program). Share repurchases under the program may be made through open market purchases or privately negotiated transactions in accordance with applicable federal securities laws. While the board of directors has approved the program, the timing of any purchases, the prices and the number of shares of common stock to be purchased will be determined by our management, at its discretion, and will depend upon market conditions and other factors. The 2011 Program may be extended, suspended or discontinued at any time. The total number of shares purchased also includes 5,746 shares to satisfy minimum tax withholding obligations in connection with the vesting of outstanding restricted stock.
- (b) The total number of shares purchased as part of the publicly announced program were all purchased pursuant to the 2011 Program.
- (c) Shares that may be purchased under the program exclude shares of common stock that may be surrendered to satisfy statutory minimum tax withholding obligations in connection with the vesting of restricted stock issued to employees.

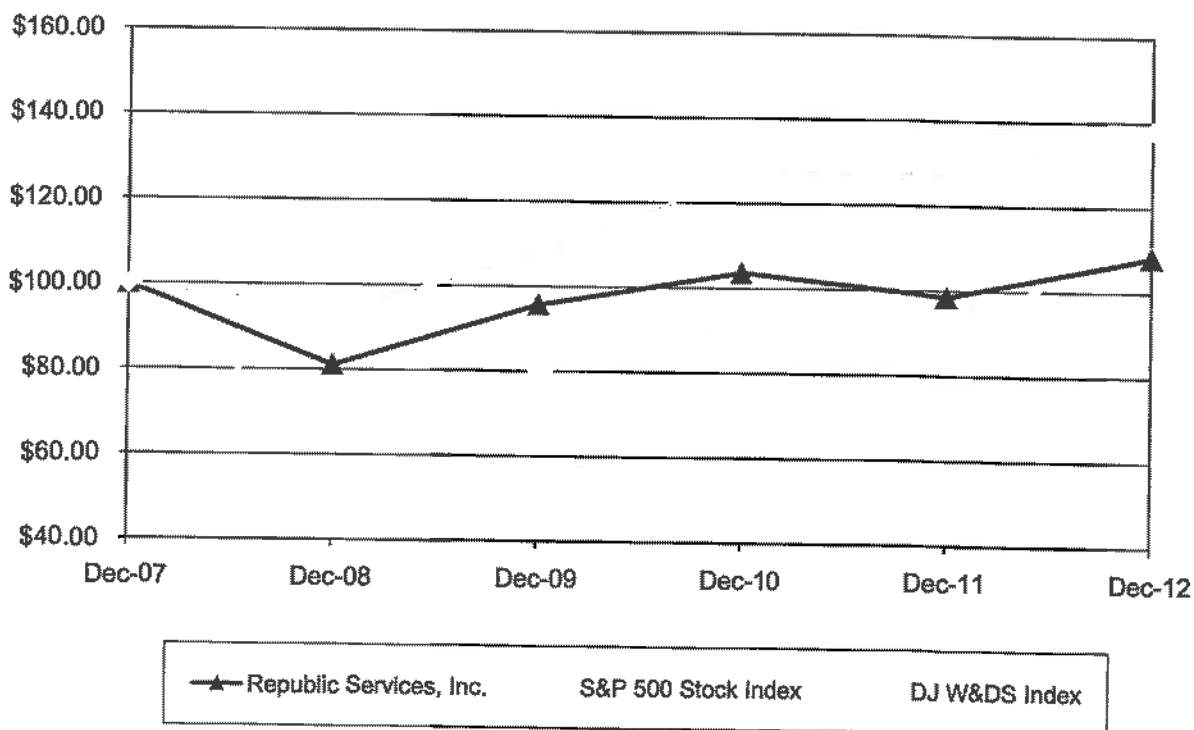
Recent Sales of Unregistered Securities

None

Performance Graph

The following graph compares the performance of our common stock to the Standard & Poor's 500 Stock Index (S&P 500 Index) and the Dow Jones Waste & Disposal Services Index (DJW&DS Index). The graph covers the period from December 31, 2007 to December 31, 2012 and assumes that the value of the investment in our common stock and in each index was \$100 at December 31, 2007 and that all dividends were reinvested.

Comparison of 5 Year Cumulative Total Return
Assumes Initial Investment of \$100
December 2012



Indexed Returns For Years Ending

	December 31,					
	2007	2008	2009	2010	2011	2012
Republic Services, Inc.	\$ 100.00	\$ 81.12	\$ 95.71	\$ 103.61	\$ 98.40	\$ 108.14
S&P 500 Index	100.00	62.99	79.65	91.64	93.58	108.56
DJ W&DS Index	100.00	93.91	106.88	126.99	127.23	138.05

ITEM 6. SELECTED FINANCIAL DATA

You should read the following Selected Financial Data in conjunction with our consolidated financial statements and notes thereto as of December 31, 2012 and 2011 and for each of the three years in the period ended December 31, 2012 and Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, in this Form 10-K.

On December 5, 2008, we acquired all the issued and outstanding shares of Allied in a stock-for-stock transaction for an aggregate purchase price of \$12.1 billion, which included \$5.4 billion of debt, at fair value. The Allied acquisition has been accounted for as an acquisition of Allied by Republic. The consolidated financial statements

include the operating results of Allied from the date of the acquisition, and have not been retroactively restated to include Allied's historical financial position or results of operations. In accordance with the purchase method of accounting, the purchase price paid has been allocated to the assets and liabilities acquired based upon their estimated fair values as of the acquisition date, with the excess of the purchase price over the net assets acquired being recorded as goodwill.

See Notes 1, 2, 3, 8, 9, 10 and 12 to our consolidated financial statements for a discussion of basis of presentation, significant accounting policies, business acquisitions and divestitures, restructuring charges, landfill and environmental costs, debt, income taxes and stockholders' equity and their effect on comparability of year-to-year data. These historical results are not necessarily indicative of the results to be expected in the future. Amounts are in millions, except per share data.

	Year Ended December 31,				
	2012	2011	2010	2009	2008
Statement of Operations Data:					
Revenue	\$ 8,118.3	\$ 8,192.9	\$ 8,106.6	\$ 8,199.1	\$ 3,685.1
Expenses:					
Cost of operations	5,005.7	4,865.1	4,764.8	4,844.2	2,416.7
Depreciation, amortization and depletion	848.5	843.6	833.7	869.7	354.1
Accretion	78.4	78.0	80.5	88.8	23.9
Selling, general and administrative	820.9	825.4	858.0	880.4	434.7
Negotiation and withdrawal costs – Central States Pension Fund	35.8	-	-	-	-
(Gain) loss on disposition of assets and impairments, net	(2.7)	28.1	19.1	(137.0)	89.8
Restructuring charges	11.1	-	11.4	63.2	82.7
Operating income	1,320.6	1,552.7	1,539.1	1,589.8	283.2
Interest expense	(388.5)	(440.2)	(507.4)	(595.9)	(131.9)
Loss on extinguishment of debt	(112.6)	(210.8)	(160.8)	(134.1)	-
Interest income	1.0	0.3	0.7	2.0	9.6
Other income (expense), net	3.4	4.3	5.4	3.2	(1.6)
Income before income taxes	823.9	906.3	877.0	865.0	159.3
Provision for income taxes	251.8	317.4	369.5	368.5	85.4
Net income	572.1	588.9	507.5	496.5	73.9
Net (income) loss attributable to noncontrolling interests	(0.3)	0.3	(1.0)	(1.5)	(0.1)
Net income attributable to Republic Services, Inc.	\$ 571.8	\$ 589.2	\$ 506.5	\$ 495.0	\$ 73.8
Basic earnings per share attributable to Republic Services, Inc. stockholders:					
Basic earnings per share	\$ 1.56	\$ 1.57	\$ 1.32	\$ 1.30	\$ 0.38
Weighted average common shares outstanding	366.9	376.0	383.0	379.7	196.7
Diluted earnings per share attributable to Republic Services, Inc. stockholders:					
Diluted earnings per share	\$ 1.55	\$ 1.56	\$ 1.32	\$ 1.30	\$ 0.37
Weighted average common and common equivalent shares outstanding	368.0	377.6	385.1	381.0	198.4
Cash dividends per common share	\$ 0.91	\$ 0.84	\$ 0.78	\$ 0.76	\$ 0.72
Other Operating Data:					
Cash flows from operating activities	\$ 1,513.8	\$ 1,766.7	\$ 1,433.7	\$ 1,396.5	\$ 512.2
Capital expenditures	903.5	936.5	794.7	826.3	386.9
Proceeds from sales of property and equipment	28.7	34.6	37.4	31.8	8.2
Balance Sheet Data:					
Cash and cash equivalents	\$ 67.6	\$ 66.3	\$ 88.3	\$ 48.0	\$ 68.7
Restricted cash and marketable securities	164.2	189.6	172.8	240.5	281.9
Total assets	19,616.9	19,551.5	19,461.9	19,540.3	19,921.4
Total debt	7,070.5	6,921.8	6,743.6	6,962.6	7,702.5
Total stockholders' equity	7,705.7	7,683.4	7,848.9	7,567.1	7,282.5

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with our audited consolidated financial statements and the notes thereto included elsewhere in this Form 10-K. This discussion may contain forward-looking statements that anticipate results that are subject to uncertainty. We discuss in more detail various factors that could cause actual results to differ from expectations in Item 1A, Risk Factors in this Form 10-K.

Overview

We are the second largest provider of services in the domestic non-hazardous solid waste industry, as measured by revenue. We provide non-hazardous solid waste collection services for commercial, industrial, municipal and residential customers through 332 collection operations in 38 states and Puerto Rico. We own or operate 195 transfer stations, 191 active solid waste landfills and 71 recycling centers. We also operate 69 landfill gas and renewable energy projects.

Revenue for the year ended December 31, 2012 was \$8,118.3 million compared to \$8,192.9 million for the same period in 2011. This 0.9% decrease in revenue was made up of increases in core price of 0.8%, fuel surcharges of 0.1% and acquisitions, net of divestitures of 0.4% that were more than offset by decreases in volumes of 1.0% and recycling commodities of 1.2%.

The following table summarizes our revenue, costs and expenses for the years ended December 31, 2012, 2011 and 2010 (in millions of dollars and as a percentage of revenue):

	2012		2011		2010	
Revenue	\$8,118.3	100.0%	\$8,192.9	100.0%	\$8,106.6	100.0%
Expenses:						
Cost of operations	5,005.7	61.7	4,865.1	59.4	4,764.8	58.8
Depreciation, amortization and depletion of property and equipment	778.4	9.6	766.9	9.4	762.2	9.4
Amortization of other intangible assets and other assets	70.1	0.9	76.7	0.9	71.5	0.9
Accretion	78.4	1.0	78.0	0.9	80.5	1.0
Selling, general and administrative	820.9	10.1	825.4	10.1	858.0	10.6
Negotiation and withdrawal costs – Central States Pension Fund	35.8	0.4	-	-	-	-
(Gain) loss on disposition of assets and impairments, net	(2.7)	-	28.1	0.3	19.1	0.2
Restructuring charges	11.1	0.1	-	-	11.4	0.1
Operating income	<u>\$1,320.6</u>	<u>16.3%</u>	<u>\$1,552.7</u>	<u>19.0%</u>	<u>\$1,539.1</u>	<u>19.0%</u>

Our pre-tax income was \$823.9 million, \$906.3 million and \$877.0 million for the years ended December 31, 2012, 2011 and 2010, respectively. Our net income attributable to Republic Services, Inc. was \$571.8 million, or \$1.55 per diluted share, for the year ended December 31, 2012, compared to \$589.2 million, or \$1.56 per diluted share, in 2011 and \$506.5 million, or \$1.32 per diluted share, in 2010.

During each of the three years ended December 31, 2012, 2011 and 2010, we recorded a number of charges and other expenses and benefits that impacted our pre-tax income, net income attributable to Republic Services, Inc. (Net Income – Republic) and diluted earnings per share as noted in the following table (in millions, except per share data). Additionally, see our “*Cost of Operations*,” “*Selling, General and Administrative Expenses*” and “*Income Taxes*” discussions contained in the Results of Operations section of this Management’s Discussion and Analysis of Financial Condition and Results of Operations for a discussion of other items that impacted our earnings.

	Year Ended December 31, 2012			Year Ended December 31, 2011			Year Ended December 31, 2010		
	Pre-tax Income	Net Income - Republic	Diluted Earnings per Share	Pre-tax Income	Net Income - Republic	Diluted Earnings per Share	Pre-tax Income	Net Income - Republic	Diluted Earnings per Share
As reported	\$ 823.9	\$ 571.8	\$ 1.55	\$ 906.3	\$ 589.2	\$ 1.56	\$ 877.0	\$ 506.5	\$ 1.32
Negotiation and withdrawal costs –									
Central States Pension Fund	35.8	21.6	0.06	-	-	-	-	-	-
Loss on extinguishment of debt	112.6	68.6	0.18	210.8	129.3	0.34	160.8	98.6	0.26
Costs to achieve synergies	-	-	-	-	-	-	33.3	20.3	0.05
Restructuring charges	11.1	6.6	0.02	-	-	-	11.4	7.0	0.02
(Gain) loss on disposition of assets and impairments, net	(5.3)	(5.2)	(0.01)	28.1	19.8	0.06	19.1	25.4	0.06
Adjusted	<u>\$ 978.1</u>	<u>\$ 663.4</u>	<u>\$ 1.80</u>	<u>\$ 1,145.2</u>	<u>\$ 738.3</u>	<u>\$ 1.96</u>	<u>\$ 1,101.6</u>	<u>\$ 657.8</u>	<u>\$ 1.71</u>

We believe the presentation of adjusted pre-tax income, adjusted net income attributable to Republic Services, Inc. and adjusted diluted earnings per share, which are not measures determined in accordance with generally accepted accounting principles in the United States (U.S. GAAP), provides an understanding of operational activities before the financial impact of certain non-operational items. We use these measures, and believe investors will find them helpful, in understanding the ongoing performance of our operations separate from items that have a disproportionate impact on our results for a particular period. Comparable charges and costs have been incurred in prior periods, and similar types of adjustments can reasonably be expected to be recorded in future periods. Our definition of adjusted pre-tax income, adjusted net income attributable to Republic Services, Inc. and adjusted diluted earnings per share may not be comparable to similarly titled measures presented by other companies.

Negotiation and withdrawal costs – Central States Pension Fund. During the year ended December 31, 2012, we incurred costs related to the negotiation of collective bargaining agreements under which we have obligations to contribute to the Central States, Southeast and Southwest Areas Pension Fund (the Fund). During 2012, we recorded a charge to earnings of \$35.8 million primarily related to our partial withdrawal from the Fund.

Loss on extinguishment of debt. During the years ended December 31, 2012, 2011 and 2010, we completed refinancing transactions that resulted in cash paid for premiums and professional fees to repurchase outstanding debt as well as the non-cash write-off of unamortized debt discounts and deferred issuance costs. For a more detailed discussion of the components of these costs and the debt series to which they relate, see our “*Loss on Extinguishment of Debt*” discussion contained in the Results of Operations section of this Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Costs to achieve synergies. During the year ended December 31, 2010, we incurred incremental costs to achieve our synergy plan that are recorded in selling, general and administrative expenses. These incremental costs primarily relate to our synergy incentive plan as well as other integration costs. We did not incur any such expenses during the years ended December 31, 2012 and 2011.

Restructuring charges. During the year ended December 31, 2012, we restructured our field and corporate operations to create a more efficient and competitive company. These changes include consolidating our field regions from four to three and our areas from 28 to 20, relocating office space, and reducing administrative staffing levels.

During the year ended December 31, 2010, we incurred restructuring and integration charges related to the Allied acquisition. These charges consist of severance and other employee termination and relocation benefits as well as consulting and professional fees. We completed the Allied restructuring plan in 2010.

(Gain) loss on disposition of assets and impairments, net. For more detailed discussion of the components of these costs, see our “(Gain) Loss on Disposition of Assets and Impairments, Net” discussion contained in the Results of Operations section of this Management’s Discussion and Analysis of Financial Condition and Results of Operations.

2013 Guidance

Our objectives for 2013 remain consistent with previous years and focus on enhancing stockholder value by increasing returns on invested capital and efficiently using free cash flow. We remain committed to continuing our broad-based pricing initiatives across all lines of business to recover increasing costs and to expand our operating margins.

Our guidance is based on current economic conditions and does not assume any improvement or deterioration in the overall economy in 2013. Specific guidance follows:

Revenue

We expect 2013 revenue to increase by approximately 2.0 to 2.5%. This consists of the following:

	<u>Increase (Decrease)</u>
Core price	1.0 to 1.5%
Volume	0.0%
Fuel recovery fees	0.2%
Recycling commodities	(0.2)%
Acquisitions / divestitures, net	<u>1.0%</u>
Total change	<u><u>2.0 to 2.5%</u></u>

Changes in price are restricted on approximately 50% of our annual revenue. These restrictions include:

- price changes based upon fluctuation in a specific index as defined in the contract;
- fixed price increases based on stated contract terms; or
- price changes based on a cost plus a specific profit margin or other measurement.

Of these restricted pricing arrangements, approximately 60% are based on a consumer price index, 15% are fixed arrangements and the remainder are based upon a cost plus or other specific arrangement. The consumer price index varies from a single historical stated period of time or an average of trailing historical rates over a stated period of time. In addition, many pricing resets lag between the measurement period and the date the revised pricing goes into effect. As a result, current changes in a specific index, such as the consumer price index, may not manifest themselves in our reported pricing for several quarters into the future.

Adjusted Diluted Earnings per Share

The following is a summary of anticipated adjusted diluted earnings per share for the year ending December 31, 2013 compared to the actual adjusted diluted earnings per share for the year ended December 31, 2012. Adjusted diluted earnings per share is not a measure determined in accordance with GAAP:

	(Anticipated) Year Ending December 31, 2013	(Actual) Year Ended December 31, 2012
Diluted earnings per share	\$ 1.83 - 1.88	\$ 1.55
Loss on extinguishment of debt	-	0.18
Negotiation and withdrawal costs – Central States Pension Fund	-	0.06
(Gain) loss on disposition of assets and impairments, net	-	(0.01)
Restructuring charges	0.03	0.02
Adjusted diluted earnings per share	<u>\$ 1.86 - 1.91</u>	<u>\$ 1.80</u>

This 2013 anticipated adjusted diluted earnings per share assumes an effective tax rate of approximately 38%. We expect cash taxes as a percentage of the overall tax provision to be 90% – 100%. At this time, we are unable to estimate the magnitude or timing of charges associated with our loss on extinguishment of debt, negotiation and withdrawal costs from collective bargaining agreements under which we have obligations to contribute to the Central States Pension Fund or (gain) loss on disposition of assets and impairments, net.

We believe that the presentation of adjusted diluted earnings per share, which is not a measure determined in accordance with U. S. GAAP, provides an understanding of operational activities before the financial impact of certain non-operational items such as those detailed in the above table. We use this measure, and believe investors will find it helpful, in understanding the ongoing performance of our operations separate from items that have a disproportionate impact on our results for a particular period. We have incurred comparable charges and costs in prior periods, and similar types of adjustments can reasonably be expected to be recorded in future periods. Our definition of adjusted diluted earnings per share may not be comparable to similarly titled measures presented by other companies.

Property and Equipment

In 2013, we anticipate receiving approximately \$860 million of property and equipment as follows:

Trucks and equipment	\$ 370
Landfill	270
Containers	100
Facilities and other	120
Property and equipment received during 2013	<u>\$ 860</u>

Purchases of property and equipment as reflected on our consolidated statement of cash flows for 2013 are expected to be approximately \$880 million. The difference between property and equipment received and purchases of property and equipment is approximately \$20 million of property and equipment received during 2012, but paid for in 2013.

Results of Operations

Years Ended December 31, 2012, 2011 and 2010

Revenue

We generate revenue primarily from our solid waste collection operations. Our remaining revenue is from other services, including transfer stations, landfill disposal and recycling. Our revenue from collection operations consists of fees we receive from commercial, industrial, municipal and residential customers. Our residential and commercial collection operations in some markets are based on long-term contracts with municipalities. Certain of our municipal contracts have annual price escalation clauses that are tied to changes in an underlying base index such as the consumer price index. We generally provide commercial and industrial collection services to customers under contracts with terms up to three years. Our transfer stations, landfills and, to a lesser extent, our recycling centers generate revenue from disposal or tipping fees. In general, we integrate our recycling operations with our collection operations and obtain revenue from the sale of recyclable materials. Other non-core revenue consists primarily of revenue from National Accounts, which represents the portion of revenue generated from nationwide contracts in markets outside our operating areas, and, as such, the associated waste handling services are subcontracted to local operators. Consequently, substantially all of this revenue is offset with related subcontract costs, which are recorded in cost of operations.

The following table reflects our revenue by service line for the years ended December 31, 2012, 2011 and 2010 (in millions of dollars and as a percentage of our revenue):

	2012		2011		2010	
Collection:						
Residential	\$ 2,155.7	26.6%	\$ 2,135.7	26.1%	\$ 2,173.9	26.8%
Commercial	2,523.2	31.1	2,487.5	30.4	2,486.8	30.7
Industrial	1,544.2	19.0	1,515.4	18.5	1,482.9	18.3
Other	33.4	0.4	32.9	0.4	29.6	0.4
Total collection	6,256.5	77.1	6,171.5	75.4	6,173.2	76.2
Transfer	964.5		994.2		1,030.3	
Less: Intercompany	(575.3)		(572.8)		(587.9)	
Transfer, net	389.2	4.8	421.4	5.1	442.4	5.4
Landfill	1,863.3		1,867.6		1,865.8	
Less: Intercompany	(862.5)		(846.9)		(861.7)	
Landfill, net	1,000.8	12.3	1,020.7	12.5	1,004.1	12.4
Sale of recyclable materials	349.0	4.3	438.6	5.4	337.9	4.2
Other non-core	122.8	1.5	140.7	1.6	149.0	1.8
Other	471.8	5.8	579.3	7.0	486.9	6.0
Total revenue	<u>\$ 8,118.3</u>	<u>100.0%</u>	<u>\$ 8,192.9</u>	<u>100.0%</u>	<u>\$ 8,106.6</u>	<u>100.0%</u>

The following table reflects the percentage changes in our revenue for the years ended December 31, 2012, 2011 and 2010.

	2012	2011	2010
Core price	0.8%	0.8%	1.6%
Fuel recovery fees	0.1	1.0	0.5
Total price	0.9	1.8	2.1
Volume	(1.0)	(0.4)	(3.5)
Recycling commodities	(1.2)	1.0	1.4
San Mateo and Toronto contract losses	-	(1.4)	-
Total internal growth	(1.3)	1.0	-
Acquisitions / divestitures, net	0.4	0.1	(1.1)
Total	<u>(0.9)%</u>	<u>1.1%</u>	<u>(1.1)%</u>

Revenue – 2012 versus 2011

The decrease in revenue in 2012 compared to 2011 is due to the following:

- Core price increased revenue by 0.8% year over year due to positive pricing in our collection, transfer and landfill lines of business. Pricing was higher in the second half of 2012, which reflects the higher level of price resets to our index-based customers.
- Fuel recovery fees increased revenue by 0.1% and 1.0%, respectively. The impact of the change in fuel recovery fees was diminished in 2012 as the average fuel price per gallon increased approximately 3% from 2011 to 2012 as compared to approximately 29% from 2010 to 2011. For 2012 and 2011, we were able to recover approximately 67% and 68%, respectively, of our fuel costs with fuel recovery fees.
- Volume decreased revenue by 1.0% in 2012. Volume declines were primarily in our landfill, transfer station and non-core lines of business primarily due to the acquisition of a large national broker by a competitor and the loss of a large National Accounts contract. Within the landfill business, special waste and construction and demolition volumes decreased by approximately 4.3% and 6.4%, respectively, and landfill municipal solid waste volumes declined approximately 5.3% versus the prior year. Volume declines in special waste were caused by special waste event work not recurring in 2012 and being postponed due to continuing weak economic conditions. The decline in landfill municipal solid waste volumes relate primarily to a loss of certain municipal disposal contracts in our East region and competitive pressures in our Los Angeles market. Collection volumes were positive 0.2% year over year with most improvements coming from the commercial and industrial lines of business.
- Recycling commodities decreased revenue by 1.2% in 2012 due to a decrease in the market price of materials. Average prices for old corrugated cardboard (OCC) in 2012 were \$124 per ton versus \$159 per ton in 2011, a decrease of \$35 per ton or 22%. Average prices of old newspaper (ONP) for 2012 were \$105 per ton versus \$142 per ton in 2011, a decrease of \$37 per ton or 26%. The declines in prices were partially offset by increased volumes processed. Our 2012 recycling commodity volume of 2.1 million tons was 2.5% higher than 2011 volumes.

Changing market demand for recyclable materials causes volatility in commodity prices. At current volumes and mix of materials, we believe a ten dollar per ton change in the price of recyclable materials will change annual revenue and operating income by approximately \$29 million and \$20 million, respectively, on an annual basis.

Revenue – 2011 versus 2010

The increase in revenue in 2011 compared to 2010 is due to the following:

- Core price increased revenue by 0.8% and 1.6%, respectively. The lower core price increase in 2011 compared to 2010 is due primarily to the competitive municipal and franchise contract pricing environment in our residential collection line of business and the continued low inflationary environment, which limits our price increases on index based contracts, partially offset by our continued broad-based pricing initiatives particularly in our landfill line of business.
- Fuel recovery fees increased revenue by 1.0% and 0.5%, respectively. Revenue benefited from increased fuel recovery fees due to higher fuel prices during 2011 that were passed along to our customers.
- Volume decreased revenue by 0.4% and 3.5%, respectively. Volume continued to decline throughout 2011, but at a lower rate of decline than earlier in the year or during 2010. Volume in our industrial collection and landfill lines of business was positive in 2011 primarily driven by special event work, offset by declines in our commercial and residential collection and transfer station lines of business.
- Recycling commodity prices increased revenue by 1.0% and 1.4%, respectively. Revenue benefited from higher commodity prices for recovered materials until the fourth quarter of 2011, when changes in recycling commodity prices decreased revenue by 0.1% year over year.
- Our San Mateo County contract and our transportation and disposal contract with the City of Toronto ended effective December 31, 2010, which reduced our revenue growth by 1.4% in 2011.

Cost of Operations

Cost of operations includes labor and related benefits, which consists of salaries and wages, health and welfare benefits, incentive compensation and payroll taxes. It also includes transfer and disposal costs representing tipping fees paid to third party disposal facilities and transfer stations; maintenance and repairs relating to our vehicles, equipment and containers, including related labor and benefit costs; transportation and subcontractor costs, which include costs for independent haulers who transport our waste to disposal facilities and costs for local operators who provide waste handling services associated with our national accounts in markets outside our standard operating areas; fuel, which includes the direct cost of fuel used by our vehicles, net of fuel credits; disposal franchise fees and taxes consisting of landfill taxes, municipal franchise fees, host community fees and royalties; landfill operating costs, which includes financial assurance, remediation costs, leachate disposal and other landfill maintenance costs; risk management, which includes casualty insurance premiums and claims; cost of goods sold, which includes material costs paid to suppliers associated with recycling commodities; and other, which includes expenses such as facility operating costs, equipment rent and gains or losses on sale of assets used in our operations.

The following table summarizes the major components of our cost of operations for the years ended December 31, 2012, 2011 and 2010 (in millions of dollars and as a percentage of our revenue):

	2012		2011		2010	
Labor and related benefits	\$ 1,573.9	19.4%	\$1,530.4	18.7%	\$1,534.4	18.9%
Transfer and disposal costs	616.4	7.6	636.1	7.8	664.3	8.2
Maintenance and repairs	682.7	8.4	632.1	7.7	609.7	7.5
Transportation and subcontract costs	431.9	5.3	443.4	5.4	466.7	5.8
Fuel	530.1	6.5	516.5	6.3	407.6	5.0
Franchise fees and taxes	401.9	5.0	395.7	4.8	395.8	4.9
Landfill operating costs	198.1	2.5	126.1	1.5	136.2	1.7
Risk management	177.3	2.2	167.5	2.0	171.6	2.1
Cost of goods sold	114.6	1.4	146.8	1.8	103.9	1.3
Other	278.8	3.4	270.5	3.4	274.6	3.4
Total cost of operations	\$ 5,005.7	61.7%	\$4,865.1	59.4%	\$4,764.8	58.8%

The cost categories shown above may change from time to time and may not be comparable to similarly titled categories used by other companies. Thus, you should take care when comparing our cost of operations by cost component to that of other companies.

Cost of Operations – 2012 versus 2011

Our cost of operations, as a percentage of revenue, increased 2.3% in 2012 compared to 2011, primarily as a result of the following:

- Labor and related benefits increased due to merit based wage increases in 2012 versus 2011 as well as increases in health care costs. As a percentage of revenue, labor and related benefits were negatively impacted by the relative mix of higher collection revenue and lower landfill, transfer, commodity and subcontract revenue compared to 2011 because these revenues have little or no variable labor costs.
- Maintenance and repairs expense increased due to costs associated with our fleet maintenance initiative as well as the increased cost of tires and container refurbishment expenses.
- During 2012, our fuel costs in aggregate dollars and as a percentage revenue increased \$13.6 million and 0.2%, respectively, compared to 2011 primarily due to higher fuel prices. Average fuel costs per gallon for 2012 were \$3.97 versus \$3.85 for 2011, an increase of \$0.12 or 3.1%.

At current consumption levels, a twenty-cent per gallon change in the price of diesel fuel changes our fuel costs by approximately \$24 million on an annual basis. Offsetting these changes in fuel expense would be changes in our fuel recovery fee charged to our customers. At current participation rates, a twenty-cent change in the price of diesel fuel changes our fuel recovery fee by approximately \$19 million.

- Franchise fees and taxes increased during 2012 primarily due to the acquisition of businesses in franchise markets.
- Landfill operating expenses in aggregate dollars and as a percentage of revenue increased \$72.0 million and 1.0%, respectively, during 2012 compared to 2011, primarily due to \$74.1 million of remediation charges we recorded in connection with environmental conditions at a closed disposal facility in Missouri.
- Risk management expenses increased during 2012 primarily due to lower favorable actuarial development compared to the prior year.

These increases in costs were partially offset by:

- Transfer and disposal costs decreased during 2012 versus 2011, primarily due to lower disposal prices and lower volumes disposed at third party sites. During 2012, approximately 67% of the total waste volume we collected was disposed at landfill sites that we own or operate (internalization) versus 66% for 2011.
- Transportation and subcontract costs decreased during 2012 versus 2011, primarily due to the loss of a large National Accounts contract.
- Cost of goods sold relates to rebates paid for volumes delivered to our recycling facilities. Cost of goods sold in aggregate dollars and as a percentage of revenue decreased \$32.2 million and 0.4%, respectively, during 2012 versus 2011, primarily due to a decline in the market value of recycled commodities offset by an increase in the volume of commodities processed.

Cost of Operations – 2011 versus 2010

Our cost of operations, as a percentage of revenue, increased 0.6% in 2011 compared to 2010, primarily as a result of the following:

- Maintenance and repairs expense increased primarily due to costs associated with our fleet maintenance initiative.
- An increase in fuel expenses of \$108.9 million, or 26.7% year over year. The average fuel price per gallon for 2011 was \$3.85, an increase of \$0.86 or approximately 28.8% from an average price of \$2.99 for 2010.
- An increase in cost of goods sold primarily due to changes in the market price of recycling commodities and an increase in volumes processed year over year. The average price for OCC for 2011 was \$159 per ton versus \$142 per ton for the comparable 2010 period. The average price of ONP for 2011 was \$142 per ton versus \$111 per ton for the comparable 2010 period.

These increases were partially offset by:

- A decrease in labor and related benefits expenses due to volume-related workforce reductions, including the expiration of the San Mateo contract, as well as increased productivity gains primarily due to the automation of our residential fleet and lower benefit plan costs. Partially offsetting these declines were increases in overall wages and increases in workforce due to acquisitions.
- A decrease in transfer and disposal costs due to the divestiture of transfer stations in 2010 as well as overall lower collection volumes. During 2011 and 2010, approximately 66% and 67%, respectively, of the total waste volume that we collected was disposed at landfill sites that we own or operate.
- A decrease in transportation and subcontract costs primarily due to the expiration of our San Mateo County contract and our transportation and disposal contract with the City of Toronto and a decline in our overall collection volumes. Partially offsetting these decreases were increases due to fuel recovery fees related to project work with certain of our National Accounts customers.

Depreciation, Amortization and Depletion of Property and Equipment

The following table summarizes depreciation, amortization and depletion of property and equipment for the years ended December 31, 2012, 2011 and 2010 (in millions of dollars and as a percentage of revenue):

	2012		2011		2010	
Depreciation and amortization of property and equipment	\$ 520.8	6.4%	\$ 511.4	6.2%	\$ 511.6	6.3%
Landfill depletion and amortization	257.6	3.2	255.5	3.1	250.6	3.1
Depreciation, amortization and depletion expense	<u>\$ 778.4</u>	<u>9.6%</u>	<u>\$ 766.9</u>	<u>9.3%</u>	<u>\$ 762.2</u>	<u>9.4%</u>

Depreciation and amortization of property and equipment increased \$9.4 million for 2012 versus 2011, primarily due to higher costs of residential side loaders for automating our residential collection routes and an increased number of CNG vehicles, which are more expensive than diesel vehicles. In addition, we made increased investments in new and upgraded recycling infrastructure projects that became operational in 2012.

Landfill depletion and amortization expense increased \$2.1 million for 2012 versus 2011, primarily due to unfavorable adjustments to landfill depletion and amortization expense for asset retirement obligations of \$4.9 million recorded during 2012 versus favorable adjustments of \$9.6 million recorded during 2011. Offsetting the increase in costs relative to asset retirement obligations was an overall decline in landfill depletion due to lower disposal volumes, as previously noted in our *Revenue – 2012 versus 2011* discussion.

Landfill depletion and amortization expense increased in aggregate dollars slightly during 2011 versus 2010 due to increased volumes year over year.

Amortization of Other Intangible and Other Assets

Expenses for amortization of intangible and other assets were \$70.1 million, \$76.7 million and \$71.5 million, or, as a percentage of revenue, 0.9% for 2012, 2011 and 2010, respectively. Our other intangible and other assets primarily relate to customer lists, franchise agreements, municipal contracts, trade names, favorable lease assets and to a lesser extent non-compete agreements. Amortization of intangible assets in aggregate dollars decreased during 2012 as compared to 2011 primarily due to municipal agreement intangibles acquired from Allied that are now fully amortized.

Accretion Expense

Accretion expenses were \$78.4 million, \$78.0 million and \$80.5 million, or, as a percentage of revenue, 1.0%, 0.9%, and 1.0% for 2012, 2011 and 2010, respectively. The amounts have remained relatively unchanged as our asset retirement obligations remained relatively consistent period over period.

Selling, General and Administrative Expenses

Selling, general and administrative expenses include salaries, health and welfare benefits and incentive compensation for corporate and field general management, field support functions, sales force, accounting and finance, legal, management information systems, and clerical and administrative departments. Other expenses include rent and office costs, fees for professional services provided by third parties, marketing, investor and community relations, directors' and officers' insurance, general employee relocation, travel, entertainment and bank charges, but excludes any such amounts recorded as restructuring charges.

The following table provides the components of our selling, general and administrative expenses for the three years ended December 31, 2012, 2011 and 2010 (in millions of dollars and as a percentage of revenue):

	2012		2011		2010	
Salaries	\$ 539.4	6.6%	\$ 539.6	6.6%	\$ 538.6	6.6%
Provision for doubtful accounts	29.7	0.4	20.9	0.3	23.6	0.3
Costs to achieve synergies	-	-	-	-	33.3	0.4
Other	251.8	3.1	264.9	3.2	262.5	3.3
Total selling, general and administrative expenses	<u>\$ 820.9</u>	<u>10.1%</u>	<u>\$ 825.4</u>	<u>10.1%</u>	<u>\$ 858.0</u>	<u>10.6%</u>

The cost categories shown above may change from time to time and may not be comparable to similarly titled categories used by other companies. Thus, you should take care when comparing our selling, general and administrative expenses by cost component to that of other companies.

Selling, General and Administrative Expenses – 2012 versus 2011

Our salaries expenses decreased \$0.2 million and remained consistent as a percentage of revenue for 2012 versus 2011. The decrease is primarily due to lower management incentive pay due to our revised financial expectations offset by merit wage increases and the expansion of our sales team in the second half of 2011.

Provision for doubtful accounts increased due to an increase in unrecoverable amounts from certain customers and the recovery during 2011 of accounts previously written-off.

Other selling, general and administrative expenses decreased \$13.1 million or, as a percentage of revenue, 0.1% for 2012 versus 2011 primarily as a result of a decrease in legal fees and settlements and consulting and professional fees partially offset by higher recruiting and relocation expenses.

Selling, General and Administrative Expenses – 2011 versus 2010

Our selling, general and administrative expenses decreased \$32.6 million for 2011 versus 2010, or 0.5% as a percentage of revenue. Selling, general and administrative expenses include an accrual for synergy bonus related to the Allied acquisition of approximately \$33 million in 2010. In 2011, we did not incur any additional costs to achieve synergies.

Negotiation and Withdrawal Costs – Central States Pension Fund

During 2012, we incurred costs related to the negotiation of collective bargaining agreements under which we have obligations to contribute to the Central States, Southeast and Southwest Areas Pension Fund (the Fund) and charges for our partial withdrawal from the Fund. We expect to incur these types of additional charges in 2013. However, at this time we are unable to estimate the magnitude or timing of these charges for 2013. During 2012, we recorded a charge to earnings of \$35.8 million primarily related to our partial withdrawal from the Fund. The payments associated with any withdrawal liability ordinarily would be due in installments over a period of 20 years, and the payments are unlikely to be material to our cash flow in any particular period.

(Gain) Loss on Disposition of Assets and Impairments, Net

During the year ended December 31, 2012, we recorded a net gain on disposition of assets and impairments of \$2.7 million primarily due to a \$5.5 million net gain on a divestiture of a collection business in our East region and a sale of certain assets associated with our rail logistics business. Proceeds from dispositions of solid waste assets were \$9.6 million during 2012.

During the year ended December 31, 2011, we disposed of businesses in various markets, resulting in a gain of \$21.0 million including transaction costs. In connection with the dispositions, we closed a landfill, resulting in an

asset impairment charge of \$28.7 million for the remaining landfill assets and the acceleration of capping, closure and post-closure obligations. Additionally, we recorded asset impairments of \$20.4 million primarily related to certain long-lived assets that are held for sale and losses on the divestiture of certain businesses and related goodwill. Proceeds from dispositions of solid waste assets were \$14.2 million for the year ended December 31, 2011.

We divested certain assets throughout 2010 resulting in a net loss on disposition of assets of \$4.0 million, including transaction costs. Additionally, we recorded an impairment loss of \$15.1 million related to certain long-lived assets that are held and used.

Restructuring Charges

During 2012, we restructured our field and corporate operations to create a more efficient and competitive company. These changes include consolidating our field regions from four to three and our areas from 28 to 20, relocating office space, and reducing administrative staffing levels. During 2012, we incurred \$11.1 million of restructuring charges, which consisted of severance and other employee termination benefits, relocation benefits, and the closure of offices with lease agreements with non-cancellable terms ranging from 2 to 5 years. We expect to incur approximately \$15 million of additional expense during 2013 related to such activities. Substantially all of these charges were or will be recorded in our corporate segment and we expect the remaining charges will be paid primarily during 2013. We expect this restructuring will reduce our selling, general and administrative expenses by approximately \$23 million annually.

During 2010, we incurred \$11.4 million of restructuring and integration charges related to the integration of Allied, which consisted of charges and adjustments for severance, employee termination and relocation benefits. The remainder of the charges primarily related to consulting and professional fees. Substantially all of these charges were recorded in our corporate segment. We completed our restructuring plan in 2010, and we did not incur any additional restructuring charges related to the Allied acquisition in 2011.

Interest Expense

The following table provides the components of interest expense, including accretion of debt discounts and accretion of discounts primarily associated with environmental and self-funded risk insurance liabilities assumed in the Allied acquisition (in millions):

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Interest expense on debt and capital lease obligations	\$ 338.5	\$ 372.9	\$ 413.2
Accretion of debt discounts	12.2	25.6	52.4
Accretion of remediation and risk reserves	46.2	49.8	48.1
Less: capitalized interest	(8.4)	(8.1)	(6.3)
Total interest expense	<u>\$ 388.5</u>	<u>\$ 440.2</u>	<u>\$ 507.4</u>

The decrease in interest expense and accretion of debt discounts is primarily due to refinancing certain of our higher interest rate debt following the Allied acquisition. During the years ended December 31, 2012, 2011 and 2010, cash paid for interest was \$341.0 million, \$396.2 million and \$417.8 million, respectively.

Loss on Extinguishment of Debt

The following table summarizes the refinancing transactions that resulted in cash paid for premiums and professional fees to repurchase outstanding debt as well as the non-cash write-off of unamortized debt discounts and deferred issuance costs for the years ended December 31, 2012, 2011, and 2010 (in millions):

	Principal Repaid	Cash Paid in Loss on Extinguishment of Debt	Non-cash Loss on Extinguishment of Debt	Total Loss on Extinguishment of Debt
2012:				
Amendments to Credit Facilities	\$ -	\$ -	\$ 1.5	\$ 1.5
\$750.0 million 6.875% senior notes due June 2017	750.0	25.8	71.0	96.8
Tax-exempt financings	94.0	-	14.2	14.2
Ineffective portion of interest rate lock settlements	-	0.1	-	0.1
Loss on extinguishment of debt for the year ended December 31, 2012	\$	25.9	\$ 86.7	\$ 112.6
2011:				
\$600.0 million 7.125% senior notes due May 2016	\$ 600.0	\$ 21.4	\$ 61.3	\$ 82.7
\$99.5 million 9.250% debentures due May 2021	64.2	24.2	3.8	28.0
\$360.0 million 7.400% debentures due September 2035	194.8	44.7	49.9	94.6
Amendments to Credit Facilities	-	-	1.7	1.7
Ineffective portion of interest rate lock settlements	-	0.3	-	0.3
Tax-exempt financings	30.0	-	3.5	3.5
Loss on extinguishment of debt for the year ended December 31, 2011	\$	90.6	\$ 120.2	\$ 210.8
2010:				
\$425.0 million 6.125% senior notes due February 2014	\$ 425.0	\$ 8.7	\$ 44.1	\$ 52.8
\$600.0 million 7.250% senior notes due March 2015	600.0	21.8	57.5	79.3
Accounts receivable securitization program	300.0	-	0.2	0.2
Tax-exempt financings	480.3	-	28.5	28.5
Loss on extinguishment of debt for the year ended December 31, 2010	\$	30.5	\$ 130.3	\$ 160.8

Income Taxes

Our provision for income taxes was \$251.8 million, \$317.4 million and \$369.5 million for the years ended December 31, 2012, 2011 and 2010, respectively. Our effective income tax rate was 30.6%, 35.0% and 42.1% for 2012, 2011 and 2010, respectively. Our 2012 effective tax rate was favorably impacted by the settlement with the IRS appeals division of Allied's federal tax years 2004 – 2008. This settlement benefited our 2012 tax provision by approximately \$35 million due to the reversals of previously accrued tax and interest. In 2011, our effective tax rate was favorably impacted by the settlement with the IRS appeals division of Allied's federal tax years 2000 – 2003. This settlement favorably impacted our 2011 tax provision by approximately \$23 million due to reversals of previously accrued tax and interest.

In addition, our 2012 and 2011 tax provisions were favorably impacted by the realization of tax credits and lower state rates due to changes in estimates of approximately \$16 million and \$19 million, respectively.

During 2012, we did not dispose of any goodwill without corresponding tax basis. During 2011 and 2010, we incurred charges of \$7.1 million and \$13.1 million, respectively, for dispositions of goodwill that had no corresponding tax basis, and thus, were non-deductible for tax purposes.

We made income tax payments (net of refunds received) of \$185 million, \$173 million and \$418 million for 2012, 2011 and 2010, respectively. Income taxes paid in 2012 and 2011 reflect the favorable tax depreciation provisions of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (Tax Relief Act) that was signed into law in December 2010. The Tax Relief Act included 100% bonus depreciation for property placed in service after September 8, 2010 and through December 31, 2011 (and for certain long-term

construction projects to be placed in service in 2012) and 50% bonus depreciation for property placed in service in 2012 (and for certain long-term construction projects to be placed in service in 2013). Income taxes paid in 2010 includes \$111 million related to the settlement of certain tax liabilities regarding BFI risk management companies.

For additional discussion and detail regarding our income taxes, see Note 10, *Income Taxes*, to our consolidated financial statements in Item 8 of this Form 10-K.

Reportable Segments

Our operations are managed through three geographic regions that we designate as our reportable segments. The historical results, discussion and presentation of our reportable segments as set forth in our consolidated financial statements for all periods presented reflect the impact of the realignment of our operating structure in the fourth quarter of 2012. Summary financial information concerning our reportable segments for the years ended December 31, 2012, 2011 and 2010 is shown in the following table (in millions of dollars and as a percentage of revenue):

	Net Revenue	Depletion and Accretion Before Adjustments for Asset Retirement Obligations	Amortization Expense for Asset Retirement Obligations	Depreciation, Amortization, Depletion and Accretion	Gain (Loss) on Disposition of Assets and Impairments, Net	Operating Income (Loss)	Operating Margin
2012:							
East	\$2,445.8	\$ 247.6	\$ (3.0)	\$ 244.6	\$ 5.3	\$ 474.6	19.4%
Central	2,424.8	289.6	(4.6)	285.0	(0.3)	474.5	19.6
West	3,158.0	333.5	(0.8)	332.7	0.1	685.9	21.7
Corporate entities	89.7	51.3	13.3	64.6	(2.4)	(314.4)	-
Total	\$8,118.3	\$ 922.0	\$ 4.9	\$ 926.9	\$ 2.7	\$ 1,320.6	16.3%
2011:							
East	\$2,525.7	\$ 248.8	\$ (2.3)	\$ 246.5	\$ (23.2)	\$ 550.7	21.8%
Central	2,430.3	294.1	(17.0)	277.1	(0.7)	529.3	21.8
West	3,139.1	337.3	(1.5)	335.8	(5.4)	735.9	23.4
Corporate entities	97.8	51.0	11.2	62.2	1.2	(263.2)	-
Total	\$8,192.9	\$ 931.2	\$ (9.6)	\$ 921.6	\$ (28.1)	\$ 1,552.7	19.0%
2010:							
East	\$2,535.0	\$ 245.4	\$ (9.0)	\$ 236.4	\$ (15.5)	\$ 594.4	23.4%
Central	2,359.0	289.7	(10.2)	279.5	9.3	547.3	23.2
West	3,114.3	337.4	(4.5)	332.9	1.4	745.8	23.9
Corporate entities	98.3	51.9	13.5	65.4	(14.3)	(348.4)	-
Total	\$8,106.6	\$ 924.4	\$ (10.2)	\$ 914.2	\$ (19.1)	\$ 1,539.1	19.0%

Corporate entities include legal, tax, treasury, information technology, risk management, human resources, closed landfills, and other typical administrative functions. National Accounts revenue included in corporate entities represents the portion of revenue generated from nationwide contracts in markets outside our operating areas, where the associated waste handling services are subcontracted to local operators. Consequently, substantially all of this revenue is offset with related subcontract costs, which are recorded in cost of operations.

Significant changes in the revenue and operating margins of our reportable segments comparing 2012 to 2011 and 2011 to 2010 are discussed in the following paragraphs.

2012 compared to 2011

East Region

Revenue for the year ended December 31, 2012 declined 3.2% due primarily to declines in volume in our collection, landfill and transfer station lines of business, coupled with lower recycling commodity revenue and price decreases in our collection line of business. The volume declines were primarily due to the loss of a large National Accounts contract and the loss of certain disposal contracts. These decreases were partially offset by price increases in the landfill and transfer station lines of business for 2012.

Operating income margin in our East Region decreased from 21.8% in 2011 to 19.4% in 2012 or 2.4%. In addition to the impact of the decrease in revenue, the following cost categories impacted operating income:

- Cost of operations negatively impacted operating income due to higher labor and benefits, fuel and repair and maintenance costs. Environmental costs increased primarily due to higher leachate disposal costs, third party survey and engineering costs and other landfill maintenance. These unfavorable items were partially offset by favorable transfer, disposal, subcontract and transportation costs primarily due to lower disposal prices and volumes. In addition, cost of goods sold declined primarily due to lower market value of recycled commodities offset by an increase in volume of commodities sold.
- Depreciation, amortization, depletion and accretion favorably impacted operating income primarily due to favorable adjustments for asset retirement obligations of \$3.0 million in 2012 versus \$2.3 million in 2011.
- Selling, general & administrative costs decreased operating income primarily due to wage increases, higher legal fees and settlements and higher provision for doubtful accounts.
- Gain (loss) on disposition of assets and impairments, net had a favorable impact on operating income in 2012 versus 2011 primarily due to a \$5.5 million net gain on the divestiture of a collection business and the sale of certain assets associated with our rail logistics business in 2012. During 2011, we disposed of businesses in three markets resulting in a net gain of \$17.3 million. In connection with the disposition of these businesses, we closed a landfill site resulting in an asset impairment charge of \$28.7 million for the remaining landfill assets and the acceleration of capping, closure and post-closure costs. In addition, in 2011 we recorded asset impairments of \$12.3 million primarily related to certain long-lived assets that were held for sale.

Central Region

Revenue for the year ended December 31, 2012 declined 0.2% primarily due to a decline in volumes in our transfer station and landfill lines of business and a decline in recycling commodity revenue as a result of decreases in commodity prices. The volume declines were primarily due to the loss of a large National Accounts contract and special waste event work not recurring in 2012. These decreases were partially offset by an increase in core price growth in all lines of business and volume increases in all collection lines of business for the year ended December 31, 2012.

Operating income margin in our Central Region decreased from 21.8% in 2011 to 19.6% in 2012 or 2.2% primarily as a result of the following:

- Cost of operations negatively impacted operating income due to higher labor and benefits, fuel and repair and maintenance costs. Environmental costs increased primarily due to higher gas maintenance and third party survey and engineering costs. These unfavorable items were partially offset by favorable cost of goods sold primarily due to a decline in market value of recycled commodities offset by an increase in volume of commodities sold.

- Depreciation, amortization, depletion and accretion unfavorably impacted operating income primarily due to favorable adjustments for asset retirement obligations of \$4.6 million in 2012 compared to \$17.0 million in 2011.
- Selling, general & administrative costs decreased operating income primarily due to wage increases, higher legal fees and settlements and higher provision for doubtful accounts.

West Region

Revenue for the year ended December 31, 2012 increased 0.6% due to an increase in core price in all lines of business and an increase in volumes in our commercial and industrial collection lines of business. These increases were partially offset by a decline in volumes in our residential collection, landfill and transfer station lines of business as well as lower recycling commodity revenue. The volume declines in our landfill line of business were primarily due to competitive disposal pricing and special waste event work not recurring in 2012.

Operating income margin in our West Region decreased from 23.4% in 2011 to 21.7% in 2012 or 1.7% primarily as a result of the following:

- Cost of operations negatively impacted operating income due to higher labor and benefits, fuel, franchise fees and repair and maintenance costs. Cost of operations was higher as a percent of revenue in part due to lower special waste event work in 2012, which has a lower operating cost associated with it. Environmental costs increased primarily due to a \$7.2 million charge recorded in connection with environmental conditions at our closed disposal facility in Nevada.
- Depreciation, amortization, depletion and accretion favorably impacted operating income primarily due to lower landfill volumes.
- Selling, general & administrative costs contributed to a decrease in operating income primarily due to increased legal fees and settlements.
- Gain (loss) on disposition of assets and impairments, net favorably impacted 2012 operating income as compared to 2011 primarily as a result of prior year asset impairments of \$7.2 million for expected losses on the divestiture of certain businesses. These assets were subsequently sold in the third quarter of 2011 resulting in no further loss. Offsetting this 2011 impairment expense was a \$1.7 million gain on sale recorded in connection with a separate business disposition.

Corporate Entities

During the year ended December 31, 2012, the corporate entities had an operating loss of \$314.4 million versus a loss of \$263.2 million for 2011.

The operating loss for the year ended December 31, 2012 was favorably impacted by lower management incentive pay, lower legal fees and lower consulting expenses. These favorable adjustments were more than offset by unfavorable remediation adjustments due to a \$74.1 million charge recorded in connection with environmental conditions at a closed disposal facility in Missouri and adjustments to asset retirement obligations totaling \$13.3 million at other closed landfills. In addition, during 2012 we recorded a charge to earnings of \$35.8 million primarily related to our partial withdrawal from Central States Pension Fund.

In October 2012, we restructured our field and corporate operations to create a more efficient and competitive company. We incurred \$11.1 million of restructuring charges that consisted of severance and other employee termination benefits, relocation benefits, and the closure of offices with lease agreements with non-cancellable terms ranging from 2 to 5 years.

2011 compared to 2010

East Region

Revenue for the year ended December 31, 2011 declined 0.4% primarily due to volume decreases offset by increases in core price, recycling commodity revenue and fuel recovery fees. In addition, revenue for 2011 declined as a result of business divestitures.

Operating margin in our East Region decreased 1.6% from 23.4% in 2010 to 21.8% in 2011 as a result of the following:

- Cost of operations negatively impacted operating income due primarily to higher fuel, cost of goods sold related to commodities and maintenance costs. These unfavorable items were partially offset by lower disposal, subcontract and transportation costs as well as lower labor and related benefit costs.
- Depreciation, amortization, depletion and accretion unfavorably impacted operating income primarily due to lower favorable adjustments to landfill amortization expense for asset retirement obligations of \$2.3 million in 2011 compared to \$9.0 million in 2010.
- During 2011 we disposed of businesses in three markets in our East Region resulting in a net gain of \$17.3 million. In connection with the disposition of these businesses, we closed a landfill resulting in an asset impairment charge of \$28.7 million for the remaining landfill assets and the acceleration of capping, closure and post-closure costs. In addition, we recorded asset impairments of \$12.3 million primarily related to certain long-lived assets that are held for sale. During 2010, we divested hauling operations and three transfer stations in New York for aggregate proceeds of approximately \$58.5 million and recognized a loss on disposition of \$13.9 million including costs to sell.

Central Region

Revenue for the year ended December 31, 2011 increased 3.0% due to core price and fuel recovery fee growth and an increase in recycling commodity revenue. These increases were partially offset by volume declines in our residential collection, transfer station and disposal lines of business, in part due to the expiration of the City of Toronto transportation and disposal contract.

Operating income margin in our Central Region decreased 1.4% from 23.2% in 2010 to 21.8% in 2011 as a result of the following:

- Cost of operations negatively impacted operating income due to higher fuel, cost of goods sold related to commodities, labor and related benefits and maintenance costs. These unfavorable items were partially offset by lower transfer, disposal, subcontract and transportation costs primarily due to the expiration of the transportation and disposal contract with the City of Toronto on December 31, 2010.
- Depreciation, amortization, depletion and accretion favorably impacted operating income primarily due to favorable adjustments to landfill amortization expense for asset retirement obligations of \$17.0 million in 2011 compared to \$10.2 million in 2010.
- Gain (loss) on disposition of assets and impairments, net negatively impacted 2011 operating income as compared to 2010 primarily as a result of the gain on disposition of assets of \$9.3 million in 2010 compared to a loss of \$0.7 million in 2011.

West Region

Revenue for the year ended December 31, 2011 increased 0.8% due to core price and fuel recovery fee growth and an increase in recycling commodity revenues. The increases were partially offset by volume declines in all lines of business, primarily due to the expiration of our San Mateo County contract.

Operating income margin in our West Region decreased 0.5% from 23.9% in 2010 to 23.4% in 2011 as a result of the following:

- Cost of operations negatively impacted operating income due primarily to higher fuel and cost of goods sold related to commodities. These decreases were partially offset by lower labor, benefit and disposal costs due to the expiration of our San Mateo County contract on December 31, 2010.
- Depreciation, amortization, depletion and accretion unfavorably impacted operating income primarily due to lower favorable adjustments to landfill amortization expense for asset retirement obligations of \$1.6 million in 2011 compared to \$4.5 million in 2010.
- Gain (loss) on disposition of assets and impairments, net negatively impacted 2011 operating income as compared to 2010 primarily as a result of a \$5.4 million net loss on disposition and impairment recorded in 2011 versus a \$1.4 million gain recorded during 2010. During 2011, we recorded asset impairments of \$7.2 million for expected losses on the divestiture of certain businesses and related goodwill. These assets were subsequently sold in the third quarter of 2011 resulting in no further loss. Offsetting this 2011 impairment expense was a \$1.7 million gain on sale recorded in connection with a separate business disposition.

Corporate Entities

During the year ended December 31, 2011, the corporate entities had operating losses of \$263.2 million versus \$348.4 million for 2010.

During 2011, we recorded a gain on the disposition of assets and impairments of \$1.2 million versus an impairment loss of \$14.4 million related to certain long-lived assets that were held and used for 2010.

During 2010, we incurred \$33.3 million of incremental costs to achieve our synergy plan and \$11.4 million of restructuring and integration charges related to our acquisition of Allied. Operating margins for 2010 also were impacted by higher litigation and management incentive plan costs.

Landfill and Environmental Matters

Our landfill costs include daily operating expenses, costs of capital for cell development, costs for final capping, closure and post-closure, and the legal and administrative costs of ongoing environmental compliance. Daily operating expenses include leachate treatment and disposal, methane gas and groundwater monitoring and system maintenance, interim cap maintenance, and costs associated with applying daily cover materials. We expense all indirect landfill development costs as they are incurred. We use life cycle accounting and the units-of-consumption method to recognize certain direct landfill costs related to landfill development. In life cycle accounting, certain direct costs are capitalized and charged to depletion expense based on the consumption of cubic yards of available airspace. These costs include all costs to acquire and construct a site, including excavation, natural and synthetic liners, construction of leachate collection systems, installation of methane gas collection and monitoring systems, installation of groundwater monitoring wells, and other costs associated with acquiring and developing the site. Obligations associated with final capping, closure and post-closure are capitalized and amortized on a units-of-consumption basis as airspace is consumed.

Cost and airspace estimates are developed at least annually by engineers. Our operating and accounting personnel use these estimates to adjust the rates we use to expense capitalized costs. Changes in these estimates primarily relate to changes in costs, available airspace, inflation and applicable regulations. Changes in available airspace include changes in engineering estimates, changes in design and changes due to the addition of airspace lying in expansion areas that we believe have a probable likelihood of being permitted.

Available Airspace

The following tables reflect landfill airspace activity for active landfills owned or operated by us for the years ended December 31, 2012, 2011 and 2010:

	Balance as of December 31, 2011	New Expansions Undertaken	Landfills Acquired, Net of Divestitures	Permits Granted, Net of Closures	Airspace Consumed	Changes in Engineering Estimates	Balance as of December 31, 2012
Cubic yards (in millions):							
Permitted airspace	4,621.8	-	-	25.3	(73.6)	(11.0)	4,562.5
Probable expansion airspace	166.5	113.1	-	(19.2)	-	-	260.4
Total cubic yards (in millions)	4,788.3	113.1	-	6.1	(73.6)	(11.0)	4,822.9
Number of sites:							
Permitted airspace	191						191
Probable expansion airspace	8	4		(2)			10
Balance as of December 31, 2010							
	Balance as of December 31, 2010	New Expansions Undertaken	Landfills Acquired, Net of Divestitures	Permits Granted, Net of Closures	Airspace Consumed	Changes in Engineering Estimates	Balance as of December 31, 2011
Cubic yards (in millions):							
Permitted airspace	4,595.5	-	7.9	98.1	(79.9)	0.2	4,621.8
Probable expansion airspace	149.1	69.4	-	(52.1)	-	0.1	166.5
Total cubic yards (in millions)	4,744.6	69.4	7.9	46.0	(79.9)	0.3	4,788.3
Number of sites:							
Permitted airspace	193		1	(3)			191
Probable expansion airspace	8	4		(4)			8
Balance as of December 31, 2009							
	Balance as of December 31, 2009	New Expansions Undertaken	Landfills Acquired, Net of Divestitures	Permits Granted, Net of Closures	Airspace Consumed	Changes in Engineering Estimates	Balance as of December 31, 2010
Cubic yards (in millions):							
Permitted airspace	4,436.4	-	15.3	222.6	(84.3)	5.5	4,595.5
Probable expansion airspace	212.5	29.8	-	(93.1)	-	(0.1)	149.1
Total cubic yards (in millions)	4,648.9	29.8	15.3	129.5	(84.3)	5.4	4,744.6
Number of sites:							
Permitted airspace	192		3	(2)			193
Probable expansion airspace	12	2		(6)			8

Changes in engineering estimates typically include modifications to the available disposal capacity of a landfill based on a refinement of the capacity calculations resulting from updated information.

As of December 31, 2012, we owned or operated 191 active solid waste landfills with total available disposal capacity estimated to be 4.8 billion in-place cubic yards. Total available disposal capacity represents the sum of estimated permitted airspace plus an estimate of probable expansion airspace. Engineers develop these estimates at least annually using information provided by annual aerial surveys. As of December 31, 2012, total available disposal capacity is estimated to be 4.6 billion in-place cubic yards of permitted airspace plus 0.2 billion in-place cubic yards of probable expansion airspace. Before airspace included in an expansion area is determined to be probable expansion airspace and, therefore, included in our calculation of total available disposal capacity, it must meet all of our expansion criteria. See Note 2, *Summary of Significant Accounting Policies*, and Note 8, *Landfill and Environmental Costs*, to our consolidated financial statements in Item 8 of this Form 10-K for further information.

As of December 31, 2012, ten of our landfills met all of our criteria for including their probable expansion airspace in their total available disposal capacity. At projected annual volumes, these landfills have an estimated remaining average site life of 55 years, including probable expansion airspace. The average estimated remaining life of all of our landfills is 64 years. We have other expansion opportunities that are not included in our total available airspace because they do not meet all of our criteria for probable expansion airspace.

The following table reflects the estimated operating lives of our active landfill sites based on available and probable disposal capacity using current annual volumes as of December 31, 2012:

	Number of Sites without Probable Expansion Airspace	Number of Sites with Probable Expansion Airspace	Total Sites	Percent of Total
0 to 5 years	14	–	14	7.3%
6 to 10 years	17	–	17	8.9
11 to 20 years	36	1	37	19.4
21 to 40 years	45	3	48	25.1
41+ years	69	6	75	39.3
Total	181	10	191	100.0%

Final Capping, Closure and Post-Closure Costs

As of December 31, 2012, accrued final capping, closure and post-closure costs were \$1,052.4 million, of which \$110.4 million is current and \$942.0 million is long-term as reflected in our consolidated balance sheets in accrued landfill and environmental costs.

Remediation and Other Charges for Landfill Matters

In December 2009, we finalized our purchase price allocation for the environmental liabilities we assumed as part of the Allied acquisition. These liabilities represent our estimate of costs to remediate sites that were previously owned or operated by Allied or sites at which Allied, or a predecessor company that it had acquired, had been identified as a potentially responsible party. The remediation of these sites is in various stages of completion from having received an initial notice from a regulatory agency and commencing investigation to being in the final stages of post remedial monitoring. See also Note 2, *Summary of Significant Accounting Policies – Environmental Remediation Liabilities*, to our consolidated financial statements in Item 8 of this Form 10-K for further information. We have recorded these liabilities at their estimated fair values using a discount rate of 9.75%. Discounted liabilities are accreted to interest expense through the period that they are paid.

The following is a discussion of certain of our significant remediation matters:

Missouri Closed Landfill. During 2012, we encountered certain environmental issues at a closed landfill in Missouri. During 2012, we recorded a charge of \$74.1 million to manage the remediation area as well as future monitoring of the site. The remediation liability for this site is \$64.2 million as of December 31, 2012, of which \$14.5 million is expected to be paid during 2013. We believe the reasonably possible range of loss for remediation costs is \$50 million to \$240 million.

Countywide Landfill. In September 2009, Republic Services of Ohio II, LLC entered into Final Findings and Orders with the Ohio Environmental Protection Agency that require us to implement a comprehensive operation and maintenance program to manage the remediation area at the Countywide Recycling and Disposal Facility (Countywide). The remediation liability for Countywide recorded as of December 31, 2012 is \$52.4 million, of which \$4.4 million is expected to be paid during 2013. We believe the reasonably possible range of loss for remediation costs is \$50 million to \$71 million.

Congress Landfill. In August 2010, Congress Development Company agreed with the State of Illinois to have a Final Consent Order (Final Order) entered by the Circuit Court of Illinois, Cook County. Pursuant to the Final Order, we have agreed to continue to implement certain remedial activities at the Congress Landfill. The remediation liability recorded as of December 31, 2012 is \$83.4 million, of which \$7.5 million is expected to be paid during 2013. We believe the reasonably possible range of loss for remediation costs is \$53 million to \$153 million.

Investment in Landfills

The following tables reflect changes in our investment in landfills for the years ended December 31, 2012, 2011 and 2010 and the future expected investment as of December 31, 2012 (in millions):

	Balance as of December 31, 2011	Capital Additions	Retirements	Acquisitions Net of Divestitures	Non-cash Additions for Asset Retirement Obligations	Additions Charged to Expense	Impairments, Transfers and Other Adjustments	Adjustments for Asset Retirement Obligations	Balance as of December 31, 2012
Non-depletable landfill land	\$ 161.8	\$ 3.3	\$ (0.3)	\$ -	\$ -	\$ -	\$ 1.2	\$ -	\$ 166.0
Landfill development costs	4,763.3	8.0	-	(0.3)	33.8	-	217.8	(4.6)	5,018.0
Construction-in-progress-landfill	187.3	263.2	-	-	-	-	(316.0)	-	134.5
Accumulated depletion and amortization	(1,735.7)	-	-	0.3	-	(252.7)	96.4	(4.7)	(1,896.4)
Net investment in landfill land and development costs	\$ 3,376.7	\$ 274.5	\$ (0.3)	\$ -	\$ 33.8	\$ (252.7)	\$ (0.6)	\$ (9.3)	\$ 3,422.1

	Balance as of December 31, 2012	Expected Future Investment	Total Expected Investment
Non-depletable landfill land	\$ 166.0		\$ 166.0
Landfill development costs	5,018.0	7,221.1	12,239.1
Construction-in-progress - landfill	134.5		134.5
Accumulated depletion and amortization	(1,896.4)		(1,896.4)
Net investment in landfill land and development costs	\$ 3,422.1	\$ 7,221.1	\$ 10,643.2

	Balance as of December 31, 2010	Capital Additions	Retirements	Acquisitions Net of Divestitures	Non-cash Additions for Asset Retirement Obligations	Additions Charged to Expense	Impairments, Transfers and Other Adjustments	Adjustments for Asset Retirement Obligations	Balance as of December 31, 2011
Non-depletable landfill land	\$ 158.0	\$ 3.1	\$ -	\$ -	\$ -	\$ -	\$ 0.7	\$ -	\$ 161.8
Landfill development costs	4,575.2	2.8	-	8.7	33.9	-	173.7	(31.0)	4,763.3
Construction-in-progress-landfill	133.2	272.5	-	(0.4)	-	-	(218.0)	-	187.3
Accumulated depletion and amortization	(1,504.6)	-	-	0.5	-	(264.5)	23.0	9.9	(1,735.7)
Net investment in landfill land and development costs	\$ 3,361.8	\$ 278.4	\$ -	\$ 8.8	\$ 33.9	\$ (264.5)	\$ (20.6)	\$ (21.1)	\$ 3,376.7

	Balance as of December 31, 2009	Capital Additions	Retirements	Acquisitions Net of Divestitures	Non-cash Additions for Asset Retirement Obligations	Additions Charged to Expense	Impairments, Transfers and Other Adjustments	Adjustments for Asset Retirement Obligations	Balance as of December 31, 2010
Non-depletable landfill land	\$ 142.7	\$ 1.3	\$ -	\$ (1.7)	\$ -	\$ -	\$ 15.7	\$ -	\$ 158.0
Landfill development costs	4,230.9	15.4	0.2	(13.9)	31.5	-	337.6	(26.5)	4,575.2
Construction-in-progress - landfill	245.1	250.7	(0.1)	0.1	-	-	(362.6)	-	133.2
Accumulated depletion and amortization	(1,275.4)	-	-	19.6	-	(258.9)	-	10.1	(1,504.6)
Net investment in landfill land and development costs	\$ 3,343.3	\$ 267.4	\$ 0.1	\$ 4.1	\$ 31.5	\$ (258.9)	\$ (9.3)	\$ (16.4)	\$ 3,361.8

The following table reflects our net investment in our landfills, excluding non-depletable land, and our depletion, amortization and accretion expense for the years ended December 31, 2012, 2011 and 2010:

	2012	2011	2010
Number of landfills owned or operated	191	191	193
Net investment, excluding non-depletable land (in millions)	\$3,256.1	\$3,214.9	\$3,203.8
Total estimated available disposal capacity (in millions of cubic yards)	4,822.9	4,788.3	4,744.6
Net investment per cubic yard	\$ 0.68	\$ 0.67	\$ 0.68
Landfill depletion and amortization expense (in millions)	\$ 257.6	\$ 255.5	\$ 250.6
Accretion expense (in millions)	78.4	78.0	80.5
Airspace consumed (in millions of cubic yards)	336.0	333.5	331.1
Depletion, amortization and accretion expense per cubic yard of airspace consumed	\$ 4.57	\$ 4.17	\$ 3.93

During 2012, our average compaction rate was approximately 2,000 pounds per cubic yard based on our three-year historical moving average as compared to 1,900 pounds per cubic yard for 2011. Our compaction rates may improve as a result of the settlement and decomposition of waste.

As of December 31, 2012, we expect to spend an estimated additional \$7.2 billion on existing landfills, primarily related to cell construction and environmental structures, over their expected remaining lives. Our total expected investment, excluding non-depletable land, estimated to be \$10.5 billion, or \$2.17 per cubic yard, is used in determining our depletion and amortization expense based on airspace consumed using the units-of-consumption method.

Property and Equipment

The following tables reflect the activity in our property and equipment accounts for the years ended December 31, 2012, 2011 and 2010 (in millions):

	Gross Property and Equipment							Balance as of December 31, 2012
	Balance as of December 31, 2011	Capital Additions	Retirements	Acquisitions, Net of Divestitures	Non-Cash Additions for Asset Retirement Obligations	Adjustments for Asset Retirement Obligations	Impairments, Transfers and Other Adjustments	
Other land	\$ 375.1	\$ -	\$ (1.9)	\$ 3.7	\$ -	\$ -	\$ -	\$ 376.9
Non-depletable landfill land	161.8	3.3	(0.3)	-	-	-	1.2	166.0
Landfill development costs	4,763.3	8.0	-	(0.3)	33.8	(4.6)	217.8	5,018.0
Vehicles and equipment	4,515.1	478.1	(98.7)	12.5	-	-	39.4	4,946.4
Buildings and improvements	802.8	30.7	(14.3)	7.4	-	-	37.6	864.2
Construction-in-progress - landfill	187.3	263.2	-	-	-	-	(316.0)	134.5
Construction-in-progress - other	47.3	83.4	-	-	-	-	(77.4)	53.3
Total	\$ 10,852.7	\$ 866.7	\$ (115.2)	\$ 23.3	\$ 33.8	\$ (4.6)	\$ (97.4)	\$ 11,559.3

	Accumulated Depreciation, Amortization and Depletion							Balance as of December 31, 2012
	Balance as of December 31, 2011	Additions Charged to Expense	Retirements	Acquisitions, Net of Divestitures	Adjustments for Asset Retirement Obligations	Impairments, Transfers and Other Adjustments		
Landfill development costs	\$ (1,735.7)	\$ (252.7)	\$ -	\$ 0.3	\$ (4.7)	\$ 96.4	\$ (1,896.4)	
Vehicles and equipment	(2,119.1)	(486.6)	91.6	1.5	-	0.3	(2,512.3)	
Buildings and improvements	(205.6)	(37.0)	2.2	0.3	-	(0.2)	(240.3)	
Total	\$ (4,060.4)	\$ (776.3)	\$ 93.8	\$ 2.1	\$ (4.7)	\$ 96.5	\$ (4,649.0)	

Gross Property and Equipment								
	Balance as of December 31, 2010	Capital Additions	Retirements	Acquisitions, Net of Divestitures	Non-Cash Additions for Asset Retirement Obligations	Adjustments for Asset Retirement Obligations	Impairments, Transfers and Other Adjustments	Balance as of December 31, 2011
Other land	\$ 391.9	\$ 0.8	\$ (1.9)	\$ (1.1)	\$ -	\$ -	\$ (14.6)	\$ 375.1
Non-depletable landfill land	158.0	3.1	-	-	-	-	0.7	161.8
Landfill development costs	4,575.2	2.8	-	8.7	33.9	(31.0)	173.7	4,763.3
Vehicles and equipment	4,142.1	522.0	(178.8)	1.3	-	-	28.5	4,515.1
Buildings and improvements	768.5	19.6	(2.7)	1.3	-	-	16.1	802.8
Construction-in-progress - landfill	133.2	272.5	-	(0.4)	-	-	(218.0)	187.3
Construction-in-progress - other	27.2	64.9	-	(0.1)	-	-	(44.7)	47.3
Total	\$ 10,196.1	\$ 885.7	\$ (183.4)	\$ 9.7	\$ 33.9	\$ (31.0)	\$ (58.3)	\$ 10,852.7

Accumulated Depreciation, Amortization and Depletion							
	Balance as of December 31, 2010	Additions Charged to Expense	Retirements	Acquisitions, Net of Divestitures	Adjustments for Asset Retirement Obligations	Impairments, Transfers and Other Adjustments	Balance as of December 31, 2011
Landfill development costs	\$ (1,504.6)	\$ (264.5)	\$ -	\$ 0.5	\$ 9.9	\$ 23.0	\$ (1,735.7)
Vehicles and equipment	(1,820.6)	(478.8)	162.4	18.2	-	(0.3)	(2,119.1)
Buildings and improvements	(172.4)	(35.3)	1.4	0.4	-	0.3	(205.6)
Total	\$ (3,497.6)	\$ (778.6)	\$ 163.8	\$ 19.1	\$ 9.9	\$ 23.0	\$ (4,060.4)

Gross Property and Equipment								
	Balance as of December 31, 2009	Capital Additions	Retirements	Acquisitions, Net of Divestitures	Non-Cash Additions for Asset Retirement Obligations	Adjustments for Asset Retirement Obligations	Impairments, Transfers and Other Adjustments	Balance as of December 31, 2010
Other land	\$ 418.7	\$ 2.6	\$ (9.4)	\$ (21.0)	\$ -	\$ -	\$ 1.0	\$ 391.9
Non-depletable landfill land	142.7	1.3	-	(1.7)	-	-	15.7	158.0
Landfill development costs	4,230.9	15.4	0.2	(13.9)	31.5	(26.5)	337.6	4,575.2
Vehicles and equipment	3,792.4	522.6	(174.5)	(2.1)	-	-	3.7	4,142.1
Buildings and improvements	741.6	24.4	(10.8)	(2.4)	-	-	15.7	768.5
Construction-in-progress - landfill	245.1	250.7	(0.1)	0.1	-	-	(362.6)	133.2
Construction-in-progress - other	23.0	31.6	0.2	-	-	-	(27.6)	27.2
Total	\$ 9,594.4	\$ 848.6	\$ (194.4)	\$ (41.0)	\$ 31.5	\$ (26.5)	\$ (16.5)	\$ 10,196.1

Accumulated Depreciation, Amortization and Depletion							
	Balance as of December 31, 2009	Additions Charged to Expense	Retirements	Acquisitions, Net of Divestitures	Adjustments for Asset Retirement Obligations	Impairments, Transfers and Other Adjustments	Balance as of December 31, 2010
Landfill development costs	\$ (1,275.4)	\$ (258.9)	\$ -	\$ 19.6	\$ 10.1	\$ -	\$ (1,504.6)
Vehicles and equipment	(1,518.2)	(478.7)	162.2	14.1	-	-	(1,820.6)
Buildings and improvements	(143.1)	(35.2)	3.7	2.2	-	-	(172.4)
Total	\$ (2,936.7)	\$ (772.8)	\$ 165.9	\$ 35.9	\$ 10.1	\$ -	\$ (3,497.6)

Liquidity and Capital Resources

The major components of changes in cash flows for the years ended December 31, 2012, 2011 and 2010 are discussed in the following paragraphs. The following table summarizes our cash flow from operating activities, investing activities and financing activities for the years ended December 31, 2012, 2011 and 2010 (in millions):

	2012	2011	2010
Net cash provided by operating activities	\$1,513.8	\$1,766.7	\$1,433.7
Net cash used in investing activities	(937.6)	(950.2)	(690.5)
Net cash used in financing activities	(574.9)	(838.5)	(702.9)

Cash Flows Provided by Operating Activities

Certain of the more significant items affecting our operating cash flows for 2012 and 2011 are summarized below:

Changes in assets and liabilities, net of effects from business acquisitions and divestitures. Changes in assets and liabilities decreased our cash flow from operations by \$377.0 million in 2012 versus a decrease of \$406.9 million in 2011, a decrease of \$29.9 million, primarily as a result of the following:

- Our accounts receivable, exclusive of the change in allowance for doubtful accounts, increased \$37.2 million during 2012 due to timing of billings net of collections as compared to a \$16.0 million increase during the comparable 2011 period. As of December 31, 2012 and 2011, our day sales outstanding was 38 and 37 days, respectively.
- Our accounts payable decreased \$89.1 million year over year due to timing of payments and a decrease in property and equipment received during the period but paid in the following period of \$36.8 million. In addition, net book credit balances in our primary disbursement accounts classified as accounts payable on our consolidated balance sheets decreased from \$85.6 million at December 31, 2011 to \$51.0 million at December 31, 2012.
- Income taxes paid, net of refunds received, were approximately \$185 million and \$173 million for the years ended December 31, 2012 and 2011, respectively.
- During the first quarter of 2012, we paid synergy incentive plan bonuses of approximately \$68 million. We also paid \$2.2 million in connection with the fourth quarter 2012 restructuring.
- During 2012, we paid \$77.6 million to settle capping, closure and post-closure obligations, a decrease of \$28.1 million from the \$105.7 million paid in 2011. The decrease in cash paid for capping, closure, and post-closure activities is primarily due to the timing of obligations.
- During 2012, we paid \$73.1 million for environmental remediation obligations, an increase of \$28.1 million from the \$45.0 million paid in 2011 primarily related to remediation work performed at one of our closed landfill sites in our West region.
- Cash paid for interest was \$55.2 million lower during the year ended December 31, 2012 than 2011 due to refinancing of our higher interest rate debt.

We use cash flows from operations to fund capital expenditures, acquisitions, dividend payments, share repurchases and debt repayments.

The most significant items affecting our operating cash flows for 2011 and 2010 are summarized below:

Changes in assets and liabilities, net of effects from business acquisitions and divestitures. Changes in assets and liabilities decreased our cash flow from operations by \$406.9 million in 2011 versus a decrease of \$378.8 million in 2010, an increase of \$28.1 million, primarily as a result of the following:

- At December 31, 2011 and 2010, we recorded a tax receivable of \$68.4 million and \$69.8 million, respectively, primarily due to the effects of current deductions for property placed into service during the fourth quarter, referred to as bonus depreciation. During 2011, our cash paid for taxes, net of refunds for bonus depreciation, was approximately \$173 million. During 2010, we made income tax payments (net of refunds received) of approximately \$418 million, of which approximately \$111 million related to the settlement of certain tax liabilities regarding BFI risk management companies.
- During 2011, we paid \$150.7 million to settle capping, closure, post-closure and remediation obligations, a decrease of \$11.1 million from the \$161.8 million paid in 2010. The decrease in cash paid for capping, closure, and post-closure and remediation activities is primarily due to the timing of obligations.

- During 2011, we paid \$3.0 million for restructuring and synergy related costs incurred in connection with the restructuring plan related to the Allied acquisition, a decrease of \$17.0 million from the \$20.0 million paid in 2010. The decrease in cash expenditures is due to a decrease in restructuring and synergy plan activities in 2011.
- Cash paid for interest was \$21.6 million lower during 2011 versus 2010 due to reductions in debt balances and the refinancing of our higher interest rate debt in the second half of 2009, throughout 2010 and 2011.

Cash Flows Used in Investing Activities

The most significant items affecting our investing cash flows for the periods presented are summarized below:

Capital expenditures. Capital expenditures during 2012 were \$903.5 million compared with \$936.5 million in 2011 and \$794.7 million in 2010. Property and equipment received during 2012 and 2011 were \$866.7 million and \$885.7 million, respectively.

Proceeds from sales of property and equipment. Proceeds from sales of property and equipment during 2012 were \$28.7 million compared with \$34.6 million in 2011 and \$37.4 million in 2010. Proceeds from sales of property and equipment in 2011 and 2010 were higher than 2012 due to the sale of our former headquarters building in Florida in 2010 and the sale of equipment used as part of our expired transportation and disposal contract with the City of Toronto in 2011.

Cash used in acquisitions and development projects, net of cash acquired. During 2012 we paid \$95.3 million for acquisitions of collection, recycling and transfer station businesses in all three regions. During 2011 we paid \$42.6 million for acquisitions, including one landfill public-private partnership, one recycling business and a variety of collection businesses. During 2010, we paid \$58.9 million for acquisitions, including a landfill development project. In addition, during 2012, 2011 and 2010 we paid \$0.3 million, \$3.1 million and \$0.6 million, respectively, in relation to holdback liabilities resulting from acquisitions.

Proceeds from divestitures. During the year ended December 31, 2012, we divested of a collection business in our East region and certain assets associated with our rail logistics business for which we received \$9.6 million. Proceeds from divestitures (net of cash divested) and other sales of assets were \$14.2 million in 2011 and \$60.0 million in 2010. Proceeds received in 2011 were primarily related to certain hauling and transfer station assets sold in Southern California and New England markets as well as three markets in our East region. Proceeds received in 2010 primarily related to certain hauling and transfer station assets sold in our East region.

Change in restricted cash and marketable securities. Decreases (increases) in our restricted cash and marketable securities balances were \$23.2 million, \$(16.8) million and \$66.3 million during the years ended December 31, 2012, 2011 and 2010, respectively. Changes in restricted cash and marketable securities are primarily related to the issuance of tax-exempt bonds for our capital needs, collateral for certain of our obligations and amounts held in trust as a guarantee of performance. Funds received from issuances of tax-exempt bonds are deposited directly into trust accounts by the bonding authority at the time of issuance. As we do not have the ability to use these funds for general operating purposes, they are classified as restricted cash in our consolidated balance sheets and cash used in our investing activities. During 2012 we received \$24.7 million in connection with an issuance of tax-exempt bonds. Reimbursements from the trust for qualifying expenditures or for repayments of the related tax-exempt bonds are presented as cash provided by investing activities in our consolidated statements of cash flows. Such reimbursements amounted to \$22.4 million and \$17.3 million during the years ended December 31, 2012 and 2011, respectively. During the year ended December 31, 2012, we paid \$29.5 million to settle a legal matter that was funded through a restricted escrow account in 2011.

We intend to finance capital expenditures and acquisitions through cash on hand, restricted cash held for capital expenditures, cash flows from operations, our revolving credit facilities, and tax-exempt bonds and other financings. We expect to use primarily cash for future business acquisitions.

Cash Flows Used in Financing Activities

The most significant items affecting the comparison of our cash flows from financing activities for the periods presented are summarized below:

Net debt repayments or borrowings. Proceeds from notes payable and long-term debt and issuance of senior notes net of payments of notes payable and long-term debt were \$50.8 million in 2012 and \$36.8 million in 2011 versus net payments of \$397.4 million in 2010. For a more detailed discussion, see the “*Financial Condition*” section of this Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Premiums and fees paid to issue and retire senior notes. Cash premiums and fees paid in connection with the issuance of our debt and to settle certain hedging relationships were \$43.3 million, \$148.4 million and \$56.6 million during 2012, 2011 and 2010, respectively. For a more detailed discussion, see our “*Financial Condition*” section of this Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Purchase of common stock for treasury. We have had a share repurchase program since November 2010. From November 2010 to December 31, 2012, we used \$825.6 million to repurchase 29.0 million shares at a weighted average cost per share of \$28.49. During 2012, we repurchased 11.8 million shares for \$324.7 million at a weighted average cost per share of \$27.44. During 2011, we repurchased 15.7 million shares for \$459.7 million at a weighted average cost per share of \$29.28. During 2010 we repurchased 1.4 million shares for \$41.1 million at a weighted average cost per share of \$28.46.

Cash dividends paid. We initiated a quarterly cash dividend in July 2003. The dividend has been increased from time to time thereafter. In July 2012, the board of directors approved an increase in the quarterly dividend to \$0.235 per share. Dividends paid were \$329.1 million, \$309.4 million, and \$294.6 million for 2012, 2011 and 2010, respectively.

Financial Condition

Cash and Cash Equivalents

As of December 31, 2012, we had \$67.6 million of cash and cash equivalents, and \$164.2 million of restricted cash deposits and restricted marketable securities, including \$24.7 million of restricted cash and marketable securities held for capital expenditures under certain debt facilities.

Credit Facilities

In May 2012, we amended and restated our \$1.25 billion unsecured revolving credit facility due September 2013 (the Amended and Restated Credit Facility) to extend the maturity to May 2017. The Amended and Restated Credit Facility includes a feature that allows us to increase availability, at our option, by an aggregate amount up to \$500 million through increased commitments from existing lenders or the addition of new lenders. At our option, borrowings under the Amended and Restated Credit Facility bear interest at a Base Rate, or a Eurodollar Rate, plus an applicable margin based on our Debt Ratings (all as defined in the agreements).

Contemporaneous with the execution of the Amended and Restated Credit Facility, we entered into Amendment No. 1 to our existing \$1.25 billion unsecured credit facility (the Existing Credit Facility and, together with the Amended and Restated Credit Facility, the Credit Facilities) to reduce the commitments under the Existing Credit Facility to \$1.0 billion and conform certain terms of the Existing Credit Facility to those of the Amended and Restated Credit Facility. Amendment No. 1 does not extend the maturity date under the Existing Credit Facility, which matures in April 2016.

In connection with entering into the Credit Facilities, the guarantees by our subsidiary guarantors with respect to the Credit Facilities were released. As a result, the guarantees by our subsidiary guarantors with respect to all of Republic’s outstanding senior notes were automatically released. In addition, the guarantees by all of our

subsidiary guarantors (other than Allied Waste Industries, Inc. and Allied Waste North America, Inc.) with respect to the 9.250% debentures and the 7.400% debentures issued by our subsidiary Browning-Ferris Industries, LLC (successor to Browning-Ferris Industries, Inc.) also were automatically released.

As of December 31, 2012 and 2011, the interest rate for our borrowings under our Credit Facilities was 1.32% and 3.25%, respectively. Our Credit Facilities also are subject to facility fees based on applicable rates defined in the agreements and the aggregate commitments, regardless of usage. Availability under our Credit Facilities can be used for working capital, capital expenditures, letters of credit and other general corporate purposes. As of December 31, 2012 and 2011, we had \$25.0 million and \$34.4 million of Base Rate – Prime and Eurodollar Rate borrowings, respectively. We had \$909.4 million and \$950.2 million of letters of credit using availability under our Credit Facilities, leaving \$1,315.6 million and \$1,515.4 million of availability under our Credit Facilities at December 31, 2012 and December 31, 2011, respectively.

In March 2012, we entered into a new \$75.0 million uncommitted, unsecured credit facility agreement (the Uncommitted Credit Facility) bearing interest at LIBOR, plus an applicable margin. In July 2012, we amended the Uncommitted Credit Facility to increase the size to \$125.0 million, with all other terms remaining unchanged. As of December 31, 2012, the interest rate for our borrowings under our Uncommitted Credit Facility was 1.35%. Our Uncommitted Credit Facility also is subject to facility fees defined in the agreement, regardless of usage. We can use borrowings under the Uncommitted Credit Facility for working capital and other general corporate purposes. The agreements governing our Uncommitted Credit Facility require us to comply with certain covenants. The Uncommitted Credit Facility may be terminated by either party at any time. As of December 31, 2012, we had \$13.9 million of LIBOR borrowings.

The agreements governing our Credit Facilities require us to comply with certain financial and other covenants. We may pay dividends and repurchase common stock if we are in compliance with these covenants. Compliance with these covenants is a condition for any incremental borrowings under our Credit Facilities and failure to meet these covenants would enable the lenders to require repayment of any outstanding loans (which would adversely affect our liquidity). As of December 31, 2012, our EBITDA to interest ratio was 5.87 compared to the 3.00 minimum required by the covenants, and our total debt to EBITDA ratio was 3.09 compared to the 3.50 maximum allowed by the covenants. As of December 31, 2012, we were in compliance with the covenants of the Credit Facilities, and we expect to be in compliance throughout 2013.

EBITDA, which is a non-GAAP measure, is calculated as defined in our Credit Facility agreements. In this context, EBITDA is used solely to provide information regarding the extent to which we are in compliance with debt covenants and is not comparable to EBITDA used by other companies or used by us for other purposes.

We intend to use excess cash on hand and cash from operating activities to fund capital expenditures, acquisitions, dividend payments, share repurchases and debt repayments. Debt repayments may include purchases of our outstanding indebtedness in the secondary market or otherwise. We believe that our excess cash, cash from operating activities and our availability to draw from our Credit Facilities provide us with sufficient financial resources to meet our anticipated capital requirements and maturing obligations as they come due.

In the future we may choose to voluntarily retire certain portions of our outstanding debt before their maturity dates using cash from operations or additional borrowings. Early extinguishment of debt will result in an impairment charge in the period in which the debt is repaid. The loss on early extinguishment of debt relates to premiums paid to effectuate the repurchase and the relative portion of unamortized note discounts and debt issue costs.

Senior Notes and Debentures

During 2012, 2011 and 2010, we completed financing transactions that resulted in cash paid for premiums and professional fees to repurchase debt as well as the non-cash write-off of unamortized debt discounts and deferred issuance costs. For a more detailed discussion, see our “*Loss on Extinguishment of Debt*” section of this Management’s Discussion and Analysis of Financial Condition and Results of Operations.

In June 2012, we issued \$850.0 million of 3.550% senior notes due 2022 (the 3.550% Notes). The 3.550% Notes are unsubordinated and unsecured obligations. We used the net proceeds from the 3.550% Notes to fund the redemption of our subsidiary's, Allied Waste North America, Inc., \$750.0 million 6.875% senior notes maturing in 2017 and for general corporate purposes.

In August 2011, our 6.750% senior notes matured. We used cash on hand and incremental borrowings under our Credit Facilities to repay \$387.0 million of principal due on these notes.

In May 2011, we issued \$700.0 million of 3.800% senior notes due 2018 (the 3.800% Notes), \$550.0 million of 4.750% senior notes due 2023 (the 4.750% Notes) and \$600.0 million of 5.700% senior notes due 2041 (the 5.700% Notes, together with the 3.800% Notes and the 4.750% Notes, the 2011 Notes). We used the net proceeds from the 2011 Notes as follows: (a) \$621.4 million to fund the redemption of our \$600.0 million 7.125% senior notes maturing in 2016; (b) \$81.6 million to purchase \$59.2 million of our subsidiary Browning-Ferris Industries, LLC's 9.250% debentures maturing in 2021; (c) \$221.8 million to purchase \$180.7 million of our subsidiary Browning-Ferris Industries, LLC's 7.400% debentures maturing in 2035; (d) \$619.0 million to repay borrowings under our Credit Facilities; and (e) the remainder for general corporate purposes. In May 2011, our 6.375% senior notes matured. We used cash on hand and incremental borrowings under our Credit Facilities to repay \$216.9 million of principal due on these notes.

In February 2011, our 5.750% senior notes matured. We used cash on hand and incremental borrowings under our Credit Facilities to repay \$262.9 million of principal due on these notes.

In November 2010, our 6.50% senior notes matured. We used cash on hand and incremental borrowings under our Credit Facilities to repay \$221.6 million of principal due on these notes.

In March 2010, we issued \$850.0 million of 5.00% senior notes due 2020 (the 2020 Notes), with an unamortized discount of \$0.1 million at December 31, 2010, and \$650.0 million of 6.20% senior notes due 2040 (the 2040 Notes, and, together with the 2020 Notes, the 2010 Notes). We used the net proceeds from the 2010 Notes as follows: (a) \$433.7 million to redeem the 6.125% senior notes due 2014 at a premium of 102.042% (\$425.0 million principal outstanding); (b) \$621.8 million to redeem the 7.250% senior notes due 2015 at a premium of 103.625% (\$600.0 million principal outstanding); and (c) the remainder to reduce amounts outstanding under our Credit Facilities and for general corporate purposes.

Tax-Exempt Financings

As of December 31, 2012 and 2011, we had \$1,097.5 million and \$1,126.4 million, respectively, of fixed and variable rate tax-exempt financings outstanding with maturities ranging from 2013 to 2037. Approximately 85% of our tax-exempt financings are remarketed quarterly, weekly or daily by a remarketing agent to effectively maintain a variable yield. Certain of these variable rate tax-exempt financings are credit enhanced with letters of credit having terms in excess of one year issued by banks with investment grade credit ratings. The holders of the bonds can put them back to the remarketing agent at the end of each interest period. To date, the remarketing agents have been able to remarket our variable rate unsecured tax-exempt bonds. These bonds have been classified as long term because of our ability and intent to refinance them using availability under our Credit Facilities, if necessary.

As of December 31, 2012, we had \$164.2 million of restricted cash and marketable securities, of which \$24.7 million represented proceeds from the issuance of tax-exempt bonds and other tax-exempt financings and will be used to fund capital expenditures under the terms of the agreements. Restricted cash and marketable securities also include amounts held in trust as a financial guarantee of our performance.

Fuel Hedges

We use derivative instruments designated as cash flow hedges to manage our exposure to changes in diesel fuel prices. We have entered into multiple agreements related to forecasted diesel fuel purchases. The agreements

qualified for, and were designated as, effective hedges of changes in the prices of forecasted diesel fuel purchases (fuel hedges). For a detailed listing of our outstanding fuel hedges during 2012 and 2011, see Note 15, *Financial Instruments*, to our consolidated financial statements in Item 8 of this Form 10-K.

The aggregated fair values of our outstanding fuel hedges at December 31, 2012 and 2011 were current assets of \$3.1 million and \$1.6 million, respectively, and current liabilities of \$0.4 million and \$4.7 million, respectively, and have been recorded in other current assets and other accrued liabilities in our consolidated balance sheets, respectively.

The effective portions of the changes in fair values as of December 31, 2012 and 2011, net of tax, of \$1.6 million and \$1.8 million, respectively, have been recorded in stockholders' equity as components of accumulated other comprehensive income.

During 2012, approximately 8% of our fuel volume purchases were hedged with swap agreements. Additionally, we were able to recover approximately 67% of our fuel costs with fuel recovery fees from certain of our customers.

Recycling Commodity Hedges

Revenue from sale of recycling commodities is primarily from sales of old corrugated cardboard (OCC) and old newspaper (ONP). We use derivative instruments such as swaps and costless collars designated as cash flow hedges to manage our exposure to changes in prices of these commodities. We have entered into multiple agreements related to forecasted OCC and ONP sales. The agreements qualified for, and were designated as, effective hedges of changes in the prices of certain forecasted recycling commodity sales (recycling commodity hedges). For a detailed listing of our outstanding recycling commodity hedges during 2012 and 2011, see Note 15, *Financial Instruments*, to our consolidated financial statements in Item 8 of this Form 10-K.

The aggregated fair values of the outstanding recycling commodity hedges at December 31, 2012 and 2011 were current assets of \$1.0 million and \$1.4 million, respectively, and current liabilities of \$1.2 million and \$0.7 million, respectively, and have been recorded in other current assets and other accrued liabilities in our consolidated balance sheets, respectively.

The effective portions of the changes in fair values of our recycling commodity hedges as of December 31, 2012 and 2011, net of tax, of \$0.1 million and \$0.4 million have been recorded in stockholders' equity as a component of accumulated other comprehensive income.

Approximately 41% of our 2012 sales volume of commodities was subject to cash flow hedges.

Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2012 (in millions):

Year Ending December 31,	Operating Leases	Maturities of Notes Payable, Capital Leases and Other Long- Term Debt	Final Capping, Closure and Post-Closure	Remediation	Unconditional Purchase Commitments	Total
2013	\$ 26.1	\$ 15.1	\$ 110.4	\$ 85.1	\$ 182.6	\$ 419.3
2014	20.8	15.7	110.1	60.7	101.1	308.4
2015	17.4	10.1	109.4	38.4	47.2	222.5
2016	15.5	29.1	77.0	29.6	30.3	181.5
2017	14.8	9.6	76.4	29.3	28.9	159.0
Thereafter	81.2	7,070.6	4,829.6	356.4	230.9	12,568.7
Total	\$ 175.8	\$ 7,150.2	\$ 5,312.9	\$ 599.5	\$ 621.0	\$13,859.4

We intend to use excess cash on hand and cash from operating activities to fund capital expenditures, acquisitions, dividend payments, share repurchases and debt repayments. Actual debt repayments may include purchases of our outstanding indebtedness in the secondary market or otherwise. We believe that our excess cash, cash from operating activities and proceeds from our revolving credit facilities provide us with sufficient financial resources to meet our anticipated capital requirements and maturing obligations as they come due.

In the future, we may choose to voluntarily retire certain portions of our outstanding debt before their maturity dates using cash from operations or additional borrowings. We also may explore opportunities in the capital markets to fund redemptions should market conditions be favorable.

The present value of capital lease obligations is included in our consolidated balance sheets.

The estimated remaining final capping, closure and post-closure and remediation expenditures presented above are not inflated or discounted and reflect the estimated future payments for liabilities incurred and recorded as of December 31, 2012.

Unconditional purchase commitments consist primarily of (1) disposal related agreements that include fixed or minimum royalty payments, host agreements and take-or-pay and put-or-pay agreements and (2) other obligations including committed capital expenditures and consulting service agreements.

Debt covenants

Our Credit Facilities contain financial covenants. We can pay dividends and repurchase common stock if we are in compliance with these covenants. At December 31, 2012, we were in compliance with all financial and other covenants under our Credit Facilities. We were also in compliance with the non-financial covenants in the indentures relating to our senior notes as of December 31, 2012. We expect to be in compliance with our covenants during 2013.

Failure to comply with the financial and other covenants under our Credit Facilities, as well as the occurrence of certain material adverse events, would constitute defaults and would allow the lenders under our Credit Facilities to accelerate the maturity of all indebtedness under the related agreements. This could also have an adverse impact on the availability of financial assurances. In addition, maturity acceleration on our Credit Facilities constitutes an event of default under our other debt instruments, including our senior notes, and, therefore, our senior notes would also be subject to acceleration of maturity. If such acceleration were to occur, we would not have sufficient liquidity available to repay the indebtedness. We would likely have to seek an amendment under our Credit Facilities for relief from the financial covenants or repay the debt with proceeds from the issuance of new debt or equity, or asset sales, if necessary. We may be unable to amend our Credit Facilities or raise sufficient capital to repay such obligations in the event the maturities are accelerated.

Financial assurance

We must provide financial assurance to governmental agencies and a variety of other entities under applicable environmental regulations relating to our landfill operations for capping, closure and post-closure costs, and related to our performance under certain collection, landfill and transfer station contracts. We satisfy these financial assurance requirements by providing surety bonds, letters of credit, or insurance policies (the Financial Assurance Instruments), or trust deposits which are included in restricted cash and marketable securities and other assets in our consolidated balance sheets. The amount of the financial assurance requirements for capping, closure and post-closure costs is determined by applicable state environmental regulations. The financial assurance requirements for capping, closure and post-closure costs may be associated with a portion of the landfill or the entire landfill. Generally, states require a third-party engineering specialist to determine the estimated capping, closure and post-closure costs that are used to determine the required amount of financial assurance for a landfill. The amount of financial assurance required can, and generally will, differ from the obligation determined and recorded under U.S. GAAP. The amount of the financial assurance requirements

related to contract performance varies by contract. Additionally, we must provide financial assurance for our insurance program and collateral for certain performance obligations. We do not expect a material increase in financial assurance requirements during 2013, although the mix of financial assurance instruments may change.

These financial instruments are issued in the normal course of business and are not considered company indebtedness. Because we currently have no liability for the Financial Assurance Instruments, they are not reflected in our consolidated balance sheets. However, we record capping, closure and post-closure liabilities and self-insurance liabilities as they are incurred. The underlying obligations of the financial assurance instruments, in excess of those already reflected in our consolidated balance sheets, would be recorded if it is probable that we would be unable to fulfill our related obligations. We do not expect this to occur.

Off-Balance Sheet Arrangements

We have no off-balance sheet debt or similar obligations, other than financial assurance instruments and operating leases, that are not classified as debt. We do not guarantee any third-party debt.

Free Cash Flow

We define free cash flow, which is not a measure determined in accordance with U.S. GAAP, as cash provided by operating activities less purchases of property and equipment, plus proceeds from sales of property and equipment as presented in our consolidated statements of cash flows.

Our free cash flow for the years ended December 31, 2012, 2011 and 2010 is calculated as follows (in millions):

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Cash provided by operating activities	\$1,513.8	\$1,766.7	\$1,433.7
Purchases of property and equipment	(903.5)	(936.5)	(794.7)
Proceeds from sales of property and equipment	28.7	34.6	37.4
Free cash flow	<u>\$ 639.0</u>	<u>\$ 864.8</u>	<u>\$ 676.4</u>

For a discussion of the changes in the components of free cash flow, you should read our discussion regarding *Cash Flows Provided By Operating Activities and Cash Flows Used In Investing Activities* contained elsewhere in this Form 10-K.

Purchases of property and equipment as reflected in our consolidated statements of cash flows and as presented in the free cash flow table above represent amounts paid during the period for such expenditures. A reconciliation of property and equipment reflected in the consolidated statements of cash flows to property and equipment received for the years ended December 31, 2012, 2011 and 2010 is as follows (in millions):

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Purchases of property and equipment per the consolidated statements of cash flows	\$ 903.5	\$ 936.5	\$ 794.7
Adjustments for property and equipment received during the prior period but paid for in the following period, net	(36.8)	(50.8)	53.9
Property and equipment received during the period	<u>\$ 866.7</u>	<u>\$ 885.7</u>	<u>\$ 848.6</u>

The adjustments noted above do not affect our net change in cash and cash equivalents as reflected in our consolidated statements of cash flows.

We believe that the presentation of free cash flow provides useful information regarding our recurring cash provided by operating activities after expenditures for property and equipment received, plus proceeds from sales of property and equipment. It also demonstrates our ability to execute our financial strategy, which includes

reinvesting in existing capital assets to ensure a high level of customer service, investing in capital assets to facilitate growth in our customer base and services provided, maintaining our investment grade rating and minimizing debt, paying cash dividends and repurchasing common stock, and maintaining and improving our market position through business optimization. In addition, free cash flow is a key metric used to determine compensation. The presentation of free cash flow has material limitations. Free cash flow does not represent our cash flow available for discretionary expenditures because it excludes certain expenditures that are required or that we have committed to such as debt service requirements and dividend payments. Our definition of free cash flow may not be comparable to similarly titled measures presented by other companies.

Contingencies

For a description of our contingencies, see Note 10, *Income Taxes*, and Note 16, *Commitments and Contingencies*, to our consolidated financial statements in Item 8 of this Form 10-K.

Critical Accounting Judgments and Estimates

Our consolidated financial statements have been prepared in accordance with U.S. GAAP and necessarily include certain estimates and judgments made by management. The following is a list of accounting policies that we believe are the most critical in understanding our consolidated financial position, results of operations or cash flows and that may require management to make subjective or complex judgments about matters that are inherently uncertain. Such critical accounting policies, estimates and judgments are applicable to all of our operating segments.

We have noted examples of the residual accounting and business risks inherent in the accounting for these areas. Residual accounting and business risks are defined as the inherent risks that we face after the application of our policies and processes that are generally outside of our control or ability to forecast.

Landfill Accounting

Landfill operating costs are treated as period expenses and are not discussed further in this section.

Our landfill assets and liabilities fall into the following two categories, each of which requires accounting judgments and estimates:

- Landfill development costs that are capitalized as an asset.
- Landfill retirement obligations relating to our capping, closure and post-closure liabilities which result in a corresponding landfill retirement asset.
- New claims may be asserted that are not included in our loss contingencies.

Landfill Development Costs

We use life-cycle accounting and the units-of-consumption method to recognize landfill development costs over the life of the site. In life-cycle accounting, all costs to acquire and construct a site are capitalized, and charged to expense based on the consumption of cubic yards of available airspace. Obligations associated with final capping, closure and post-closure are also capitalized, and amortized on a units-of-consumption basis as airspace is consumed. Cost and airspace estimates are developed at least annually by engineers.

Site permits. To develop, construct and operate a landfill, we must obtain permits from various regulatory agencies at the local, state and federal levels. The permitting process requires an initial site study to determine whether the location is feasible for landfill operations. The initial studies are reviewed by our environmental management group and then submitted to the regulatory agencies for approval. During the development stage we capitalize certain costs that we incur after site selection but before the receipt of all required permits if we believe that it is probable that the site will be permitted.

Residual risks:

- Changes in legislative or regulatory requirements may cause changes to the landfill site permitting process. These changes could make it more difficult and costly to obtain and maintain a landfill permit.
- Studies performed could be inaccurate, which could result in the denial or revocation of a permit and changes to accounting assumptions. Conditions could exist that were not identified in the study, which may make the location not feasible for a landfill and could result in the denial of a permit. Denial or revocation of a permit could impair the recorded value of the landfill asset.
- Actions by neighboring parties, private citizen groups or others to oppose our efforts to obtain, maintain or expand permits could result in denial, revocation or suspension of a permit, which could adversely impact the economic viability of the landfill and could impair the recorded value of the landfill. As a result of opposition to our obtaining a permit, improved technical information as a project progresses, or changes in the anticipated economics associated with a project, we may decide to reduce the scope of or abandon a project, which could result in an asset impairment.

Technical landfill design. Upon receipt of initial regulatory approval, technical landfill designs are prepared. The technical designs, which include the detailed specifications to develop and construct all components of the landfill including the types and quantities of materials that will be required, are reviewed by our environmental management group. The technical designs are submitted to the regulatory agencies for approval. Upon approval of the technical designs, the regulatory agencies issue permits to develop and operate the landfill.

Residual risks:

- Changes in legislative or regulatory requirements may require changes in the landfill technical designs. These changes could make it more difficult and costly to meet new design standards.
- Technical design requirements, as approved, may need modifications at some future point in time.
- Technical designs could be inaccurate and could result in increased construction costs, difficulty in obtaining a permit or the use of rates to recognize the amortization of landfill development costs and asset retirement obligations that are not appropriate.

Permitted and probable landfill disposal capacity. Included in the technical designs are factors that determine the ultimate disposal capacity of the landfill. These factors include the area over which the landfill will be developed, such as the depth of excavation, the height of the landfill elevation and the angle of the side-slope construction. The disposal capacity of the landfill is calculated in cubic yards. This measurement of volume is then converted to a disposal capacity expressed in tons based on a site-specific expected density to be achieved over the remaining operating life of the landfill.

Residual risks:

- Estimates of future disposal capacity may change as a result of changes in legislative or regulatory design requirements.
- The density of waste may vary due to variations in operating conditions, including waste compaction practices, site design, climate and the nature of the waste.
- Capacity is defined in cubic yards but waste received is measured in tons. The number of tons per cubic yard varies by type of waste and our rate of compaction.

Development costs. The types of costs that are detailed in the technical design specifications generally include excavation, natural and synthetic liners, construction of leachate collection systems, installation of methane gas collection systems and monitoring probes, installation of groundwater monitoring wells, construction of leachate management facilities and other costs associated with the development of the site. We review the adequacy of our cost estimates on an annual basis by comparing estimated costs with third-party bids or contractual arrangements, reviewing the changes in year over year cost estimates for reasonableness, and comparing our resulting development cost per acre with prior period costs. These development costs, together with any costs incurred to acquire, design and permit the landfill, including capitalized interest, are recorded to the landfill asset on the balance sheet as incurred.

Residual risk:

- Actual future costs of construction materials and third-party labor could differ from the costs we have estimated because of the availability of the required materials and labor. Technical designs could be altered due to unexpected operating conditions, regulatory changes or legislative changes.

Landfill development asset amortization. To match the expense related to the landfill asset with the revenue generated by the landfill operations, we amortize the landfill development asset over its operating life on a per-ton basis as waste is accepted at the landfill. The landfill asset is fully amortized at the end of a landfill's operating life. The per-ton rate is calculated by dividing the sum of the landfill development asset net book value plus estimated future development costs (as described above) for the landfill by the landfill's estimated remaining disposal capacity. The expected future development costs are not inflated or discounted, but rather expressed in nominal dollars. This rate is applied to each ton accepted at the landfill to arrive at amortization expense for the period.

Amortization rates are influenced by the original cost basis of the landfill, including acquisition costs, which in turn is determined by geographic location and market values. We secure significant landfill assets through business acquisitions and value them at the time of acquisition based on fair value. Amortization rates are also influenced by site-specific engineering and cost factors.

Residual risk:

- Changes in our future development cost estimates or our disposal capacity will normally result in a change in our amortization rates and will impact amortization expense prospectively. An unexpected significant increase in estimated costs or reduction in disposal capacity could affect the ongoing economic viability of the landfill and result in asset impairment.

On at least an annual basis, we update the estimates of future development costs and remaining disposal capacity for each landfill. These costs and disposal capacity estimates are reviewed and approved by senior operations management annually. Changes in cost estimates and disposal capacity are reflected prospectively in the landfill amortization rates that are updated annually.

Landfill Asset Retirement Obligations

We have two types of retirement obligations related to landfills: (1) capping and (2) closure and post-closure.

Obligations associated with final capping activities that occur during the operating life of the landfill are recognized on a units-of-consumption basis as airspace is consumed within each discrete capping event. Obligations related to closure and post-closure activities that occur after the landfill has ceased operations are recognized on a units-of-consumption basis as airspace is consumed throughout the entire life of the landfill. Landfill retirement obligations are capitalized as the related liabilities are recognized and amortized using the units-of-consumption method over the airspace consumed within the capping event or the airspace consumed within the entire landfill, depending on the nature of the obligation. All obligations are initially measured at

estimated fair value. Fair value is calculated on a present value basis using an inflation rate and our credit-adjusted, risk-free rate in effect at the time the liabilities were incurred. Future costs for final capping, closure and post-closure are developed at least annually by engineers, and are inflated to future value using estimated future payment dates and inflation rate projections.

Landfill capping. As individual areas within each landfill reach capacity, we must cap and close the areas in accordance with the landfill site permit. These requirements are detailed in the technical design of the landfill site process previously described.

Closure and post-closure. Closure costs are costs incurred after a landfill stops receiving waste, but prior to being certified as closed. After the entire landfill has reached capacity and is certified closed, we must continue to maintain and monitor the site for a post-closure period, which generally extends for 30 years. Costs associated with closure and post-closure requirements generally include maintenance of the site, the monitoring of methane gas collection systems and groundwater systems, and other activities that occur after the site has ceased accepting waste. Costs associated with post-closure monitoring generally include groundwater sampling, analysis and statistical reports, third-party labor associated with gas system operations and maintenance, transportation and disposal of leachate, and erosion control costs related to the final cap.

Landfill retirement obligation liabilities and assets. Estimates of the total future costs required to cap, close and monitor each landfill as specified by the landfill permit are updated annually. The estimates include inflation, the specific timing of future cash outflows, and the anticipated waste flow into the capping events. Our cost estimates are inflated to the period of performance using an estimate of inflation, which is updated annually and is based upon the ten year average consumer price index (2.5% in both 2012 and 2011).

The present value of the remaining capping costs for specific capping events and the remaining closure and post-closure costs for each landfill are recorded as incurred on a per-ton basis. These liabilities are incurred as disposal capacity is consumed at the landfill.

Capping, closure and post-closure liabilities are recorded in layers and discounted using our credit-adjusted risk-free rate in effect at the time the obligation is incurred (4.75% in 2012 and 6.0% in 2011).

Retirement obligations are increased each year to reflect the passage of time by accreting the balance at the weighted average credit-adjusted risk-free rate that was used to calculate each layer of the recorded liabilities. This accretion is charged to operating expenses. Actual cash expenditures reduce the asset retirement obligation liabilities as they are made.

Corresponding retirement obligation assets are recorded for the same value as the additions to the capping, closure and post-closure liabilities. The retirement obligation assets are amortized to expense on a per-ton basis as disposal capacity is consumed. The per-ton rate is calculated by dividing the sum of each of the recorded retirement obligation asset's net book value and expected future additions to the retirement obligation asset by the remaining disposal capacity. A per-ton rate is determined for each separate capping event based on the disposal capacity relating to that event. Closure and post-closure per-ton rates are based on the total disposal capacity of the landfill.

Residual risks:

- Changes in legislative or regulatory requirements, including changes in capping, closure activities or post-closure monitoring activities, types and quantities of materials used, or term of post-closure care, could cause changes in our cost estimates.
- Changes in the landfill retirement obligation due to changes in the anticipated waste flow, changes in airspace compaction estimates or changes in the timing of expenditures for closed landfills and fully incurred but unpaid capping events are recorded in results of operations prospectively. This could result in unanticipated increases or decreases in expense.

- Actual timing of disposal capacity utilization could differ from projected timing, causing differences in timing of when amortization and accretion expense is recognized for capping, closure and post-closure liabilities.
- Changes in inflation rates could impact our actual future costs and our total liabilities.
- Changes in our capital structure or market conditions could result in changes to the credit-adjusted risk-free rate used to discount the liabilities, which could cause changes in future recorded liabilities, assets and expense.
- Amortization rates could change in the future based on the evaluation of new facts and circumstances relating to landfill capping design, post-closure monitoring requirements, or the inflation or discount rate.

On an annual basis, we update our estimates of future capping, closure and post-closure costs and of future disposal capacity for each landfill. Revisions in estimates of our costs or timing of expenditures are recognized immediately as increases or decreases to the capping, closure and post-closure liabilities and the corresponding retirement obligation assets. Changes in the assets result in changes to the amortization rates which are applied prospectively, except for fully incurred capping events and closed landfills, where the changes are recorded immediately in results of operations since the associated disposal capacity has already been consumed.

Permitted and probable disposal capacity. Disposal capacity is determined by the specifications detailed in the landfill permit. We classify this disposal capacity as permitted. We also include probable expansion disposal capacity in our remaining disposal capacity estimates, thus including additional disposal capacity being sought through means of a permit expansion. Probable expansion disposal capacity has not yet received final approval from the applicable regulatory agencies, but we have determined that certain critical criteria have been met and that the successful completion of the expansion is probable. We have developed six criteria that must be met before an expansion area is designated as probable expansion airspace. We believe that satisfying all of these criteria demonstrates a high likelihood that expansion airspace that is incorporated in our landfill costing will be permitted. However, because some of these criteria are judgmental, they may exclude expansion airspace that will eventually be permitted or include expansion airspace that will not be permitted. In either of these scenarios, our amortization, depletion and accretion expense could change significantly. Our internal criteria to classify disposal capacity as probable expansion airspace are as follows:

- We own the land associated with the expansion airspace or control it pursuant to an option agreement;
- We are committed to supporting the expansion project financially and with appropriate resources;
- There are no identified fatal flaws or impediments associated with the project, including political impediments;
- Progress is being made on the project;
- The expansion is attainable within a reasonable time frame; and
- We believe it is likely we will receive the expansion permit.

After successfully meeting these criteria, the disposal capacity that will result from the planned expansion is included in our remaining disposal capacity estimates. Additionally, for purposes of calculating landfill amortization and capping, closure and post-closure rates, we include the incremental costs to develop, construct, close and monitor the related probable expansion disposal capacity.

Residual risk:

- We may be unsuccessful in obtaining permits for probable expansion disposal capacity because of the failure to obtain the final local, state or federal permits or due to other unknown reasons. If we are

unsuccessful in obtaining permits for probable expansion disposal capacity, or the disposal capacity for which we obtain approvals is less than what was estimated, both our estimated total costs and disposal capacity will be reduced, which generally increases the rates we charge for landfill amortization and capping, closure and post-closure accruals. An unexpected decrease in disposal capacity could also cause an asset impairment.

Environmental Liabilities

We are subject to an array of laws and regulations relating to the protection of the environment, and we remediate sites in the ordinary course of our business. Under current laws and regulations, we may be responsible for environmental remediation at sites that we either own or operate, including sites that we have acquired, or sites where we have (or a company that we have acquired has) delivered waste. Our environmental remediation liabilities primarily include costs associated with remediating groundwater, surface water and soil contamination, as well as controlling and containing methane gas migration and the related legal costs. To estimate our ultimate liability at these sites, we evaluate several factors, including the nature and extent of contamination at each identified site, the required remediation methods, the apportionment of responsibility among the potentially responsible parties and the financial viability of those parties. We accrue for costs associated with environmental remediation obligations when such costs are probable and reasonably estimable in accordance with accounting for loss contingencies. We periodically review the status of all environmental matters and update our estimates of the likelihood of and future expenditures for remediation as necessary. Changes in the liabilities resulting from these reviews are recognized currently in earnings in the period in which the adjustment is known. Adjustments to estimates are reasonably possible in the near term and may result in changes to recorded amounts. With the exception of those obligations assumed in the acquisition of Allied that were recorded at estimated fair value, environmental obligations are recorded on an undiscounted basis. We have not reduced the liabilities we have recorded for recoveries from other potentially responsible parties or insurance companies.

Residual risks:

- We cannot determine with precision the ultimate amounts of our environmental remediation liabilities. Our estimates of these liabilities require assumptions about uncertain future events. Thus, our estimates could change substantially as additional information becomes available regarding the nature or extent of contamination, the required remediation methods, the final apportionment of responsibility among the potentially responsible parties identified, the financial viability of those parties, and the actions of governmental agencies or private parties with interests in the matter.
- Actual amounts could differ from the estimated liabilities as a result of changes in estimated future litigation costs to pursue the matter to ultimate resolution.
- An unanticipated environmental liability that arises could result in a material charge to our consolidated statement of income.

Self-Insurance Reserves and Related Costs

Our insurance programs for workers' compensation, commercial general and auto liability, environmental and remediation liability, and employee-related health care benefits are either self-insured or subject to large deductible insurance policies. Accruals for self-insurance reserves are based on claims filed and estimates of claims incurred but not reported. We maintain high deductibles for commercial general liability, automobile liability and workers' compensation coverage, ranging from \$2.0 million to \$5.0 million.

Residual risks:

- Incident rates, including frequency and severity, and other actuarial assumptions could change causing our current and future actuarially determined obligations to change, which would be reflected in our consolidated statement of income in the period in which such adjustment is known.

- Recorded reserves may not be adequate to cover the future payment of claims. Adjustments, if any, to estimates recorded resulting from ultimate claim payments would be reflected in the consolidated statements of income in the periods in which such adjustments are known.
- The settlement costs to discharge our obligations, including legal and health care costs, could increase or decrease causing current estimates of our self-insurance reserves to change.

Loss Contingencies

We are subject to various legal proceedings, claims and regulatory matters, the outcomes of which are subject to significant uncertainty. We determine whether to disclose material loss contingencies or accrue for loss contingencies based on an assessment of whether the risk of loss is remote, reasonably possible or probable, and whether it can be reasonably estimated. We analyze our litigation and regulatory matters based on available information to assess the potential liabilities. Management develops its assessment based on an analysis of possible outcomes under various strategies. We record and disclose loss contingencies pursuant to the applicable accounting guidance for such matter.

We record losses related to contingencies in cost of operations or selling, general and administrative expenses, depending on the nature of the underlying transaction leading to the loss contingency.

Residual risks:

- Actual costs may vary from our estimates for a variety of reasons, including differing interpretations of laws, opinions on culpability and assessments of the amount of damages.
- Loss contingency assumptions involve judgments that are inherently subjective and generally involve matters that are by their nature complex and unpredictable. If a loss contingency results in an adverse judgment or is settled for a significant amount, it could have a material adverse impact on our consolidated financial position, results of operations or cash flows in the period in which such judgment or settlement occurs.
- New claims may be asserted that are not included in our loss contingencies.

Asset Impairment

Valuation methodology. We evaluate our long-lived assets (other than goodwill) for impairment whenever events or changes in circumstances indicate the carrying amount of the asset or asset group may not be recoverable based on projected cash flows anticipated to be generated from the ongoing operation of those assets or we intend to sell or otherwise dispose of the assets.

Residual risk:

- If events or changes in circumstances occur, including reductions in anticipated cash flows generated by our operations or determinations to divest assets, certain assets could be impaired, which would result in a non-cash charge to earnings.

Evaluation criteria. We test long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. Examples of such events could include a significant adverse change in the extent or manner in which we use a long-lived asset, a change in its physical condition, or new circumstances that could cause an expectation that it is more likely than not that we would sell or otherwise dispose of a long-lived asset significantly before the end of its previously estimated useful life.

Residual risk:

- Our most significant asset impairment exposure, other than goodwill (which is discussed below), relates to our landfills. A significant reduction in our estimated disposal capacity as a result of

unanticipated events such as regulatory developments, revocation of an existing permit or denial of an expansion permit, or changes in our assumptions used to calculate disposal capacity, could trigger an impairment charge.

Recognition criteria. If such circumstances arise, we recognize impairment for the difference between the carrying amount and fair value of the asset if the net book value of the asset exceeds the sum of the estimated undiscounted cash flows expected to result from its use and eventual disposition. We generally use the present value of the expected cash flows from that asset to determine fair value.

Goodwill Recoverability

We annually test goodwill for impairment at December 31 or when an indicator of impairment exists. We test goodwill for impairment using the two-step process. The first step is a screen for potential impairment, while the second step measures the amount of the impairment, if any. The first step of the goodwill impairment test compares the fair value of a reporting unit with its carrying amount, including goodwill.

We have defined our reporting units to be consistent with our operating segments: East, Central and West. In determining fair value, we primarily use discounted future cash flows and operating results based on a comparative multiple of earnings or revenues.

Significant estimates used in our fair value calculation using discounted future cash flows include: (1) estimates of future revenue and expense growth by reporting unit, which we estimate to range from 2% to 3%; (2) future estimated effective tax rates, which we estimate to be 40%; (3) future estimated capital expenditures as well as future required investments in working capital; (4) estimated discount rates, which we estimate to range between 7% and 8%; and (5) the future terminal value of the reporting unit, which is based on its ability to exist into perpetuity. Significant estimates used in the fair value calculation using market value multiples include: (a) estimated future growth potential of the reporting unit; (b) estimated multiples of revenue or earnings a willing buyer is likely to pay; and (c) estimated control premium a willing buyer is likely to pay.

In addition, we evaluate a reporting unit for impairment if events or circumstances change between annual tests, indicating a possible impairment. Examples of such events or circumstances include: (1) a significant adverse change in legal factors or in the business climate; (2) an adverse action or assessment by a regulator; (3) a more likely than not expectation that a reporting unit or a significant portion thereof will be sold; (4) continued or sustained losses at a reporting unit; (5) a significant decline in our market capitalization as compared to our book value; or (6) the testing for recoverability of a significant asset group within the reporting unit.

We assign assets and liabilities from our corporate operating segment to our three reporting units to the extent that such assets or liabilities relate to the cash flows of the reporting unit and would be included in determining the reporting unit's fair value.

In preparing our annual test for impairment as of December 31, 2012, we determined that our indicated fair value of total invested capital exceeded our total market capitalization. We believe one of the primary reconciling differences between the indicated fair value of total invested capital and our total market capitalization is due to a control premium. We believe the control premium represents the value a market participant could extract as savings and/or synergies by obtaining control, and thereby eliminating duplicative overhead and operating costs resulting from the consolidation of routes and internalization of waste streams.

As of December 31, 2012, we determined that the indicated fair value of our reporting units exceeded their carrying value by a range of approximately 30% to 40% and, therefore, we noted no indicators of impairment at our reporting units.

We will continuously monitor market trends in our business, the related expected cash flows and our calculation of market capitalization for purposes of identifying possible indicators of impairment. If our book value per share

exceeds our market price per share or if we have other indicators of impairment, we will be required to perform an interim step one impairment analysis, which may lead to a step two analysis and possible impairment of our goodwill. Additionally, we would then be required to review our remaining long-lived assets for impairment.

Our operating segments, which also represent our reporting units, are comprised of several vertically integrated businesses. When an individual business within an integrated operating segment is divested, goodwill is allocated to that business based on its fair value relative to the fair value of its operating segment.

Residual risks:

- Future events could cause us to conclude that impairment indicators exist and that goodwill associated with acquired businesses is impaired.
- The valuation of identifiable goodwill requires significant estimates and judgment about future performance, cash flows and fair value. Our future results could be affected if these current estimates of future performance and fair value change. For example, a reduction in long-term growth assumptions could reduce the estimated fair value of the operating segments to below their carrying values, which could trigger an impairment charge. Similarly, an increase in our discount rate could trigger an impairment charge. Any resulting impairment charge could have a material adverse impact on our financial condition and results of operations.

Income Taxes

Deferred tax assets and liabilities are determined based on differences between the financial reporting and income tax bases of assets (other than non-deductible goodwill) and liabilities. Deferred tax assets and liabilities are measured using the income tax rate in effect during the year in which the differences are expected to reverse.

We record net deferred tax assets to the extent we believe these assets will more likely than not be realized. In making this determination, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial operations. In the event we determine that we would be able to realize our deferred income tax assets in the future in excess of their net recorded amount, we will make an adjustment to the valuation allowance which would reduce our provision for income taxes.

Our income tax expense, deferred tax assets and liabilities and reserves for unrecognized tax benefits reflect management's best assessment of estimated future taxes to be paid. We are subject to U.S. federal income taxes and to the income taxes of numerous states. Significant judgments and estimates are required in determining the combined income tax expense.

Regarding the accounting for uncertainty in income taxes recognized in the financial statements, we record a tax benefit from an uncertain tax position when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. We recognize interest and penalties related to uncertain tax positions within the provision for income taxes in our consolidated statements of income. Accrued interest and penalties are included within other accrued liabilities and deferred income taxes and other long-term tax liabilities in our consolidated balance sheets.

Residual risks:

- Income tax assets and liabilities established in purchase accounting for acquisitions are based on assumptions that could differ from the ultimate outcome of the tax matters. Such adjustments would be charged or credited to earnings, unless they meet certain remeasurement criteria and are allowed to be adjusted to goodwill.
- Changes in the estimated realizability of deferred tax assets could result in adjustments to our provision for income taxes.

- Valuation allowances for deferred tax assets and the realizability of net operating loss carryforwards for tax purposes are based on our judgment. If our judgments and estimates concerning valuation allowances and the realizability of net operating loss carryforwards are incorrect, our provision for income taxes would change.
- We are currently under examination or administrative review by various state and federal taxing authorities for certain tax years. The Internal Revenue Code and income tax regulations are a complex set of rules that we must interpret and apply. Positions taken in tax years under examination or subsequent years are subject to challenge. Accordingly, we may have exposure for additional tax liabilities arising from these audits if any positions taken by us or by companies we have acquired are disallowed by the taxing authorities.
- We adjust our liabilities for uncertain tax positions when our judgment changes as a result of the evaluation of new information not previously available. Due to the complexity of some of these uncertainties, their ultimate resolution may result in payments that are materially different from our current estimates of the tax liabilities. These differences will be reflected as increases or decreases to our provision for income taxes in the period in which they are determined.

Defined Benefit Pension Plans

We currently have one qualified defined benefit pension plan, the BFI Retirement Plan (the Plan). The Plan covers certain employees in the United States, including some employees subject to collective bargaining agreements. The Plan's benefit formula is based on a percentage of compensation as defined in the Plan document. The benefits of approximately 97% of the current plan participants were frozen upon Allied's acquisition of BFI in 1999.

Our pension contributions are made in accordance with funding standards established by the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code, as amended by the Pension Protection Act of 2006.

The Plan's assets are invested as determined by our Retirement Benefits Committee. At December 31, 2012, the plan assets were invested in fixed income bond funds, equity funds and cash. We annually review and adjust the plan's asset allocation as deemed necessary. Our unfunded benefit obligation for the Plan was \$6.1 million as of December 31, 2012 compared to \$39.9 million as of December 31, 2011.

Residual risk:

- Changes in the plan's investment mix and performance of the equity and bond markets and fund managers could impact the amount of pension income or expense recorded, the funded status of the plan and the need for future cash contributions.

Assumptions. The benefit obligation and associated income or expense related to the Plan are determined based on assumptions concerning items such as discount rates, expected rates of return and average rates of compensation increases. Our assumptions are reviewed annually and adjusted as deemed necessary.

We determine the discount rate based on a model which matches the timing and amount of expected benefit payments to maturities of high quality bonds priced as of the Plan measurement date. Where that timing does not correspond to a published high-quality bond rate, our model uses an expected yield curve to determine an appropriate current discount rate. The yield on the bonds is used to derive a discount rate for the liability. If the discount rate were to increase by 1%, our benefit obligation would decrease by approximately \$26 million. If the discount rate were to decrease by 1%, our benefit obligation would increase by approximately \$31 million.

In developing our expected rate of return assumption, we evaluate long-term expected and historical returns on the Plan assets, giving consideration to our asset mix and the anticipated duration of the Plan obligations. The average rate of compensation increase reflects our expectations of average pay increases over the periods benefits are earned. Less than 3% of participants in the Plan continue to earn service benefits.

Residual risks:

- Our assumed discount rate is sensitive to changes in market-based interest rates. A decrease in the discount rate will increase our related benefit plan obligation.
- Our annual pension expense would be impacted if the actual return on plan assets were to vary from the expected return.

New Accounting Standards

For a description of new accounting standards that may affect us, see Note 2, *Summary of Significant Accounting Policies*, to our consolidated financial statements in Item 8 of this Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Our major market risk exposure of our financial instruments is changing interest rates in the United States and fluctuations in LIBOR. We intend to manage interest rate risk through the use of a combination of fixed and floating rate debt. The carrying value of our variable rate debt approximates fair value because interest rates are variable and, accordingly, approximates current market rates for instruments with similar risk and maturities. The fair value of our debt is determined as of the balance sheet date and is subject to change. The table below provides information about certain of our market-sensitive financial instruments and constitutes a “forward-looking statement.”

	Expected Maturity Date							Fair Value as of December 31, 2012
	2013	2014	2015	2016	2017	Thereafter	Total	
Fixed Rate Debt:								
Amount outstanding (in millions)	\$ 5.1	\$15.7	\$ 5.3	\$ 4.1	\$ 4.4	\$ 6,145.5	\$6,180.1	\$ 7,129.0
Average interest rates	6.8%	6.0%	7.8%	7.4%	7.4%	5.1%	5.1%	
Variable Rate Debt:								
Amount outstanding (in millions)	\$10.0	\$ -	\$ 4.8	\$25.0	\$ 5.2	\$ 925.1	\$ 970.1	\$ 970.1
Average interest rates	0.2%	-	0.2%	1.3%	0.4%	0.5%	0.5%	

The fixed and variable rate debt amounts above exclude the remaining non-cash discounts, premiums and adjustments to fair value recorded in purchase accounting totaling \$79.7 million.

Fuel Price Risk

Fuel costs represent a significant operating expense. When economically practical, we may enter into new or renew contracts, or engage in other strategies, to mitigate market risk. Where appropriate, we have implemented a fuel recovery fee that is designed to recover our fuel costs. While we charge these fees to a majority of our customers, we are unable to charge such fees to all customers. Consequently, an increase in fuel costs results in (1) an increase in our cost of operations, (2) a smaller increase in our revenue (from the fuel recovery fee) and (3) a decrease in our operating margin percentage. Conversely, a decrease in fuel costs results in (1) a decrease in our cost of operations, (2) a smaller decrease in our revenue and (3) an increase in our operating margin percentage.

At current consumption levels, a twenty-cent per gallon change in the price of diesel fuel changes our fuel costs by approximately \$24 million on an annual basis. Offsetting these changes in fuel expense would be changes in our fuel recovery fee charged to our customers. At current participation rates, a twenty-cent change in the price of diesel fuel changes our fuel recovery fee by approximately \$19 million.

Our operations also require the use of certain petrochemical-based products (such as liners at our landfills) whose costs may vary with the price of petrochemicals. An increase in the price of petrochemicals could increase the cost of those products, which would increase our operating and capital costs. We also are susceptible to increases in indirect fuel recovery fees from our vendors.

Commodities Prices

We market recycled products such as cardboard and newspaper from our recycling centers. Market demand for recyclable materials causes volatility in commodity prices. At current volumes and mix of materials, we believe a ten dollar per ton change in the price of recyclable materials will change annual revenue and operating income by approximately \$29 million and \$20 million, respectively, on an annual basis.

Revenue from sales of these products in 2012, 2011 and 2010 was approximately \$349.0 million, \$438.6 million and \$337.9 million, respectively.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of Republic Services, Inc.:

We have audited the accompanying consolidated balance sheets of Republic Services, Inc. as of December 31, 2012 and 2011, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2012. 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 Republic Services, Inc. at December 31, 2012 and 2011, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Republic Services, Inc.'s internal control over financial reporting as of December 31, 2012, 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 15, 2013 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Phoenix, Arizona
February 15, 2013

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

The Board of Directors and Stockholders of Republic Services, Inc.:

We have audited Republic Services, Inc.'s internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Republic Services, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report of Management on Republic Services, Inc.'s Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit 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 effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Republic Services, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Republic Services, Inc. as of December 31, 2012 and 2011, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2012 of Republic Services, Inc. and our report dated February 15, 2013 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Phoenix, Arizona
February 15, 2013

REPUBLIC SERVICES, INC.
CONSOLIDATED BALANCE SHEETS
(in millions, except per share data)

	<u>December 31,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 67.6	\$ 66.3
Accounts receivable, less allowance for doubtful accounts of \$45.3 and \$48.1, respectively	836.6	825.8
Prepaid expenses and other current assets	209.3	215.9
Deferred tax assets	<u>117.8</u>	<u>157.7</u>
Total current assets	1,231.3	1,265.7
Restricted cash and marketable securities	164.2	189.6
Property and equipment, net	6,910.3	6,792.3
Goodwill	10,690.0	10,647.0
Other intangible assets, net	358.7	409.6
Other assets	<u>262.4</u>	<u>247.3</u>
Total assets	<u>\$ 19,616.9</u>	<u>\$ 19,551.5</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 474.5	\$ 563.6
Notes payable and current maturities of long-term debt	19.4	34.8
Deferred revenue	313.2	290.2
Accrued landfill and environmental costs, current portion	195.5	184.2
Accrued interest	68.8	72.2
Other accrued liabilities	<u>623.6</u>	<u>752.5</u>
Total current liabilities	1,695.0	1,897.5
Long-term debt, net of current maturities	7,051.1	6,887.0
Accrued landfill and environmental costs, net of current portion	1,420.6	1,396.5
Deferred income taxes and other long-term tax liabilities	1,232.7	1,161.1
Self-insurance reserves, net of current portion	290.9	303.9
Other long-term liabilities	220.9	222.1
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, par value \$0.01 per share; 50 shares authorized; none issued	-	-
Common stock, par value \$0.01 per share; 750 shares authorized; 405.2 and 402.1 issued including shares held in treasury, respectively	4.1	4.0
Additional paid-in capital	6,588.9	6,495.6
Retained earnings	2,403.2	2,164.7
Treasury stock, at cost (44.1 and 32.2 shares, respectively)	(1,287.1)	(961.5)
Accumulated other comprehensive loss, net of tax	<u>(5.8)</u>	<u>(21.5)</u>
Total Republic Services, Inc. stockholders' equity	7,703.3	7,681.3
Noncontrolling interests	<u>2.4</u>	<u>2.1</u>
Total stockholders' equity	7,705.7	7,683.4
Total liabilities and stockholders' equity	<u>\$ 19,616.9</u>	<u>\$ 19,551.5</u>

The accompanying notes are an integral part of these financial statements.

REPUBLIC SERVICES, INC.
CONSOLIDATED STATEMENTS OF INCOME
(in millions, except per share data)

	<u>Years Ended December 31,</u>		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
Revenue	\$8,118.3	\$8,192.9	\$8,106.6
Expenses:			
Cost of operations	5,005.7	4,865.1	4,764.8
Depreciation, amortization and depletion	848.5	843.6	833.7
Accretion	78.4	78.0	80.5
Selling, general and administrative	820.9	825.4	858.0
Negotiation and withdrawal costs – Central States Pension Fund	35.8	-	-
(Gain) loss on disposition of assets and impairments, net	(2.7)	28.1	19.1
Restructuring charges	11.1	-	11.4
Operating income	1,320.6	1,552.7	1,539.1
Interest expense	(388.5)	(440.2)	(507.4)
Loss on extinguishment of debt	(112.6)	(210.8)	(160.8)
Interest income	1.0	0.3	0.7
Other income, net	3.4	4.3	5.4
Income before income taxes	823.9	906.3	877.0
Provision for income taxes	251.8	317.4	369.5
Net income	572.1	588.9	507.5
Net (income) loss attributable to noncontrolling interests	(0.3)	0.3	(1.0)
Net income attributable to Republic Services, Inc.	<u>\$ 571.8</u>	<u>\$ 589.2</u>	<u>\$ 506.5</u>
Basic earnings per share attributable to Republic Services, Inc. stockholders:			
Basic earnings per share	<u>\$ 1.56</u>	<u>\$ 1.57</u>	<u>\$ 1.32</u>
Weighted average common shares outstanding	<u>366.9</u>	<u>376.0</u>	<u>383.0</u>
Diluted earnings per share attributable to Republic Services, Inc. stockholders:			
Diluted earnings per share	<u>\$ 1.55</u>	<u>\$ 1.56</u>	<u>\$ 1.32</u>
Weighted average common and common equivalent shares outstanding	<u>368.0</u>	<u>377.6</u>	<u>385.1</u>
Cash dividends per common share	<u>\$ 0.91</u>	<u>\$ 0.84</u>	<u>\$ 0.78</u>

The accompanying notes are an integral part of these financial statements.

REPUBLIC SERVICES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in millions)

	<u>Years Ended December 31,</u>		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
Net income	\$572.1	\$588.9	\$507.5
Other comprehensive income, net of tax			
Hedging Activity:			
Settlements	0.9	(25.3)	(7.3)
Realized (gains) losses reclassified into earnings	(2.3)	4.9	3.9
Unrealized gains (losses)	2.8	1.3	(2.4)
Pension Activity:			
Change in funded status of pension plan obligations	15.6	(20.7)	8.7
Gains related to pension settlement reclassified to earnings	(1.3)	(3.6)	-
Other comprehensive income (loss), net of tax	<u>15.7</u>	<u>(43.4)</u>	<u>2.9</u>
Comprehensive income	587.8	545.5	510.4
Comprehensive (income) loss attributable to noncontrolling interests	<u>(0.3)</u>	<u>0.3</u>	<u>(1.0)</u>
Comprehensive income attributable to Republic Services, Inc.	<u>\$587.5</u>	<u>\$545.8</u>	<u>\$509.4</u>

The accompanying notes are an integral part of these financial statements.

REPUBLIC SERVICES, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(in millions)

	Republic Services, Inc. Stockholders' Equity							
	Common Stock		Additional	Retained	Treasury		Accumulated	Noncontrolling
	Shares	Amount	Paid-In Capital	Earnings	Shares	Amount	Other Comprehensive Income (Loss), Net of Tax	
Balance as of December 31, 2009	395.7	\$4.0	\$6,316.1	\$1,683.1	(14.9)	\$ (457.7)	\$ 19.0	\$ 2.6
Net income	-	-	-	506.5	-	-	-	1.0
Change in the value of derivative instruments, net of tax of \$4.1	-	-	-	-	-	-	(5.8)	-
Employee benefit plan liability adjustments, net of tax of \$6.1	-	-	-	-	-	-	8.7	-
Cash dividends declared	-	-	-	(298.8)	-	-	-	-
Issuances of common stock	4.5	-	90.0	-	-	-	-	-
Stock-based compensation	-	-	25.0	(0.5)	-	-	-	-
Purchase of common stock for treasury	-	-	-	-	(1.6)	(43.1)	-	-
Distributions paid to noncontrolling interests	-	-	-	-	-	-	-	(1.2)
Balance as of December 31, 2010	400.2	4.0	6,431.1	1,890.3	(16.5)	(500.8)	21.9	2.4
Net income	-	-	-	589.2	-	-	-	(0.3)
Change in the value of derivative instruments, net of tax of \$13.4	-	-	-	-	-	-	(19.1)	-
Employee benefit plan liability adjustments, net of tax of \$17.1	-	-	-	-	-	-	(24.3)	-
Cash dividends declared	-	-	-	(314.1)	-	-	-	-
Issuances of common stock	1.9	-	43.2	-	-	-	-	-
Stock-based compensation	-	-	21.3	(0.7)	-	-	-	-
Purchase of common stock for treasury	-	-	-	-	(15.7)	(460.7)	-	-
Balance as of December 31, 2011	402.1	4.0	6,495.6	2,164.7	(32.2)	(961.5)	(21.5)	2.1
Net income	-	-	-	571.8	-	-	-	0.3
Change in the value of derivative instruments, net of tax of \$1.0	-	-	-	-	-	-	1.4	-
Employee benefit plan liability adjustments, net of tax of \$12.2	-	-	-	-	-	-	14.3	-
Cash dividends declared	-	-	-	(332.5)	-	-	-	-
Issuances of common stock	3.1	0.1	72.3	-	-	-	-	-
Stock-based compensation	-	-	21.0	(0.8)	-	-	-	-
Purchase of common stock for treasury	-	-	-	-	(11.9)	(325.6)	-	-
Balance as of December 31, 2012	405.2	\$4.1	\$6,588.9	\$2,403.2	(44.1)	\$(1,287.1)	\$ (5.8)	\$ 2.4

The accompanying notes are an integral part of these financial statements.

REPUBLIC SERVICES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Years Ended December 31,		
	2012	2011	2010
Cash provided by operating activities:			
Net income	\$ 572.1	\$ 588.9	\$ 507.5
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation, amortization, depletion and accretion	926.9	921.6	914.2
Non-cash interest expense	58.4	75.4	100.5
Restructuring related charges	11.1	-	(2.0)
Stock-based compensation	21.2	20.6	24.5
Deferred tax provision	83.9	334.8	61.3
Provision for doubtful accounts, net of adjustments	29.7	21.0	23.6
Loss on extinguishment of debt	112.6	210.8	160.8
(Gain) loss on disposition of assets, net and asset impairments	(14.1)	6.1	3.9
Withdrawal liability-Central States Pension Fund	30.7	-	-
Environmental adjustments	62.4	3.6	17.9
Excess income tax benefit from stock option exercises and other non-cash items	(4.1)	(9.2)	0.3
Change in assets and liabilities, net of effects from business acquisitions and divestitures:			
Accounts receivable	(37.2)	(16.0)	8.8
Prepaid expenses and other assets	(13.9)	(5.1)	(76.6)
Accounts payable	(49.6)	11.9	(34.9)
Restructuring and synergy related expenditures	(70.3)	(3.0)	(20.0)
Capping, closure and post-closure expenditures	(77.6)	(105.7)	(111.3)
Remediation expenditures	(73.1)	(45.0)	(50.5)
Other liabilities	(55.3)	(244.0)	(94.3)
Cash provided by operating activities	<u>1,513.8</u>	<u>1,766.7</u>	<u>1,433.7</u>
Cash used in investing activities:			
Purchases of property and equipment	(903.5)	(936.5)	(794.7)
Proceeds from sales of property and equipment	28.7	34.6	37.4
Cash used in business acquisitions and development projects, net of cash acquired	(95.3)	(42.6)	(58.9)
Cash proceeds from divestitures, net of cash divested	9.6	14.2	60.0
Change in restricted cash and marketable securities	23.2	(16.8)	66.3
Other	(0.3)	(3.1)	(0.6)
Cash used in investing activities	<u>(937.6)</u>	<u>(950.2)</u>	<u>(690.5)</u>
Cash used in financing activities:			
Proceeds from notes payable and long-term debt	2,771.4	1,416.4	1,193.5
Proceeds from issuance of senior notes, net of discount	847.6	1,844.9	1,499.4
Payments of notes payable and long-term debt	(3,568.2)	(3,224.5)	(3,090.3)
Premiums paid on extinguishment of debt	(25.8)	(89.6)	(30.4)
Fees paid to issue and retire senior notes and certain hedging relationships	(17.5)	(58.8)	(26.2)
Issuances of common stock	70.4	40.7	86.5
Excess income tax benefit from stock option exercises	1.9	2.5	3.5
Purchases of common stock for treasury	(325.6)	(460.7)	(43.1)
Cash dividends paid	(329.1)	(309.4)	(294.6)
Distributions paid to noncontrolling interests	-	-	(1.2)
Cash used in financing activities	<u>(574.9)</u>	<u>(838.5)</u>	<u>(702.9)</u>
Increase (decrease) in cash and cash equivalents	1.3	(22.0)	40.3
Cash and cash equivalents at beginning of period	66.3	88.3	48.0
Cash and cash equivalents at end of period	<u>\$ 67.6</u>	<u>\$ 66.3</u>	<u>\$ 88.3</u>

The accompanying notes are an integral part of these financial statements.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

Republic Services, Inc. (a Delaware corporation) and its subsidiaries (also referred to collectively as Republic, we, us, our, or the Company in this report) is the second largest provider of non-hazardous solid waste collection, transfer station, recycling and disposal services in the United States, as measured by revenue. We manage and evaluate our operations through three geographic regions – East, Central, and West, which we have identified as our reportable segments.

The consolidated financial statements include the accounts of Republic and its wholly owned and majority owned subsidiaries in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). We account for investments in entities in which we do not have a controlling financial interest under either the equity method or cost method of accounting, as appropriate. All material intercompany accounts and transactions have been eliminated in consolidation.

For comparative purposes, certain prior year amounts have been reclassified to conform to the current year presentation. All amounts are in millions, except per share amounts and unless otherwise noted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management's Estimates and Assumptions

In preparing our financial statements, we make numerous estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. We must make these estimates and assumptions because certain information that we use is dependent on future events, cannot be calculated with a high degree of precision from data available or simply cannot be readily calculated based on generally accepted methodologies. In preparing our financial statements, the more critical and subjective areas that deal with the greatest amount of uncertainty relate to our accounting for our long-lived assets, including recoverability, landfill development costs, and final capping, closure and post-closure costs, our valuation allowances for accounts receivable and deferred tax assets, our liabilities for potential litigation, claims and assessments, our liabilities for environmental remediation, employee benefit plans, deferred taxes, uncertain tax positions, self-insurance reserves, and our estimates of the fair values of assets acquired and liabilities assumed in any acquisition. Each of these items is discussed in more detail elsewhere in these Notes to the Consolidated Financial Statements. Our actual results may differ significantly from our estimates.

Cash and Cash Equivalents

We consider liquid investments with an original maturity at the date of acquisition of three months or less to be cash equivalents.

We may have net book credit balances in our primary disbursement accounts at the end of a reporting period. We classify such credit balances as accounts payable in our consolidated balance sheets as checks presented for payment to these accounts are not payable by our banks under overdraft arrangements, and, therefore, do not represent short-term borrowings. As of December 31, 2012 and 2011, there were net book credit balances of \$51.0 million and \$85.6 million in our primary disbursement accounts which were classified as accounts payable on our consolidated balance sheets.

Concentration of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist of cash and cash equivalents, trade accounts receivable and derivative instruments. We place our cash and cash equivalents with

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

high quality financial institutions. Such balances may be in excess of FDIC insured limits. To manage the related credit exposure, we continually monitor the credit worthiness of the financial institutions where we have deposits. Concentrations of credit risk with respect to trade accounts receivable are limited due to the wide variety of customers and markets in which we provide services, as well as the dispersion of our operations across many geographic areas. We provide services to commercial, industrial, municipal and residential customers in the United States and Puerto Rico. We perform ongoing credit evaluations of our customers, but do not require collateral to support customer receivables. We establish an allowance for doubtful accounts based on various factors including the credit risk of specific customers, age of receivables outstanding, historical trends, economic conditions and other information. No customer exceeded 5% of our outstanding accounts receivable balance at December 31, 2012 and 2011.

Accounts Receivable, Net of Allowance for Doubtful Accounts

Accounts receivable represent receivables from customers for collection, transfer, recycling, disposal and other services. Our receivables are recorded when billed or when the related revenue is earned, if earlier, and represent claims against third parties that will be settled in cash. The carrying value of our receivables, net of the allowance for doubtful accounts, represents their estimated net realizable value. Provisions for doubtful accounts are evaluated on a monthly basis and are recorded based on our historical collection experience, the age of the receivables, specific customer information and economic conditions. We also review outstanding balances on an account-specific basis. In general, reserves are provided for accounts receivable in excess of ninety days old. Past due receivable balances are written-off when our collection efforts have been unsuccessful in collecting amounts due.

The following table reflects the activity in our allowance for doubtful accounts for the years ended December 31, 2012, 2011 and 2010:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Balance at beginning of year	\$ 48.1	\$ 50.9	\$ 55.2
Additions charged to expense	29.7	21.0	23.6
Accounts written-off	<u>(32.5)</u>	<u>(23.8)</u>	<u>(27.9)</u>
Balance at end of year	<u>\$ 45.3</u>	<u>\$ 48.1</u>	<u>\$ 50.9</u>

Restricted Cash and Marketable Securities

As of December 31, 2012, we had \$164.2 million of restricted cash and marketable securities. We obtain funds through the issuance of tax-exempt bonds for the purpose of financing qualifying expenditures at our landfills, transfer stations, collection and recycling centers. The funds are deposited directly into trust accounts by the bonding authorities at the time of issuance. As the use of these funds is contractually restricted, and we do not have the ability to use these funds for general operating purposes, they are classified as restricted cash and marketable securities in our consolidated balance sheets.

In the normal course of business, we may be required to provide financial assurance to governmental agencies and a variety of other entities in connection with municipal residential collection contracts, closure or post-closure of landfills, environmental remediation, environmental permits, and business licenses and permits as a financial guarantee of our performance. At several of our landfills, we satisfy financial assurance requirements by depositing cash into restricted trust funds or escrow accounts.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Property and Equipment

We record property and equipment at cost. Expenditures for major additions and improvements to facilities are capitalized, while maintenance and repairs are charged to expense as incurred. When property is retired or otherwise disposed, the related cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the consolidated statements of income.

We revise the estimated useful lives of property and equipment acquired through business acquisitions to conform with our policies. We depreciate assets over their estimated useful lives using the straight-line method. We assume no salvage value for our depreciable property and equipment. The estimated useful lives of our property and equipment are as follows:

	<u>Estimated Useful Lives</u>
Buildings and improvements	7 - 40 years
Vehicles	5 - 12 years
Landfill equipment	7 - 10 years
Other equipment	3 - 15 years
Furniture and fixtures	5 - 12 years

Landfill development costs are also included in property and equipment. Landfill development costs include direct costs incurred to obtain landfill permits and direct costs incurred to acquire, construct and develop sites as well as final capping, closure and post-closure assets. These costs are amortized or depleted based on consumed airspace. All indirect landfill development costs are expensed as incurred. For additional information, see Note 8, *Landfill and Environmental Costs*.

Capitalized Interest

We capitalize interest on landfill cell construction and other construction projects if they meet the following criteria:

- Total construction costs are \$50,000 or greater,
- The construction phase is one month or longer, and
- The assets have a useful life of one year or longer .

Interest is capitalized on qualified assets while they undergo activities to ready them for their intended use. Capitalization of interest ceases once an asset is placed into service or if construction activity is suspended for more than a brief period of time. Our interest capitalization rate is based on our weighted average cost of indebtedness. Interest capitalized was \$8.4 million, \$8.1 million and \$6.3 million for the years ended December 31, 2012, 2011 and 2010, respectively.

Fair Value of Financial Instruments

Our financial instruments include cash and cash equivalents, restricted cash and marketable securities, fuel, commodity and interest rate hedges, long-term debt and assets in our defined benefit plan. Accounting standards include disclosure requirements around fair values used for certain financial instruments and establish a fair

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

value hierarchy. The hierarchy prioritizes valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of three levels:

- Level 1 – inputs are based upon unadjusted quoted prices for identical instrument traded in active markets.
- Level 2 – inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

See Note 9, *Debt*, Note 11, *Employee Benefit Plans*, and Note 15, *Financial Instruments*, for fair value disclosures related to our long-term debt, defined benefit pension plan investments, restricted cash and marketable securities and derivative instruments, respectively.

Investments Other Than Derivatives

Investments other than derivatives primarily include money market funds, common stock, mutual funds, real estate investment trusts, U.S. government and agency securities, municipal and corporate bonds, foreign government and corporate bonds. In general, and where applicable, we use quoted prices in active markets for identical assets or liabilities to determine fair value. This pricing methodology applies to our Level 1 investments, such as money market funds, common stock and certain mutual funds. If quoted prices in active markets for identical assets or liabilities are not available to determine fair value, then we use quoted prices for similar assets and liabilities or inputs other than the quoted prices that are observable either directly or indirectly. These investments are included in Level 2 and consist primarily of corporate bonds, foreign government bonds, real estate investment trusts and certain agency securities.

Derivative Financial Instruments

We use derivative financial instruments to manage our risk associated with changing interest rates and changing prices for commodities we frequently purchase or sell by creating offsetting market exposures. Historically, we used interest rate swap agreements to manage risk associated with fluctuations in interest rates. We have entered into multiple agreements designated as cash flow hedges to mitigate some of our exposure to changes in diesel fuel prices and prices of certain recycling commodities.

All derivatives are measured at fair value and recognized in the balance sheet as assets or liabilities, as appropriate. For derivatives designated as cash flow hedges, changes in fair value of the effective portions of derivative instruments are reported in stockholders' equity as components of other comprehensive income until the forecasted transaction occurs or is not probable of occurring. When the forecasted transaction occurs or is not probable of occurring, the realized net gain or loss is then recognized in the consolidated statements of income. Changes in fair value of the ineffective portions of derivative instruments are recognized currently in earnings.

The fair values of our diesel fuel and recycling commodity hedges are determined using standard valuation models with assumptions about prices and other relevant information based on those observed in the underlying markets (Level 2 in the fair value hierarchy). The estimated fair values of derivatives used to hedge risks fluctuate over time and should be viewed in relation to the underlying hedged transactions.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Landfill and Environmental Costs

Life Cycle Accounting

We use life-cycle accounting and the units-of-consumption method to recognize certain landfill costs over the life of the site. In life cycle accounting, all costs to acquire and construct a site are capitalized, and charged to expense based on the consumption of cubic yards of available airspace.

Costs and airspace estimates are developed at least annually by engineers. We use these estimates to adjust the rates we use to deplete capitalized costs. Changes in these estimates primarily relate to changes in available airspace, inflation and applicable regulations. Changes in available airspace include but are not limited to changes due to the addition of airspace lying in probable expansion areas, airspace consumed and changes in engineering estimates.

Probable Expansion Airspace

We classify landfill disposal capacity as either permitted (having received the final permit from the applicable regulatory agency) or as probable expansion airspace. Before airspace included in an expansion area is determined to be probable expansion airspace and, therefore, is included in our calculation of total available disposal capacity, all of the following criteria must be met:

- We own the land associated with the expansion airspace or control it pursuant to an option agreement,
- We are committed to supporting the expansion project financially and with appropriate resources,
- There are no identified fatal flaws or impediments associated with the project, including political impediments,
- Progress is being made on the project,
- The expansion is attainable within a reasonable time frame, and
- We believe it is likely will receive the expansion permit.

Upon meeting our expansion criteria, the rates used at each applicable landfill to expense costs to acquire, construct, cap, close and maintain a site during the post-closure period are adjusted to include both the probable expansion airspace and the additional costs to be capitalized or accrued associated with that expansion airspace.

We have identified three steps that landfills generally follow to obtain expansion permits. These steps are as follows:

1. Obtaining approval from local authorities,
2. Submitting a permit application to state authorities, and
3. Obtaining permit approval from state authorities.

We continually monitor our progress toward obtaining permits for each of our sites with probable airspace. If we determine that a landfill expansion area no longer meets our criteria, the probable expansion airspace is removed from the landfill's total available capacity and the rates used at the landfill to deplete costs to acquire, construct,

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

cap, close and maintain a site during the post-closure period are adjusted accordingly. In addition, any amounts capitalized for the probable expansion airspace are charged to expense in the period in which it is determined that the criteria are no longer met.

Capitalized Landfill Costs

Capitalized landfill costs include expenditures for land, permitting, cell construction and environmental structures. Capitalized permitting and cell construction costs are limited to direct costs relating to these activities, including legal, engineering and construction costs associated with excavation, natural and synthetic liners, construction of leachate collection systems, installation of methane gas collection and monitoring systems, installation of groundwater monitoring wells and other costs associated with the development of the site. Interest is capitalized on landfill construction projects while the assets are undergoing activities to ready them for their intended use. Capitalized landfill costs also include final capping, closure and post-closure assets and are depleted as airspace is consumed using the units-of-consumption method.

Costs related to acquiring land, excluding the estimated residual value of unpermitted, non-buffer land, and costs related to permitting and cell construction are depleted as airspace is consumed using the units-of-consumption method.

Capitalized landfill costs also may include an allocation of purchase price paid for landfills. For landfills purchased as part of a group of assets, the purchase price assigned to the landfill is determined based on the estimated fair value of the landfill relative to the fair value of other assets within the acquired group. If the landfill meets our expansion criteria, the purchase price is further allocated between permitted airspace and expansion airspace based on the ratio of permitted versus probable expansion airspace to total available airspace. Landfill purchase price is amortized using the units-of-consumption method over the total available airspace including probable expansion airspace where appropriate.

Final Capping, Closure and Post-Closure Costs

Final capping

We have future obligations for final capping, closure and post-closure costs with respect to the landfills we own or operate as set forth in applicable landfill permits. The permit requirements are based on the Subtitle C and Subtitle D regulations of the Resource Conservation and Recovery Act (RCRA), as implemented and applied on a state-by-state basis. We define final capping as activities required to permanently cover a portion of a landfill that has been completely filled with waste. Final capping typically includes installing flexible membrane and geosynthetic clay liners, drainage and compact soil layers, and topsoil, and is constructed over an area of the landfill where total airspace capacity has been consumed and waste disposal operations have ceased. These final capping activities occur in phases as needed throughout the operating life of a landfill as specific areas are filled to capacity and the final elevation for that specific area is reached in accordance with the provisions of the operating permit. We consider final capping events to be discrete activities that are recognized as asset retirement obligations separately from other closure and post-closure obligations. As a result, we use a separate rate per ton for recognizing the principal amount of the liability and related asset associated with each capping event. We amortize the asset recorded pursuant to this approach as waste volume related to the capacity covered by the capping event is placed into the landfill based on the consumption of cubic yards of available airspace.

Closure and post-closure

Closure and post-closure activities occur after the entire landfill ceases to accept waste and closes. These activities involve methane gas control, leachate management and groundwater monitoring, surface water monitoring and control, and other operational and maintenance activities that occur after the site ceases to accept

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

waste. Obligations associated with monitoring and controlling methane gas migration and emissions are set forth in applicable landfill permits and these requirements are based on the provisions of the Clean Air Act. The post-closure period generally runs for 30 years after final site closure for municipal solid waste landfills and a shorter period for construction and demolition landfills and inert landfills. We recognize asset retirement obligations and the related amortization expense for closure and post-closure (excluding obligations for final capping) using the units-of-consumption method over the total remaining capacity of the landfill. The total remaining capacity includes probable expansion airspace.

Estimated future expenditures

Estimates of future expenditures for final capping, closure and post-closure are developed at least annually by engineers. Management reviews these estimates and our operating and accounting personnel use them to adjust the rates used to capitalize and amortize these costs. These estimates involve projections of costs that will be incurred during the remaining life of the landfill for final capping activities, after the landfill ceases operations and during the legally required post-closure monitoring period. We currently retain post-closure responsibility for 128 closed landfills.

Fair value measurements

In general, we engage third parties to perform most of our final capping, closure and post-closure activities. Accordingly, the fair value of these activities is based on quoted and actual prices paid for similar work. We also perform some of our final capping, closure and post-closure activities using internal resources. Where we expect internal resources to be used to fulfill an asset retirement obligation, we add a profit margin to the estimated cost of such services to better reflect their fair value. If we perform these services internally, the added profit margin is recognized as a component of operating income in the period the obligation is settled.

An estimate of fair value should include the price that marketplace participants are able to receive for bearing the uncertainties in cash flows. However, when utilizing discounted cash flow techniques, reliable estimates of market premiums may not be obtainable. In this situation, it is not necessary to consider a market risk premium in the determination of expected cash flows. While the cost of asset retirement obligations associated with final capping, closure and post-closure can be quantified and estimated, there is not an active market that can be utilized to determine the fair value of these activities. In the waste industry, there generally is not a market for selling the responsibility for final capping, closure and post-closure independent of selling the landfill in its entirety. Accordingly, we believe that it is not possible to develop a methodology to reliably estimate a market risk premium and have excluded a market risk premium from our determination of expected cash flow for landfill asset retirement obligations. Absent quoted market prices, the estimate of fair value is based on the best available information, including the results of present value techniques.

Our estimates of costs to discharge asset retirement obligations for landfills are developed in today's dollars. These costs are inflated each year to reflect a normal escalation of prices up to the year they are expected to be paid. We use a 2.5% inflation rate, which is based on the ten-year historical moving average increase of the U.S. Consumer Price Index, and is the rate used by most waste industry participants.

These estimated costs are then discounted to their present value using a credit-adjusted, risk-free interest rate. In general, the credit-adjusted, risk-free interest rate we used for liability recognition was 4.75% and 6.0% for the years ended December 31, 2012 and 2011, respectively, which was based on the estimated all-in yield we would have needed to offer to sell thirty-year debt in the public market. However, as part of the initial application of purchase accounting, our capping, closure and post-closure obligations acquired from Allied Waste Industries, Inc. (Allied) were recorded at their fair values as of the acquisition date, and were discounted using a rate of 9.75% due to market conditions at the time of the acquisition.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Changes in assets retirement obligations

A liability for an asset retirement obligation is recognized in the period in which it is incurred and is initially measured at fair value. The offset to the liability is capitalized as part of the carrying amount of the related long-lived asset. Changes in the liabilities due to revisions to estimated future cash flows are recognized by increasing or decreasing the liabilities with the offsets adjusting the carrying amounts of the related long-lived assets, and may also require immediate adjustments to amortization expense in the consolidated statement of income.

Upward revisions in the amount of undiscounted estimated cash flows used to record a liability are discounted using the credit-adjusted, risk-free interest rate in effect at the time of the change. Downward revisions in the amount of undiscounted estimated cash flows used to record a liability are discounted using the credit-adjusted, risk-free rate that existed when the original liability was recognized.

Changes in asset retirement obligations due to the passage of time are measured by recognizing accretion expense in a manner that results in a constant effective interest rate being applied to the average carrying amount of the liability. The effective interest rate used to calculate accretion expense is our credit-adjusted, risk-free interest rate in effect at the time the liabilities were recorded.

We review our calculations with respect to landfill asset retirement obligations at least annually. If there is a significant change in the facts and circumstances related to a landfill during the year, we will review our calculations for the landfill as soon as practical after the change has occurred.

Landfill operating expenses

Costs associated with daily maintenance activities and environmental compliance during the operating life of the landfill are expensed as incurred. These costs include, among other things, leachate treatment and disposal, methane gas and groundwater monitoring and systems maintenance, interim cap maintenance, costs associated with the application of daily cover materials, and the legal and administrative costs of ongoing environmental compliance.

Environmental Liabilities

We are subject to an array of laws and regulations relating to the protection of the environment, and we remediate sites in the ordinary course of our business. Under current laws and regulations, we may be responsible for environmental remediation at sites that we either own or operate, including sites that we have acquired, or sites where we have (or a company that we have acquired has) delivered waste. Our environmental remediation liabilities primarily include costs associated with remediating groundwater, surface water and soil contamination, as well as controlling and containing methane gas migration and the related legal costs. To estimate our ultimate liability at these sites, we evaluate several factors, including the nature and extent of contamination at each identified site, the required remediation methods, the apportionment of responsibility among the potentially responsible parties and the financial viability of those parties. We accrue for costs associated with environmental remediation obligations when such costs are probable and reasonably estimable in accordance with accounting for loss contingencies. We periodically review the status of all environmental matters and update our estimates of the likelihood of and future expenditures for remediation as necessary. Changes in the liabilities resulting from these reviews are recognized currently in earnings in the period in which the adjustment is known. Adjustments to estimates are reasonably possible in the near term and may result in changes to recorded amounts. With the exception of those obligations assumed in the acquisition of Allied that were recorded at estimated fair values, environmental obligations are recorded on an undiscounted basis. We have not reduced the liabilities we have recorded for recoveries from other potentially responsible parties or insurance companies.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Business Combinations

We acquire businesses in the waste industry, including non-hazardous waste collection, transfer station, recycling and disposal operations, as part of our growth strategy. Businesses are included in the consolidated financial statements from the date of acquisition.

We recognize, separately from goodwill, the identifiable assets acquired and liabilities assumed at their estimated acquisition-date fair values. We measure and recognize goodwill as of the acquisition date as the excess of: (1) the aggregate of the fair value of consideration transferred, the fair value of any noncontrolling interest in the acquiree (if any) and the acquisition-date fair value of our previously held equity interest in the acquiree (if any), over (2) the fair value of assets acquired and liabilities assumed. If information about facts and circumstances existing as of the acquisition date is incomplete by the end of the reporting period in which a business combination occurs, we report provisional amounts for the items for which the accounting is incomplete. The measurement or allocation period ends once we receive the information we are seeking; however, this period will not exceed one year from the acquisition date. Any material adjustments recognized during the measurement period will be reflected retrospectively in the consolidated financial statements of the subsequent period. We will recognize third-party transaction related costs as expense currently in the period in which they are incurred.

Goodwill and Other Intangible Assets

We annually test goodwill for impairment at December 31 or when an indicator of impairment exists. We test goodwill for impairment using the two-step process. The first step is a screen for potential impairment, while the second step measures the amount of the impairment, if any. The first step of the goodwill impairment test compares the fair value of a reporting unit with its carrying amount, including goodwill.

We have defined our reporting units to be consistent with our operating segments: East, Central and West. In determining fair value, we primarily use discounted future cash flows and operating results based on a comparative multiple of earnings or revenues.

Significant estimates used in our fair value calculation using discounted future cash flows include: (1) estimates of future revenue and expense growth by reporting unit, which we estimate to range from 2% to 3% annually; (2) future estimated effective tax rates, which we estimate to be 40%; (3) future estimated capital expenditures and future required investments in working capital; (4) estimated discount rates, which we estimate to range between 7% and 8%; and (5) the future terminal value of the reporting unit, which is based on its ability to exist into perpetuity. Significant estimates used in the fair value calculation utilizing market value multiples include: (a) estimated future growth potential of the reporting unit; (b) estimated multiples of revenue or earnings a willing buyer is likely to pay; and (c) estimated control premium a willing buyer is likely to pay.

In addition, we evaluate a reporting unit for impairment if events or circumstances change between annual tests, indicating a possible impairment. Examples of such events or circumstances include: (1) a significant adverse change in legal factors or in the business climate; (2) an adverse action or assessment by a regulator; (3) a more likely than not expectation that a reporting unit or a significant portion thereof will be sold; (4) continued or sustained losses at a reporting unit; (5) a significant decline in our market capitalization as compared to our book value; or (6) the testing for recoverability of a significant asset group within the reporting unit.

We assign assets and liabilities from our corporate operating segment to our three reporting units to the extent that such assets or liabilities relate to the cash flows of the reporting unit and would be included in determining the reporting unit's fair value.

In preparing our annual test for impairment as of December 31, 2012, we determined that our indicated fair value of total invested capital exceeded our total market capitalization. We believe one of the primary reconciling

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

differences between the indicated fair value of total invested capital and our total market capitalization is due to a control premium. We believe the control premium represents the value a market participant could extract as savings or synergies by obtaining control, and thereby eliminating duplicative overhead and operating costs resulting from consolidating routes and internalizing waste streams.

As of December 31, 2012, we determined that the indicated fair value of our reporting units exceeded their carrying value by a range of approximately 30% to 40% and, therefore, we noted no indicators of impairment at our reporting units.

We will continuously monitor market trends in our business, the related expected cash flows and our calculation of market capitalization for purposes of identifying possible indicators of impairment. If our book value per share exceeds our market price per share or if we have other indicators of impairment, we will be required to perform an interim step one impairment analysis, which may lead to a step two analysis and possible impairment of our goodwill. Additionally, we would then be required to review our remaining long-lived assets for impairment.

Our operating segments, which also represent our reporting units, are comprised of several vertically integrated businesses. When an individual business within an integrated operating segment is divested, goodwill is allocated to that business based on its fair value relative to the fair value of its operating segment.

Other intangible assets include values assigned to customer relationships, long-term contracts, covenants not to compete and trade names, and are amortized generally on a straight-line basis over periods ranging from 1 to 23 years.

Asset Impairments

We continually consider whether events or changes in circumstances have occurred that may warrant revision of the estimated useful lives of our long-lived assets (other than goodwill) or whether the remaining balances of those assets should be evaluated for possible impairment. Long-lived assets include, for example, capitalized landfill costs, other property and equipment, and identifiable intangible assets. Events or changes in circumstances that may indicate that an asset may be impaired include the following:

- A significant decrease in the market price of an asset or asset group,
- A significant adverse change in the extent or manner in which an asset or asset group is being used or in its physical condition,
- A significant adverse change in legal factors or in the business climate that could affect the value of an asset or asset group, including an adverse action or assessment by a regulator,
- An accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of a long-lived asset,
- A current period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with the use of a long-lived asset or asset group,
- A current expectation that, more likely than not, a long-lived asset or asset group will be sold or otherwise disposed of significantly before the end of its previously estimated useful life, or
- An impairment of goodwill at a reporting unit.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

There are certain indicators listed above that require significant judgment and understanding of the waste industry when applied to landfill development or expansion. For example, a regulator may initially deny a landfill expansion permit application though the expansion permit is ultimately granted. In addition, management may periodically divert waste from one landfill to another to conserve remaining permitted landfill airspace. Therefore, certain events could occur in the ordinary course of business and not necessarily be considered indicators of impairment due to the unique nature of the waste industry.

If indicators of impairment exist, the asset or asset group is reviewed to determine whether its recoverability is impaired. We assess the recoverability of the asset or asset group by comparing its carrying value to an estimate (or estimates) of its undiscounted future cash flows over its remaining life. If the estimated undiscounted cash flows are not sufficient to recover the carrying value of the asset or asset group, we measure an impairment loss as the amount by which the carrying amount of the asset exceeds its fair value. The loss is recorded in the consolidated statement of income in the period in which such impairment is identified. Estimating future cash flows requires significant judgment, and our projections of future cash flows and remaining useful lives may vary materially from actual results.

Self-Insurance Reserves

Our insurance programs for workers' compensation, commercial general and auto liability, environmental and remediation liability, and employee-related health care benefits are either self-insured or subject to large deductible insurance policies. Accruals for self-insurance reserves are based on claims filed and estimates of claims incurred but not reported. We consider our past claims experience, including both frequency and settlement amount of claims, in determining these estimates. It is possible that recorded reserves may not be adequate to cover the future payment of claims. Adjustments, if any, to estimates recorded resulting from ultimate claim payments will be reflected in the consolidated statements of income in the periods in which such adjustments are known. In general, our self-insurance reserves are recorded on an undiscounted basis. However, the self-insurance liabilities we acquired in the Allied acquisition have been recorded at estimated fair value, and, therefore, have been discounted to present value based on our estimate of the timing of the related cash flows.

As we are the primary obligor for payment of all claims, we report our insurance claim liabilities on a gross basis in other current and long-term liabilities and any associated recoveries from our insurers are recorded in other assets.

Discontinued Operations

We analyze our operations that have been divested or classified as held-for-sale to determine if they qualify for discontinued operations accounting. Only operations that qualify as a component of an entity under U.S. GAAP can be included in discontinued operations. In addition, only components where we do not have significant continuing involvement with the divested operations would qualify for discontinued operations accounting. For our purposes, continuing involvement would include continuing to receive waste at our landfill or recycling facility from a divested hauling operation or transfer station or continuing to dispose of waste at a divested landfill or transfer station.

Costs Associated with Exit Activities

We record costs associated with exit activities such as employee termination benefits that represent a one-time benefit when management approves and commits to a plan of termination, and communicates the termination arrangement to the employees, or over the future service period, if any. Other costs associated with exit activities may include contract termination costs, including costs related to leased facilities to be abandoned or subleased, and facility and employee relocation costs.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Contingent Liabilities

We are subject to various legal proceedings, claims and regulatory matters, the outcomes of which are subject to significant uncertainty. In general, we determine whether to disclose or accrue for loss contingencies based on an assessment of whether the risk of loss is remote, reasonably possible or probable and whether it can be reasonably estimated. We assess our potential liability relating to litigation and regulatory matters based on information available to us. Management develops its assessment based on an analysis of possible outcomes under various strategies. We accrue for loss contingencies when such amounts are probable and reasonably estimable. If a contingent liability is only reasonably possible, we disclose the potential range of the loss, if estimable. Contingent liabilities recorded in purchase accounting are recorded at their fair values. These fair values may be different from the values we would have otherwise recorded, had the contingent liability not been assumed as part of an acquisition of a business.

Accumulated Other Comprehensive Income

Accumulated other comprehensive income is a component of stockholders' equity and includes the effective portion of the net changes in fair value of our cash flow hedges that consist of prices for diesel fuel and recyclable materials, net of tax, settlement and amortization of our interest rate locks and certain adjustments to liabilities associated with our employee benefit plan liabilities, net of tax.

Revenue Recognition

We generally provide services under contracts with municipalities or individual customers. Municipal and commercial contracts are generally long-term and often have renewal options. Advance billings are recorded as deferred revenue, and revenue is recognized over the period services are provided. No single customer has individually accounted for more than 3% of our consolidated revenue or of our reportable segment revenue in any of the past three years.

We recognize revenue when all four of the following criteria are met:

- Persuasive evidence of an arrangement exists such as a service agreement with a municipality, a hauling customer or a disposal customer,
- Services have been performed such as the collection and hauling of waste or the disposal of waste at a disposal facility we own or operate,
- The price of the services provided to the customer is fixed or determinable, and
- Collectibility is reasonably assured.

Income Taxes

We are subject to income taxes in the United States and Puerto Rico. We record deferred income taxes to reflect the effects of temporary differences between the carrying amounts of assets and liabilities and their tax bases using enacted tax rates that we expect to be in effect when the taxes are actually paid or recovered.

We record net deferred tax assets to the extent we believe these assets will more likely than not be realized. In making these determinations, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, tax planning strategies, projected future taxable income and recent financial operating results. If we determine that we would be able to realize a deferred income tax asset in the future in excess of its net recorded amount, we would make an adjustment to the valuation allowance which would reduce the provision for income taxes.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

A tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. Income tax positions must meet a more-likely-than-not recognition threshold at the effective date to be recognized.

We recognize interest and penalties related to uncertain tax positions in the provision for income taxes in the accompanying consolidated statements of income. Accrued interest and penalties are included in other accrued liabilities, and deferred income taxes and other long-term tax liabilities, in the consolidated balance sheets.

Defined Benefit Pension Plan

We currently have one qualified defined pension plan, the BFI Retirement Plan (the Plan). The Plan covers certain current and former employees of Allied in the United States, including some employees subject to collective bargaining agreements. The Plan's benefit formula is based on a percentage of compensation as defined in the Plan document. However, the benefits of approximately 97% of the current plan participants were frozen upon Allied's acquisition of BFI in 1999.

Our pension contributions are made in accordance with funding standards established by the Employee Retirement Income Security Act of 1974 (ERISA) and the Internal Revenue Code (IRC), as amended by the Pension Protection Act of 2006. The Plan's assets have been invested as determined by our Retirement Benefits Committee. We annually review and adjust the Plan's asset allocation as deemed necessary.

The benefit obligation and associated income or expense related to the Plan are determined using annually established assumptions for discount rates, expected rates of return and average rates for compensation increases. We determine the discount rate based on a model that matches the timing and amount of expected benefit payments to maturities of high quality bonds priced as of the pension plan measurement date. When that timing does not correspond to a published high-quality bond rate, our model uses an expected yield curve to determine an appropriate current discount rate. The yields on the bonds are used to derive a discount rate for the liability. In developing our expected rate of return assumption, we evaluate long-term expected and historical actual returns on the plan assets, giving consideration to our asset mix and the anticipated duration of our plan obligations. The average rate of compensation increase reflects our expectations of average pay increases over the periods benefits are earned. Our assumptions are reviewed annually and adjusted as deemed necessary.

Equity-Based Compensation Plans

We recognize equity-based compensation expense on the estimated grant-date fair value of stock options and similar equity instruments issued as compensation to employees over the requisite service periods.

Cash flows resulting from tax benefits related to tax deductions in excess of those recorded for compensation expense, resulting from the exercise of stock options, are classified as cash flows from financing activities. All other tax benefits related to stock options have been presented as a component of cash flows from operating activities.

We recognize compensation expense on a straight-line basis over the requisite service period for each separately vesting portion of the award, or to the employee's retirement-eligible date, if earlier.

The fair value of each option on the date of grant is estimated using a lattice binomial option-pricing model based on certain valuation assumptions. Expected volatilities are based on our historical stock prices over the contractual terms of the options and other factors. The risk-free interest rates are based on the published U.S. Treasury yield curve in effect at the time of the grant for instruments with a similar life. The dividend yield

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

reflects our dividend yield at the date of grant. The expected life represents the period that the stock options are expected to be outstanding, taking into consideration the contractual terms of the options and our employees' historical exercise and post-vesting employment termination behavior, weighted to reflect the job level demographic profile of the employees receiving the option grants. The estimated forfeiture rate used to record compensation expense is based on historical forfeitures and is adjusted periodically based on actual results.

Leases

We lease property and equipment in the ordinary course of our business. Our most significant lease obligations are for property and equipment specific to our industry, including real property operated as a landfill or transfer station and operating equipment. Our leases have varying terms. Some may include renewal or purchase options, escalation clauses, restrictions, penalties or other obligations that we consider in determining minimum lease payments. The leases are classified as either operating leases or capital leases, as appropriate.

Operating Leases

Many of our leases are operating leases. This classification generally can be attributed to either (1) relatively low fixed minimum lease payments (including, for example, real property lease payments that are not fixed and vary based on the volume of waste we receive or process), or (2) minimum lease terms that are much shorter than the assets' economic useful lives. We expect that, in the normal course of business, our operating leases will be renewed, replaced by other leases, or replaced with fixed asset expenditures.

Capital Leases

We capitalize assets acquired under capital leases at the inception of each lease and amortize them to depreciation expense over the lesser of the useful life of the asset or the lease term on either a straight-line or a units-of-consumption basis, depending on the asset leased. We record the present value of the related lease payments as a debt obligation. Our capital lease liability relates primarily to certain long-term landfill operating agreements with minimum lease payments with offsetting capital lease assets recorded as part of the landfill development costs.

Related Party Transactions

It is our policy that transactions with related parties must be on terms that, on the whole, are no less favorable than those that would be available from unaffiliated parties.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

3. BUSINESS ACQUISITIONS, DISPOSITION OF ASSETS, ASSET IMPAIRMENTS AND RESTRUCTURING CHARGES

Acquisitions

We acquired various solid waste businesses during the years ended December 31, 2012 and 2011. The aggregate cash used in these acquisitions, net of cash acquired, was \$95.3 million and \$42.6 million, respectively. The purchase price paid for these acquisitions during the year ended December 31 and the preliminary allocation of the purchase price as of December 31 are as follows (in millions):

	2012	2011
Purchase price:		
Cash used in acquisitions, net of cash acquired	\$ 95.3	\$ 42.6
Fair value of operations surrendered	-	48.3
Holdbacks	0.2	1.7
Total	95.5	92.6
Allocated as follows:		
Working capital	4.0	7.1
Property and equipment	29.1	44.5
Other liabilities, net	(5.8)	(7.8)
Value of assets acquired and liabilities assumed	27.3	43.8
Excess purchase price to be allocated	\$ 68.2	\$ 48.8
Excess purchase price to be allocated as follows:		
Other intangible assets	17.1	33.1
Goodwill	51.1	15.7
Total allocated	\$ 68.2	\$ 48.8

Substantially all of the goodwill and intangible assets recorded for these acquisitions are deductible for tax purposes.

Disposition of Assets and Asset Impairments

During the year ended December 31, 2012, we recorded a net gain on disposition of assets and impairments of \$2.7 million, primarily related to a divestiture of a collection business in our East region and certain assets associated with our rail logistics business for which we received \$9.6 million.

During the year ended December 31, 2011, we disposed of businesses in various markets, resulting in a gain of \$21.0 million including transaction costs. In connection with the dispositions, we closed a landfill, resulting in an asset impairment charge of \$28.7 million for the remaining landfill assets and the acceleration of capping, closure and post-closure obligations. Additionally, we recorded asset impairments of \$20.4 million primarily related to certain long-lived assets that are held for sale and for losses on the divestiture of certain businesses and related goodwill. Proceeds from dispositions of solid waste assets were \$14.2 million for the year ended December 31, 2011.

We divested certain assets throughout 2010 resulting in a net loss on disposition of assets of \$4.0 million, including transaction costs. Additionally, we recorded an impairment loss of \$15.1 million related to certain long-lived assets that are held and used.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Restructuring Charges

During 2012, we restructured our field and corporate operations to create a more efficient and competitive company. These changes include consolidating our field regions from four to three, and our areas from 28 to 20, relocating office space, and reducing administrative staffing levels. During 2012, we incurred \$11.1 million of restructuring charges that consisted of severance and other employee termination benefits, relocation benefits, and the closure of offices with lease agreements with non-cancellable terms ranging from 2 to 5 years. As of December 31, 2012, \$9.0 million remains accrued for severance and other employee termination benefits and lease exit costs. We expect to incur approximately \$15 million of additional expense during 2013 related to such activities. Substantially all of these charges were or will be recorded in our corporate segment and we expect the remaining charges will be paid primarily during 2013.

During the year ended December 31, 2010, we incurred \$11.4 million, net of adjustments, of restructuring and integration charges related to the Allied acquisition. These charges consisted of severance and other employee termination and relocation benefits as well as consulting and professional fees. We completed our restructuring plan in 2010.

4. PROPERTY AND EQUIPMENT, NET

A summary of property and equipment as of December 31 is as follows:

	<u>2012</u>	<u>2011</u>
Other land	\$ 376.9	\$ 375.1
Non-depletable landfill land	166.0	161.8
Landfill development costs	5,018.0	4,763.3
Vehicles and equipment	4,946.4	4,515.1
Buildings and improvements	864.2	802.8
Construction-in-progress-landfill	134.5	187.3
Construction-in-progress-other	53.3	47.3
	<u>11,559.3</u>	<u>10,852.7</u>
Less: Accumulated depreciation, depletion and amortization:		
Landfill development costs	(1,896.4)	(1,735.7)
Vehicles and equipment	(2,512.3)	(2,119.1)
Buildings and improvements	(240.3)	(205.6)
	<u>(4,649.0)</u>	<u>(4,060.4)</u>
Property and equipment, net	<u>\$ 6,910.3</u>	<u>\$ 6,792.3</u>

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

5. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

Goodwill

A summary of the activity and balances in our goodwill accounts by operating segment is as follows:

	Balance at December 31, 2011	Acquisitions	Divestitures	Adjustments to Acquisitions	Balance at December 31, 2012
East	\$ 3,003.5	\$ 16.4	\$ (3.9)	\$ (1.1)	\$ 3,014.9
Central	3,234.6	9.7	-	(1.6)	3,242.7
West	4,408.9	25.0	-	(1.5)	4,432.4
Total	\$ 10,647.0	\$ 51.1	\$ (3.9)	\$ (4.2)	\$ 10,690.0

	Balance at December 31, 2010	Acquisitions	Divestitures	Adjustments to Acquisitions	Balance at December 31, 2011
East	\$ 3,015.4	\$ 8.6	\$ (20.2)	\$ (0.3)	\$ 3,003.5
Central	3,227.8	6.3	-	0.5	3,234.6
West	4,412.1	0.8	(3.6)	(0.4)	4,408.9
Total	\$ 10,655.3	\$ 15.7	\$ (23.8)	\$ (0.2)	\$ 10,647.0

Adjustments to acquisitions for the year ended December 31, 2012 and 2011 primarily related to deferred tax asset adjustments resulting from the exercise of legacy Allied stock options, which were recorded to goodwill in purchase accounting.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Other Intangible Assets, Net

Other intangible assets, net, include values assigned to customer relationships, franchise agreements, other municipal agreements, non-compete agreements and trade names, and are amortized over periods ranging from 1 to 23 years. A summary of the activity and balances in other intangible assets accounts by intangible asset type is as follows:

	Gross Intangible Assets			Accumulated Amortization			Net Intangibles at December 31, 2012	
	Balance at December 31, 2011	Acquisitions	Adjustments to Acquisitions/ Divestitures	Balance at December 31, 2012	Balance at December 31, 2011	Additions Charged to Expense		Balance at December 31, 2012
Customer relationships, franchise and other municipal agreements	\$ 566.2	\$ 12.9	\$ (0.1)	\$ 579.0	\$ (194.4)	\$ (58.0)	\$ (252.4)	\$ 326.6
Trade names	30.0	-	-	30.0	(18.5)	(6.0)	(24.5)	5.5
Non-compete agreements	16.9	3.5	-	20.4	(9.3)	(2.7)	(12.0)	8.4
Other intangible assets	62.9	0.7	(0.1)	63.5	(44.2)	(1.1)	(45.3)	18.2
Total	\$ 676.0	\$ 17.1	\$ (0.2)	\$ 692.9	\$ (266.4)	\$ (67.8)	\$ (334.2)	\$ 358.7

	Gross Intangible Assets			Accumulated Amortization			Net Intangibles at December 31, 2011	
	Balance at December 31, 2010	Acquisitions	Adjustments to Acquisitions/ Divestitures	Balance at December 31, 2011	Balance at December 31, 2010	Additions Charged to Expense		Balance at December 31, 2011
Customer relationships, franchise and other municipal agreements	\$ 537.1	\$ 29.1	\$ -	\$ 566.2	\$ (130.7)	\$ (63.7)	\$ (194.4)	\$ 371.8
Trade names	30.0	-	-	30.0	(12.5)	(6.0)	(18.5)	11.5
Non-compete agreements	12.9	4.0	-	16.9	(7.2)	(2.1)	(9.3)	7.6
Other intangible assets	62.9	-	-	62.9	(41.2)	(3.0)	(44.2)	18.7
Total	\$ 642.9	\$ 33.1	\$ -	\$ 676.0	\$ (191.6)	\$ (74.8)	\$ (266.4)	\$ 409.6

Based on the amortizable assets recorded in the balance sheet at December 31, 2012, amortization expense for each of the next five years is estimated to be as follows:

2013	\$ 65.4
2014	59.6
2015	59.1
2016	57.8
2017	56.4

6. OTHER ASSETS

Prepaid Expenses and Other Current Assets

A summary of prepaid expenses and other current assets as of December 31 is as follows:

	2012	2011
Inventories	\$ 34.5	\$ 35.2
Prepaid expenses	54.4	53.4
Other non-trade receivables	39.6	54.5
Income tax receivable	69.0	68.4
Commodity and fuel hedge asset	4.1	3.0
Other current assets	7.7	1.4
Total	\$ 209.3	\$ 215.9

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Other Assets

A summary of other assets as of December 31 is as follows:

	<u>2012</u>	<u>2011</u>
Deferred financing costs	\$ 58.8	\$ 54.6
Deferred compensation plan	49.9	34.5
Notes and other receivables	17.9	31.6
Reinsurance receivable	59.7	58.0
Other	76.1	68.6
Total	\$ 262.4	\$ 247.3

7. OTHER LIABILITIES

Other Accrued Liabilities

A summary of other accrued liabilities as of December 31 is as follows:

	<u>2012</u>	<u>2011</u>
Accrued payroll and benefits	\$ 157.1	\$ 168.9
Accrued fees and taxes	124.2	115.3
Self-insurance reserves, current portion	135.5	114.4
Accrued dividends	84.9	81.4
Synergy incentive plan	-	68.1
Current tax liabilities	2.1	29.4
Restructuring liabilities	9.0	0.3
Accrued professional fees and legal settlement reserves	34.6	81.3
Other	76.2	93.4
Total	\$ 623.6	\$ 752.5

Other accrued liabilities include the fair value of fuel and recycling commodity hedges of \$1.6 million and \$5.4 million at December 31, 2012 and 2011 respectively.

Other Long-Term Liabilities

A summary of other long-term liabilities as of December 31 is as follows:

	<u>2012</u>	<u>2011</u>
Deferred compensation plan liability	\$ 50.0	\$ 31.4
Pension and other post-retirement liabilities	12.7	46.8
Legal settlement reserves	36.4	59.3
Ceded insurance reserves	59.7	58.0
Withdrawal liability – Central States Pension Fund	30.7	-
Other	31.4	26.6
Total	\$ 220.9	\$ 222.1

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Self-Insurance Reserves

In general, our self-insurance reserves are recorded on an undiscounted basis. However, our estimate of the self-insurance liabilities assumed in the Allied acquisition have been recorded at fair value, and, therefore, have been discounted to present value using a rate of 9.75%. Discounted reserves are accreted to non-cash interest expense through the period that they are paid.

Our liabilities for unpaid and incurred but not reported claims at December 31, 2012 (which includes claims for workers' compensation, general liability, vehicle liability, environmental liability and employee health care benefits) were \$426.4 million under our risk management program and are included in other accrued liabilities and self-insurance reserves, net of current portion in our consolidated balance sheets. While the ultimate amount of claims incurred is dependent on future developments, we believe recorded reserves are adequate to cover the future payment of claims. However, it is possible that recorded reserves may not be adequate to cover the future payment of claims. Adjustments, if any, to estimates recorded resulting from ultimate claim payments will be reflected in our consolidated statements of income in the periods in which such adjustments are known. The following table summarizes the activity in our self-insurance reserves for the years ended December 31:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Balance at beginning of year	\$ 418.3	\$ 417.2	\$ 412.9
Additions charged to expense	385.5	367.3	364.9
Payments	(381.6)	(372.1)	(368.9)
Accretion expense	4.2	5.9	8.3
Balance at end of year	<u>426.4</u>	<u>418.3</u>	<u>417.2</u>
Less: current portion	(135.5)	(114.4)	(112.7)
Long-term portion	<u>\$ 290.9</u>	<u>\$ 303.9</u>	<u>\$ 304.5</u>

8. LANDFILL AND ENVIRONMENTAL COSTS

As of December 31, 2012, we owned or operated 191 active solid waste landfills with total available disposal capacity of approximately 4.8 billion in-place cubic yards. Additionally, we currently have post-closure responsibility for 128 closed landfills.

Accrued Landfill and Environmental Costs

A summary of our landfill and environmental liabilities as of December 31 is as follows:

	<u>2012</u>	<u>2011</u>
Landfill final capping, closure and post-closure liabilities	\$ 1,052.4	\$ 1,037.0
Remediation	563.7	543.7
Total accrued landfill and environmental costs	<u>1,616.1</u>	<u>1,580.7</u>
Less: Current portion	(195.5)	(184.2)
Long-term portion	<u>\$ 1,420.6</u>	<u>\$ 1,396.5</u>

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Final Capping, Closure and Post-Closure Costs

The following table summarizes the activity in our asset retirement obligation liabilities, which include liabilities for final capping, closure and post-closure, for the years ended December 31:

	2012	2011	2010
Asset retirement obligation liabilities, beginning of year	\$ 1,037.0	\$ 1,046.5	\$ 1,074.5
Non-cash additions	33.8	33.9	31.4
Acquisitions and other adjustments	(14.6)	15.8	(3.0)
Asset retirement obligation adjustments	(4.6)	(31.5)	(27.9)
Payments	(77.6)	(105.7)	(111.3)
Accretion expense	78.4	78.0	80.5
Adjustments to liabilities related to assets held for sale	-	-	2.3
Asset retirement obligation liabilities, end of period	1,052.4	1,037.0	1,046.5
Less: Current portion	(110.4)	(85.2)	(93.9)
Long-term portion	<u>\$ 942.0</u>	<u>\$ 951.8</u>	<u>\$ 952.6</u>

The initial liabilities recorded as part of the Allied acquisition were developed using provisional amounts based upon information available at that time. During 2009, we gathered and assessed new information about the facts and circumstances surrounding our sites, and, as a result, increased the fair value of our closure and post-closure reserves by \$72.3 million. The amounts we have recorded for these obligations are not comparable to the amounts Allied recorded. As part of the initial application of purchase accounting, we have recorded these obligations at their estimated fair values, inflated them to the expected payment date and then discounted the obligations using our credit-adjusted, risk-free rate at the time of the acquisition of 9.75%. Any further adjustments to our final capping, closure and post-closure liabilities will be reflected prospectively in our consolidated statement of income in the periods in which such adjustments become known.

We review our landfill asset retirement obligations annually. As a result, we recorded a net increase in amortization expense of \$4.9 million for 2012 and a net decrease in amortization expense of \$9.6 million and \$10.2 million for 2011 and 2010, respectively, primarily related to changes in estimates and assumptions concerning the anticipated waste flow, cost and timing of future final capping, closure and post-closure activities.

The fair value of assets that are legally restricted for purposes of settling final capping, closure and post-closure obligations was approximately \$54.8 million at December 31, 2012 and is included in restricted cash and marketable securities in our consolidated balance sheet.

The expected future payments for final capping, closure and post-closure as of December 31, 2012 are as follows:

2013	\$ 110.4
2014	110.1
2015	109.4
2016	77.0
2017	76.4
Thereafter	4,829.6
	<u>\$ 5,312.9</u>

The estimated remaining final capping, closure and post-closure expenditures presented above are not inflated and not discounted and reflect the estimated future payments for liabilities incurred and recorded as of December 31, 2012.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Environmental Remediation Liabilities

We accrue for remediation costs when they become probable and can be reasonably estimated. There can sometimes be a range of reasonable estimates of the costs associated with remediation of a site. In these cases, we use the amount within the range that constitutes our best estimate. If no amount within the range appears to be a better estimate than any other, we use the amount that is at the low end of such range. It is reasonably possible that we will need to adjust the liabilities recorded for remediation to reflect the effects of new or additional information, to the extent such information impacts the costs, timing or duration of the required actions. If we used the reasonably possible high ends of our ranges, our aggregate potential remediation liability at December 31, 2012 would be approximately \$374 million higher than the amounts recorded. Future changes in our estimates of the cost, timing or duration of the required actions could have a material adverse effect on our consolidated financial position, results of operations or cash flows.

The following table summarizes the activity in our environmental remediation liabilities for the years ended December 31:

	2012	2011	2010
Remediation liabilities, beginning of year	\$ 543.7	\$ 552.1	\$ 554.1
Acquisitions and other adjustments	-	-	1.5
Additions charged to expense	62.4	3.6	17.9
Payments	(73.1)	(45.0)	(50.5)
Accretion expense (non-cash interest expense)	30.7	33.0	29.1
Remediation liabilities, end of period	563.7	543.7	552.1
Less: Current portion	(85.1)	(99.0)	(88.1)
Long-term portion	<u>\$ 478.6</u>	<u>\$ 444.7</u>	<u>\$ 464.0</u>

The expected undiscounted future payments for remediation costs as of December 31, 2012 are as follows:

2013	\$ 85.1
2014	60.7
2015	38.4
2016	29.6
2017	29.3
Thereafter	<u>356.4</u>
	<u>\$599.5</u>

The following is a discussion of certain of our significant remediation matters:

Missouri Closed Landfill. During 2012, we encountered certain environmental issues at a closed landfill in Missouri. During 2012, we recorded a charge of \$74.1 million to manage the remediation area as well as future monitoring of the site. The remediation liability for this site is \$64.2 million as of December 31, 2012, of which \$14.5 million is expected to be paid during 2013. We believe the reasonably possible range of loss for remediation costs is \$50 million to \$240 million.

Countywide Landfill. In September 2009, Republic Services of Ohio II, LLC entered into Final Findings and Orders with the Ohio Environmental Protection Agency that require us to implement a comprehensive operation and maintenance program to manage the remediation area at the Countywide Recycling and Disposal Facility (Countywide). The remediation liability for Countywide recorded as of December 31, 2012 is \$52.4 million, of which \$4.4 million is expected to be paid during 2013. We believe the reasonably possible range of loss for remediation costs is \$50 million to \$71 million.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Congress Landfill. In August 2010, Congress Development Company agreed with the State of Illinois to have a Final Consent Order (Final Order) entered by the Circuit Court of Illinois, Cook County. Pursuant to the Final Order, we have agreed to continue to implement certain remedial activities at the Congress Landfill. The remediation liability recorded as of December 31, 2012 is \$83.4 million, of which \$7.5 million is expected to be paid during 2013. We believe the reasonably possible range of loss for remediation costs is \$53 million to \$153 million.

It is reasonably possible that we will need to adjust the liabilities noted above to reflect the effects of new or additional information, to the extent that such information impacts the costs, timing or duration of the required actions. Future changes in our estimates of the costs, timing or duration of the required actions could have a material adverse effect on our consolidated financial position, results of operations or cash flows.

9. DEBT

Our notes payable, capital leases and long-term debt at December 31, 2012 and 2011 are listed in the following table, and are presented net of adjustments to fair value related to hedging transactions.

Maturity	Interest Rate	2012			2011		
		Principal	Discount	Carry Value	Principal	Discount	Carry Value
Credit facilities:							
Uncommitted revolver	Variable	\$ 13.9	\$ -	\$ 13.9	\$ -	\$ -	-
September 2013	Variable	-	-	-	17.2	-	17.2
April 2016	Variable	25.0	-	25.0	17.2	-	17.2
May 2017	Variable	-	-	-	-	-	-
Senior notes:							
June 2017	6.875	-	-	-	750.0	(75.8)	674.2
May 2018	3.800	700.0	(0.2)	699.8	700.0	(0.2)	699.8
September 2019	5.500	650.0	(3.4)	646.6	650.0	(3.8)	646.2
March 2020	5.000	850.0	(0.1)	849.9	850.0	(0.1)	849.9
November 2021	5.250	600.0	-	600.0	600.0	-	600.0
June 2022	3.550	850.0	(2.2)	847.8	-	-	-
May 2023	4.750	550.0	(1.3)	548.7	550.0	(1.4)	548.6
March 2035	6.086	275.7	(24.9)	250.8	275.7	(25.5)	250.2
March 2040	6.200	650.0	(0.5)	649.5	650.0	(0.5)	649.5
May 2041	5.700	600.0	(3.4)	596.6	600.0	(3.4)	596.6
Debentures:							
May 2021	9.250	35.3	(1.9)	33.4	35.3	(2.0)	33.3
September 2035	7.400	165.2	(41.4)	123.8	165.2	(41.9)	123.3
Tax-exempt:							
2013 - 2037	0.130 - 5.625	1,097.9	(0.4)	1,097.5	1,142.2	(15.8)	1,126.4
Other:							
2013 - 2046	5.000 - 11.900	87.2	-	87.2	89.4	-	89.4
Total Debt		<u>\$7,150.2</u>	<u>\$ (79.7)</u>	<u>7,070.5</u>	<u>\$7,092.2</u>	<u>\$ (170.4)</u>	<u>6,921.8</u>
Less: current portion				(19.4)			
Long-term portion				<u>\$ 7,051.1</u>	<u>\$ 6,887.0</u>		

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Loss on Extinguishment of Debt

During 2012, 2011 and 2010, we completed financing transactions that resulted in cash paid for premiums and professional fees to repurchase debt as well as the non-cash write-off of unamortized debt discounts and deferred issuance costs. The following table summarizes the loss on extinguishment of debt for the years ended December 31, 2012, 2011, and 2010:

	Principal Repaid	Cash Paid in Loss on Extinguishment of Debt	Non-cash Loss on Extinguishment of Debt	Total Loss on Extinguishment of Debt
2012				
Amendments to Credit Facilities	\$ -	\$ -	\$ 1.5	\$ 1.5
\$750.0 million 6.875% senior notes due June 2017	750.0	25.8	71.0	96.8
Tax-exempt financings	94.0	-	14.2	14.2
Ineffective portion of interest rate lock settlements	-	0.1	-	0.1
Loss on extinguishment of debt for the year ended December 31, 2012		<u>\$ 25.9</u>	<u>\$ 86.7</u>	<u>\$ 112.6</u>
2011				
\$600.0 million 7.125% senior notes due May 2016	\$ 600.0	\$ 21.4	\$ 61.3	\$ 82.7
\$99.5 million 9.250% debentures due May 2021	64.2	24.2	3.8	28.0
\$360.0 million 7.400% debentures due September 2035	194.8	44.7	49.9	94.6
Amendments to Credit Facilities	-	-	1.7	1.7
Ineffective portion of interest rate lock settlements	-	0.3	-	0.3
Tax-exempt financings	30.0	-	3.5	3.5
Loss on extinguishment of debt for the year ended December 31, 2011		<u>\$ 90.6</u>	<u>\$ 120.2</u>	<u>\$ 210.8</u>
2010				
\$425.0 million 6.125% senior notes due February 2014	\$ 425.0	\$ 8.7	\$ 44.1	\$ 52.8
\$600.0 million 7.250% senior notes due March 2015	600.0	21.8	57.5	79.3
Accounts receivable securitization program	300.0	-	0.2	0.2
Tax-exempt financings	480.3	-	28.5	28.5
Loss on extinguishment of debt for the year ended December 31, 2010		<u>\$ 30.5</u>	<u>\$ 130.3</u>	<u>\$ 160.8</u>

Credit Facilities

In May 2012, we amended and restated our \$1.25 billion unsecured revolving credit facility due September 2013 (the Amended and Restated Credit Facility) to extend the maturity to May 2017. The Amended and Restated Credit Facility includes a feature that allows us to increase availability, at our option, by an aggregate amount up to \$500 million through increased commitments from existing lenders or the addition of new lenders. At our option, borrowings under the Amended and Restated Credit Facility bear interest at a Base Rate, or a Eurodollar Rate, plus an applicable margin based on our Debt Ratings (all as defined in the agreements).

Contemporaneous with the execution of the Amended and Restated Credit Facility, we entered into Amendment No. 1 to our existing \$1.25 billion unsecured credit facility (the Existing Credit Facility and, together with the Amended and Restated Credit Facility, the Credit Facilities) to reduce the commitments under the Existing Credit Facility to \$1.0 billion and conform certain terms of the Existing Credit Facility to those of the Amended and Restated Credit Facility. Amendment No. 1 does not extend the maturity date under the Existing Credit Facility, which matures in April 2016.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

In connection with entering into the Credit Facilities, the guarantees by our subsidiary guarantors with respect to the Credit Facilities were released. As a result, the guarantees by our subsidiary guarantors with respect to all of Republic's outstanding senior notes were automatically released. In addition, the guarantees by all of our subsidiary guarantors (other than Allied Waste Industries, Inc. and Allied Waste North America, Inc.) with respect to the 9.250% debentures and the 7.400% debentures issued by our subsidiary Browning-Ferris Industries, LLC (successor to Browning-Ferris Industries, Inc.) also were automatically released.

As of December 31, 2012 and 2011, the interest rate for our borrowings under our Credit Facilities was 1.32% and 3.25%, respectively. Our Credit Facilities also are subject to facility fees based on applicable rates defined in the agreements and the aggregate commitments, regardless of usage. Availability under our Credit Facilities can be used for working capital, capital expenditures, letters of credit and other general corporate purposes. The agreements governing our Credit Facilities require us to comply with certain financial and other covenants. We may pay dividends and repurchase common stock if we are in compliance with these covenants. As of December 31, 2012 and 2011, we had \$25.0 million and \$34.4 million of Base Rate – Prime and Eurodollar Rate borrowings, respectively. We had \$909.4 million and \$950.2 million of letters of credit using availability under our Credit Facilities, leaving \$1,315.6 million and \$1,515.4 million of availability under our Credit Facilities at December 31, 2012 and 2011, respectively. We were in compliance with the covenants under our Credit Facilities as of December 31, 2012.

In March 2012, we entered into a new \$75.0 million uncommitted, unsecured credit facility agreement (the Uncommitted Credit Facility) bearing interest at LIBOR, plus an applicable margin. In July 2012, we amended the Uncommitted Credit Facility to increase the size to \$125.0 million, with all other terms remaining unchanged. As of December 31, 2012, the interest rate for our borrowings under our Uncommitted Credit Facility was 1.35%. Our Uncommitted Credit Facility also is subject to facility fees defined in the agreement, regardless of usage. We can use borrowings under the Uncommitted Credit Facility for working capital and other general corporate purposes. The agreements governing our Uncommitted Credit Facility require us to comply with certain covenants. The Uncommitted Credit Facility may be terminated by either party at any time. As of December 31, 2012, we had \$13.9 million of LIBOR borrowings.

Senior Notes and Debentures

In June 2012, we issued \$850.0 million of 3.550% senior notes due 2022 (the 3.550% Notes). The 3.550% Notes are unsubordinated and unsecured obligations. We used the net proceeds from the 3.550% Notes to fund the redemption of our subsidiary's, Allied Waste North America, Inc., \$750.0 million 6.875% senior notes maturing in 2017 and for general corporate purposes.

In August 2011, our 6.750% senior notes matured. We used cash on hand and incremental borrowings under our Credit Facilities to repay \$387.0 million of principal due on these notes.

In May 2011, we issued \$700.0 million of 3.800% senior notes due 2018 (the 3.800% Notes), \$550.0 million of 4.750% senior notes due 2023 (the 4.750% Notes) and \$600.0 million of 5.700% senior notes due 2041 (the 5.700% Notes, together with the 3.800% Notes and the 4.750% Notes, the 2011 Notes). We used the net proceeds from the 2011 Notes as follows: (a) \$621.4 million to fund the redemption of our \$600.0 million 7.125% senior notes maturing in 2016; (b) \$81.6 million to purchase \$59.2 million of our subsidiary Browning-Ferris Industries, LLC's 9.250% debentures maturing in 2021; (c) \$221.8 million to purchase \$180.7 million of our subsidiary Browning-Ferris Industries, LLC's 7.400% debentures maturing in 2035; (d) \$619.0 million to repay borrowings under our Credit Facilities; and (e) the remainder for general corporate purposes. In May 2011, our 6.375% senior notes matured. We used cash on hand and incremental borrowings under our Credit Facilities to repay \$216.9 million of principal due on these notes.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

In February 2011, our 5.750% senior notes matured. We used cash on hand and incremental borrowings under our Credit Facilities to repay \$262.9 million of principal due on these notes.

In November 2010, our 6.50% senior notes matured. We used cash on hand and incremental borrowings under our Credit Facilities to repay \$221.6 million of principal due on these notes.

In March 2010, we issued \$850.0 million of 5.00% senior notes due 2020 (the 2020 Notes), with an unamortized discount of \$0.1 million at December 31, 2010, and \$650.0 million of 6.20% senior notes due 2040 (the 2040 Notes, and, together with the 2020 Notes, the 2010 Notes). We used the net proceeds from the 2010 Notes as follows: (a) \$433.7 million to redeem the 6.125% senior notes due 2014 at a premium of 102.042% (\$425.0 million principal outstanding); (b) \$621.8 million to redeem the 7.250% senior notes due 2015 at a premium of 103.625% (\$600.0 million principal outstanding); and (c) the remainder to reduce amounts outstanding under our Credit Facilities and for general corporate purposes.

Our senior notes are general senior unsecured obligations. Interest is payable semi-annually. These senior notes have a make-whole call provision that is exercisable at any time prior to the respective maturity dates per the debt table above at a stated redemption price.

The 9.250% Debentures are not redeemable prior to maturity and are not subject to any sinking fund requirements. The 7.400% Debentures are not subject to any sinking fund requirements and may be redeemed in whole or in part, at our option at any time. The redemption price is equal to the greater of the principal amount of the debentures and the present value of the future principal and interest payments discounted at a rate specified under the terms of the indenture.

Tax-Exempt Financings

As of December 31, 2012 and 2011, we had \$1,097.5 million and \$1,126.4 million, respectively, of fixed and variable rate tax-exempt financings outstanding with maturities ranging from 2013 to 2037. As of December 31, 2012 and 2011, the total of the unamortized adjustment to fair value recorded in purchase accounting for the tax-exempt financings assumed from Allied was \$0.4 million and \$15.8 million, respectively, which is being amortized to interest expense over the remaining terms of the debt.

Approximately 85% of our tax-exempt financings are remarketed quarterly, weekly or daily by a remarketing agent to effectively maintain a variable yield. Certain of these variable rate tax-exempt financings are credit enhanced with letters of credit having terms in excess of one year issued by banks with investment grade credit ratings. The holders of the bonds can put them back to the remarketing agent at the end of each interest period. To date, the remarketing agents have been able to remarket our variable rate unsecured tax-exempt bonds. These bonds have been classified as long term because of our ability and intent to refinance them using availability under our Credit Facilities, if necessary.

As of December 31, 2012, we had \$164.2 million of restricted cash and marketable securities, of which \$24.7 million represented proceeds from the issuance of tax-exempt bonds and other tax-exempt financings and will be used to fund capital expenditures under the terms of the agreements. Restricted cash and marketable securities also include amounts held in trust as a financial guarantee of our performance.

Other Debt

Other debt primarily includes capital lease liabilities of \$87.0 million and \$88.3 million as of December 31, 2012 and 2011, respectively, with maturities ranging from 2013 to 2046.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Future Maturities of Debt

Aggregate maturities of notes payable, capital leases and other long-term debt as of December 31, 2012, excluding non-cash discounts, premiums, and adjustments to fair value recorded in purchase accounting totaling \$79.7 million, are as follows:

2013	\$ 15.1
2014	15.7
2015	10.1
2016	29.1
2017	9.6
Thereafter	<u>7,070.6</u>
	<u>\$7,150.2</u>

Fair Value of Debt

The fair value of our fixed rate senior notes using observable market inputs is \$6.9 billion and \$6.3 billion at December 31, 2012 and 2011, respectively. The carrying value of these notes is \$5.8 billion and \$5.7 billion at December 31, 2012 and 2011, respectively. The carrying amounts of our remaining notes payable and tax-exempt financing approximate fair value because interest rates are variable and, accordingly, approximate current market rates for instruments with similar risk and maturities. The fair value of our debt, using significant observable market inputs (Level 2) is determined as of the balance sheet date and is subject to change.

Guarantees

We have guaranteed some of the tax-exempt bonds of our subsidiaries. If a subsidiary fails to meet its obligations associated with tax-exempt bonds as they come due, we will be required to perform under the related guarantee agreement. No additional liability has been recorded for these guarantees because the underlying obligations are reflected in our consolidated balance sheets.

Interest Paid

Interest paid was \$341.0 million, \$396.2 million and \$417.8 million for the years ended December 31, 2012, 2011 and 2010, respectively. The components of interest expense are as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Interest expense on debt and capital lease obligations	\$ 338.5	\$ 372.9	\$ 413.2
Accretion of debt discounts	12.2	25.6	52.4
Accretion of remediation and risk reserves	46.2	49.8	48.1
Less: capitalized interest	<u>(8.4)</u>	<u>(8.1)</u>	<u>(6.3)</u>
Total interest expense	<u>\$ 388.5</u>	<u>\$ 440.2</u>	<u>\$ 507.4</u>

Interest Rate Swap and Lock Agreements

Our ability to obtain financing through the capital markets is a key component of our financial strategy. Historically, we have managed risk associated with executing this strategy, particularly as it relates to fluctuations in interest rates, by using a combination of fixed and floating rate debt. We also entered into interest rate swap agreements to manage risk associated with fluctuations in interest rates. The swap agreements, with a

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

total notional value of \$210.0 million, matured in August 2011. This maturity was identical to our unsecured notes that also matured in August 2011. Under the swap agreements, we paid interest at floating rates based on changes in LIBOR and received interest at a fixed rate of 6.75%. We reduced interest expense by \$5.4 million and \$8.5 million due to periodic settlements of active swap agreements during years ended December 31, 2011 and 2010. At December 31, 2012 and 2011 we had no interest rate swap agreements outstanding.

From time to time, we enter into treasury and interest rate locks to manage exposure to fluctuations in interest rates in anticipation of future debt issuances. These transactions are accounted for as a cash flow hedges. As of December 31, 2012 and 2011, no interest rate lock cash flow hedges were outstanding.

During the second quarter 2012, we entered into a number of interest rate lock agreements having an aggregate notional amount of \$200.0 million with fixed interest rates approximating 2.20% to manage exposure to fluctuations in interest rates in anticipation of the planned issuance of the 3.550% Notes. Upon issuance of the 3.550% Notes, we terminated the interest rate locks and paid \$4.8 million to the counterparties. The effective portion of the interest rate locks, recorded as a component of accumulated other comprehensive income, was \$4.7 million, or \$2.7 million net of tax.

During the first and second quarters of 2011, we entered into a number of interest rate lock agreements having an aggregate notional amount of \$725.0 million with fixed interest rates ranging from 3.10% to 4.61% to manage exposure to fluctuations in interest rates in anticipation of the planned issuance of the 2011 Notes. Upon issuance of the 2011 Notes, we terminated the interest rate locks and paid \$36.5 million to the counterparties. The effective portion of the interest rate locks, recorded as a component of accumulated other comprehensive income, was \$36.2 million, or \$21.2 million net of tax.

During the first quarter of 2010, we entered into interest rate lock agreements having an aggregate notional amount of \$500.0 million to hedge interest rates in connection with the issuance of the 2010 Notes. Upon issuance of these notes, we terminated the interest rate locks and paid approximately \$7.0 million to the counterparties. The effective portion of the interest rate locks, recorded as a component of accumulated other comprehensive income, was \$6.4 million or \$3.7 million net of tax.

As of December 31, 2012 and December 31, 2011, the effective portion of the interest rate locks, recorded as a component of accumulated other comprehensive income, was \$24.6 million and \$23.2 million, respectively. The effective portion of the interest rate locks will be amortized as an adjustment to interest expense over the life of the issued debt using the effective interest rate method. We expect to amortize \$2.5 million over the next twelve months as a yield adjustment to our senior notes.

The effective portion of the interest rate locks amortized as a net increase to interest expense during the years ended December 31, 2012, 2011 and 2010 was \$2.2 million, \$1.4 million and \$0.4 million, respectively.

10. INCOME TAXES

The components of the provision for income taxes for the years ended December 31, are as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Current:			
Federal	\$ 228.7	\$ 201.7	\$ 253.9
State	29.2	38.6	50.2
Federal and state deferred provision	83.9	334.8	61.4
Uncertain tax positions and interest, and other	(90.0)	(257.7)	4.0
Provision for income taxes	<u>\$ 251.8</u>	<u>\$ 317.4</u>	<u>\$ 369.5</u>

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The reconciliations of the statutory federal income tax rate to our effective tax rate for the years ended December 31, are as follows:

	2012	2011	2010
Federal statutory rate	35.0%	35.0%	35.0%
State income taxes, net of federal benefit	2.5	3.2	5.4
Non-deductible expenses	1.1	1.6	2.1
Uncertain tax position taxes and interest	(4.7)	(2.5)	0.3
Other, net	(3.3)	(2.3)	(0.7)
Effective income tax rate	30.6%	35.0%	42.1%

Our 2012 effective tax rate was favorably impacted by the settlement with the IRS appeals division of Allied's federal tax years 2004 – 2008. This settlement benefited our 2012 tax provision by approximately \$35 million due to the reversals of previously accrued tax and interest. In 2011, our effective tax rate was favorably impacted by the settlement with the IRS appeals division of Allied's federal tax years 2000 – 2003. This settlement favorably impacted our 2011 tax provision by approximately \$23 million due to reversals of previously accrued tax and interest.

In addition, our 2012 and 2011 tax provisions were favorably impacted by the realization of tax credits and lower state rates due to changes in estimates of approximately \$16 million and \$19 million, respectively.

During 2012, we did not dispose of any goodwill without corresponding tax basis. However, during 2011 and 2010, we incurred charges of \$7.1 million and \$13.1 million, respectively, for dispositions of goodwill that had no corresponding tax basis, and thus, were non-deductible for tax purposes.

The components of the net deferred income tax asset and liability at December 31, 2012 and 2011 are as follows:

	2012	2011
Deferred tax liabilities relating to:		
Differences between book and tax basis of property	\$ (955.6)	\$ (913.7)
Difference between book and tax basis of intangible assets	(676.5)	(692.1)
Basis difference due to redemption of partnership interests	(128.6)	(128.2)
Total liabilities	\$ (1,760.7)	\$ (1,734.0)
Deferred tax assets relating to:		
Environmental reserves	\$ 348.3	\$ 331.3
Accruals not currently deductible	232.2	310.3
Net operating loss carryforwards, state taxes	130.2	126.3
Difference between book and tax basis of other assets	92.4	93.3
Deferred taxes on uncertain tax positions	17.5	28.9
Other	5.8	2.0
Total assets	826.4	892.1
Valuation allowance	(124.8)	(118.1)
Net deferred tax asset	701.6	774.0
Net deferred tax liabilities	\$ (1,059.1)	\$ (960.0)

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Changes in the deferred tax valuation allowance for the years ended December 31, 2012, 2011 and 2010 are as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Valuation allowance, beginning of year	\$ 118.1	\$ 120.1	\$ 126.5
Additions charged to income	1.9	2.1	8.3
Usage	(3.2)	(4.3)	(10.4)
Expirations of state net operating losses	(0.3)	(0.3)	(0.3)
Other, net	8.3	0.5	(4.0)
Valuation allowance, end of year	<u>\$ 124.8</u>	<u>\$ 118.1</u>	<u>\$ 120.1</u>

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized after the initial recognition of the deferred tax asset. We also provide valuation allowances, as needed, to offset portions of deferred tax assets due to uncertainty surrounding the future realization of such deferred tax assets. We adjust the valuation allowance in the period management determines it is more likely than not that deferred tax assets will or will not be realized.

We have state net operating loss carryforwards with an estimated tax effect of \$130.2 million available at December 31, 2012. These state net operating loss carryforwards expire at various times between 2013 and 2032. We believe that it is more likely than not that the benefit from certain state net operating loss carryforwards will not be realized. In recognition of this risk, at December 31, 2012, we have provided a valuation allowance of \$113.5 million for certain state net operating loss carryforwards. At December 31, 2012, we also have provided a valuation allowance of \$11.3 million for certain other deferred tax assets.

Deferred income taxes have not been provided on the undistributed earnings of our Puerto Rican subsidiaries of approximately \$40 million and \$39 million as of December 31, 2012 and 2011, respectively, as such earnings are considered to be permanently invested in those subsidiaries. If such earnings were to be remitted to us as dividends, we would incur approximately \$14 million of federal income taxes.

We made income tax payments (net of refunds received) of approximately \$185 million, \$173 million and \$418 million for 2012, 2011 and 2010, respectively.

Income taxes paid in 2012 and 2011 reflect the favorable tax depreciation provisions of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (Tax Relief Act) that was signed into law in December 2010. The Tax Relief Act included 100% bonus depreciation for property placed in service after September 8, 2010 and through December 31, 2011 (and for certain long-term construction projects to be placed in service in 2012) and 50% bonus depreciation for property placed in service in 2012 (and for certain long-term construction projects to be placed in service in 2013). Income taxes paid in 2010 includes \$111 million related to the settlement of certain tax liabilities regarding BFI risk management companies.

We and our subsidiaries are subject to income tax in the U.S. and Puerto Rico, as well as income tax in multiple state jurisdictions. Our compliance with income tax rules and regulations is periodically audited by tax authorities. These authorities may challenge the positions taken in our tax filings. Thus, to provide for certain potential tax exposures, we maintain liabilities for uncertain tax positions for our estimate of the final outcome of the examinations.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table summarizes the activity in our gross unrecognized tax benefits for the years ended December 31:

	2012	2011	2010
Balance at beginning of year	\$ 54.3	\$ 222.8	\$ 242.2
Additions based on tax positions related to current year	0.9	-	2.8
Additions for tax positions of prior years	64.0	0.6	7.5
Reductions for tax positions of prior years	-	(162.2)	(7.4)
Reductions for tax positions resulting from lapse of statute of limitations	(7.3)	-	(10.4)
Settlements	(27.2)	(6.9)	(11.9)
Balance at end of year	<u>\$ 84.7</u>	<u>\$ 54.3</u>	<u>\$ 222.8</u>

During 2012, we settled with the IRS appeals division Allied's 2004 – 2008 tax years. The resolution of these tax periods reduced our gross unrecognized tax benefits by \$27.2 million. The majority of the 2012 increase for prior years' tax positions is attributable to the 2012 filings of amended state tax returns as a consequence of resolving Allied's legacy tax issues. As of December 31, 2012, \$28.9 million of the \$84.7 million of unrecognized tax benefits relates to tax positions taken by Allied prior to the 2008 acquisition.

During 2011, we settled with the IRS appeals division Allied's 2000 – 2003 tax years. This included Allied's 2002 partnership exchange issue (see - *Exchange of Partnership Interests*). The resolution of these tax periods reduced our gross unrecognized tax benefits by \$166.2 million. We also resolved various state matters during 2011 that, in the aggregate, reduced our gross unrecognized tax benefits by \$2.9 million.

During 2010, the IRS concluded its examination of our 2005 – 2007 tax years. The conclusion of this examination reduced our gross unrecognized tax benefits by \$1.9 million. We also resolved various state matters during 2010 that, in the aggregate, reduced our gross unrecognized tax benefits by \$10.0 million.

Included in the balance at December 31, 2012 and 2011 are \$59.9 million and \$42.9 million of unrecognized tax benefits (net of the federal benefit on state issues) that, if recognized, would affect our effective income tax rate in future periods.

We recognize interest and penalties as incurred within the provision for income taxes in our consolidated statements of income. Related to the unrecognized tax benefits previously noted, we recorded interest expense of approximately \$1 million during 2012 and, in total as of December 31, 2012, have recognized a liability for penalties of \$0.7 million and interest of \$18.9 million.

During 2011, we accrued interest of \$12.0 million and, in total as of December 31, 2011, had recognized a liability for penalties of \$0.7 million and interest of \$49.7 million. During 2010, we accrued interest of \$19.2 million and, in total at December 31, 2010, had recognized a liability for penalties of \$1.2 million and interest of \$99.9 million.

The decrease in accrued interest during 2011 was due to the December 2011 settlement of uncertain tax positions related to Allied's 2000 – 2003 tax periods. The decrease in accrued interest and penalties between 2010 and 2009 was driven mainly by the additional settlements discussed previously.

Gross unrecognized tax benefits that we expect to settle in the following twelve months are in the range of \$10-\$20 million. However, it is reasonably possible that the amount of unrecognized tax benefits will increase or decrease in the next twelve months.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

We are under federal income tax audit for calendar years 2009 and 2010. At the exam level, we have concluded and resolved all issues related to our 2009 – 2010 tax years and, at December 31, 2012, were awaiting the results of a final review before the Congressional Joint Committee on Taxation. In January 2013, we received notification that this review was completed. Consequently, we will reflect the final settlement of the 2009 – 2010 tax years in our 2013 tax provision.

We are also under state examination in various jurisdictions for various tax years, including Allied's open tax periods which we acquired as a result of the 2008 merger. These state audits are ongoing.

We believe the liabilities for uncertain tax positions recorded are adequate. However, a significant assessment against us in excess of the liabilities recorded could have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Exchange of Partnership Interests

In April 2002, Allied exchanged minority partnership interests in four waste-to-energy facilities for majority partnership interests in equipment purchasing businesses, which are now wholly owned subsidiaries. In November 2008, the IRS issued a formal disallowance to Allied contending that the exchange was instead a sale on which a corresponding gain should have been recognized. In December 2011, we reached an agreement with the IRS appeals division to settle this issue.

Methane Gas

As part of its examination of Allied's 2004 – 2008 federal income tax returns, the IRS reviewed Allied's treatment of costs associated with its landfill operations. As a result of this review, the IRS had proposed that certain landfill costs be allocated to the collection and control of methane gas that is naturally produced within the landfill. The IRS' position was that the methane gas produced by a landfill was a joint product resulting from the operation of the landfill and, therefore, these costs should not be expensed until the methane gas was sold or otherwise disposed.

During 2012, we resolved all tax matters related to Allied's 2004 – 2008 tax years. The company's treatment of costs was sustained, and consequently, no adjustments were made to the consolidated financial statements.

11. EMPLOYEE BENEFIT PLANS

Stock-Based Compensation

In July 1998, we adopted the 1998 Stock Incentive Plan (1998 Plan) to provide for grants of options to purchase shares of common stock, restricted stock and other equity based compensation to our employees and non-employee directors who are eligible to participate in the 1998 Plan. The 1998 Plan expired on June 30, 2008. In February 2007, our board of directors approved the 2007 Stock Incentive Plan (2007 Plan) and in May 2007 our stockholders ratified the 2007 Plan. In March 2011, our board of directors approved the Amended and Restated Republic Services, Inc. 2007 Stock Incentive Plan (the Amended and Restated Plan) and in May 2011 our stockholders ratified the Amended and Restated Plan. We currently have 19.7 million shares of common stock reserved for future grants under our Amended and Restated Plan.

Options granted under the 1998 Plan, the 2007 Plan and the Amended and Restated Plan are non-qualified and are granted at a price equal to the fair market value of our common stock at the date of grant. Generally, options granted have a term of seven to ten years from the date of grant, and vest in increments of 25% per year over a period of four years beginning on the first anniversary date of the grant. Options granted to non-employee directors have a term of ten years and are fully vested at the grant date.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

In December 2008, the board of directors amended and restated the Republic Services, Inc. 2006 Incentive Stock Plan (formerly known as the Allied Waste Industries, Inc. 2006 Incentive Stock Plan (the 2006 Plan)). Allied's stockholders approved the 2006 Plan in May 2006. The 2006 Plan was amended and restated in December 2008 to reflect that Republic Services, Inc. is the new sponsor of the Plan, that any references to shares of common stock is to shares of common stock of Republic Services, Inc., and to adjust outstanding awards and the number of shares available under the Plan to reflect the acquisition. The 2006 Plan, as amended and restated, provides for the grant of non-qualified stock options, incentive stock options, shares of restricted stock, shares of phantom stock, stock bonuses, restricted stock units, stock appreciation rights, performance awards, dividend equivalents, cash awards, or other stock-based awards. Awards granted under the 2006 Plan prior to December 5, 2008 became fully vested and nonforfeitable upon the closing of the acquisition. Awards may be granted under the 2006 Plan, as amended and restated, after December 5, 2008 only to employees and consultants of Allied Waste Industries, Inc. and its subsidiaries who were not employed by Republic Services, Inc. prior to such date. At December 31, 2012, there were approximately 15.5 million shares of common stock reserved for future grants under the 2006 Plan.

Stock Options

We use a binomial option-pricing model to value our stock option grants. We recognize compensation expense on a straight-line basis over the requisite service period for each separately vesting portion of the award, or to the employee's retirement eligible date, if earlier. Expected volatility is based on the weighted average of the most recent one year volatility and a historical rolling average volatility of our stock over the expected life of the option. The risk-free interest rate is based on Federal Reserve rates in effect for bonds with maturity dates equal to the expected term of the option. We use historical data to estimate future option exercises, forfeitures (at 3.0% for each of the period presented) and expected life of the options. When appropriate, separate groups of employees that have similar historical exercise behavior are considered separately for valuation purposes. The weighted-average estimated fair values of stock options granted during the years ended December 31, 2012, 2011 and 2010 were \$4.77, \$5.35 and \$5.28 per option, respectively, which were calculated using the following weighted-average assumptions:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Expected volatility	27.8%	27.3%	28.6%
Risk-free interest rate	0.8%	1.7%	2.4%
Dividend yield	3.2%	2.7%	2.9%
Expected life (in years)	4.5	4.4	4.3
Contractual life (in years)	7.0	7.0	7.0

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table summarizes the stock option activity for the years ended December 31, 2010, 2011 and 2012:

	Number of Shares	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2009	15.1	\$ 23.69		
Granted	3.1	27.48		
Exercised	(3.9)	21.73		\$ 34.3
Forfeited or expired	(0.7)	27.38		
Outstanding at December 31, 2010	13.6	24.97		
Granted	3.0	29.83		
Exercised	(1.7)	22.31		\$ 14.4
Forfeited or expired	(0.6)	28.63		
Outstanding at December 31, 2011	14.3	26.13		
Granted	3.1	29.63		
Exercised	(2.9)	29.32		\$ 18.8
Forfeited or expired	(0.8)	28.80		
Outstanding at December 31, 2012	13.7	\$ 27.51	4.1	\$ 29.5
Exercisable at December 31, 2012	7.6	\$ 26.22	3.1	\$ 25.6

During 2012, 2011 and 2010, compensation expense for stock options was \$13.2 million, \$13.1 million and \$12.8 million, respectively.

As of December 31, 2012, total unrecognized compensation expense related to outstanding stock options was \$9.1 million, which will be recognized over a weighted average period of 1.8 years. The total fair value of stock options that vested in 2012, 2011 and 2010 was \$10.9 million, \$8.7 million and \$4.0 million, respectively.

We classified excess tax benefits of \$1.9 million, \$2.5 million and \$3.5 million as cash flows from financing activities for 2012, 2011 and 2010, respectively. All other tax benefits related to stock options have been presented as a component of cash flows from operating activities.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Other Stock Awards

The following table summarizes the restricted stock unit and restricted stock activity for the years ended December 31, 2010, 2011 and 2012:

	Number of Restricted Stock Units and Shares of Restricted Stock (In Thousands)	Weighted-Average Grant Date Fair Value per Share	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Unissued at December 31, 2009	653.2	\$ 23.85		
Granted	367.9	29.14		
Vested and issued	(171.8)	22.63		
Forfeited	-	-		
Unissued at December 31, 2010	849.3	26.39		
Granted	179.2	29.97		
Vested and issued	(250.5)	26.61		
Forfeited	(8.0)	24.97		
Unissued at December 31, 2011	770.0	27.17		
Granted	303.8	27.76		
Vested and issued	(167.2)	26.35		
Forfeited	(1.3)	29.79		
Unissued at December 31, 2012	<u>905.3</u>	<u>\$ 27.51</u>	<u>0.5</u>	<u>\$ 26.6</u>
Vested and unissued at December 31, 2012	<u>535.0</u>	<u>\$ 26.72</u>		

During 2012, we awarded our non-employee directors 75,000 restricted stock units, which vested immediately. During 2012, we awarded 179,201 restricted stock units to executives that vest in four equal annual installments beginning on the anniversary date of the original grant. In addition, 26,747 restricted stock units were earned as dividend equivalents. The restricted stock units do not carry any voting or dividend rights, except the right to receive additional restricted stock units in lieu of dividends. Also, we granted 22,805 shares of restricted stock to an executive that vested upon his retirement in January 2013.

During 2011, our non-employee directors were awarded 82,500 restricted stock units under our Amended and Restated Plan, which vested immediately. During 2011, we awarded 76,699 restricted stock units to executives that vest in four equal annual installments beginning on the anniversary date of the original grant. In addition, 20,039 restricted stock units were earned as dividend equivalents.

During 2010, we awarded 92,894 restricted stock units to our non-employee directors under our Amended and Restated Plan, of which 88,732 vested immediately. The remaining restricted stock units awarded during the year ended December 31, 2010 vest in three equal annual installments beginning on the anniversary date of the original grant. During 2010, we awarded 210,437 restricted stock units to executives and other officers that vest in four equal annual installments beginning on the anniversary date of the original grant.

The fair value of restricted stock and restricted stock units is based on the closing market price on the date of the grant. The compensation expense related to restricted stock units and restricted stock is amortized ratably over the vesting period.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

During 2012, 2011 and 2010, compensation expense related to restricted stock units and restricted shares totaled \$8.0 million, \$7.5 million and \$11.7 million, respectively.

Defined Benefit Pension Plan

We currently have one qualified defined benefit pension plan, the BFI Retirement Plan (the Plan). The Plan covers certain employees in the United States, including some employees subject to collective bargaining agreements.

The Plan benefits are frozen. Interest credits continue to be earned by participants in the Plan, and participants whose collective bargaining agreements provide for additional benefit accruals under the Plan continue to receive those credits in accordance with the terms of their bargaining agreements. The Plan was converted from a traditional defined benefit plan to a cash balance plan in 1993.

Prior to the conversion of the cash balance design, benefits payable as a single life annuity under the Plan were based on the participant's highest five years of earnings out of the last ten years of service. Upon conversion to the cash balance plan, the existing accrued benefits were converted to a lump-sum value using the actuarial assumptions in effect at the time. Participants' cash balance accounts are increased until retirement by certain benefit and interest credits under the terms of their bargaining agreements. Participants may elect early retirement with the attainment of age 55 and completion of ten years of credited service at reduced benefits. Participants with 35 years of service may retire at age 62 without any reduction in benefits.

Effective January 1, 2011, the Plan was amended to solicit participants in the Plan to take a lump sum distribution of their eligible retirement benefits. During the year ended December 31, 2011, we made \$67.0 million of lump sum payments to participants. We recognized \$3.6 million, net of tax, of deferred actuarial gain within our selling, general and administrative expenses as a result of settlement accounting applied to these transactions.

Our pension contributions are made in accordance with funding standards established by Employee Retirement Income Security Act of 1974 and the Internal Revenue Code, as amended by the Pension Protection Act enacted in 2006 (the PPA). No contributions were made in either 2012 or 2011.

We must separately recognize the overfunded or underfunded status of our pension plan as an asset or liability. The funded status represents the difference between the projected benefit obligation (PBO) and the fair value of the plan assets. The PBO is the present value of benefits earned to date by plan participants, including the effect of assumed future salary increases, if any. The PBO is equal to the accumulated benefit obligation (ABO) as the present value of these liabilities is not affected by assumed future salary increases. We use a measurement date that coincides with our year end of December 31.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table presents the ABO and reconciliations of the changes in the PBO, the plan assets and the accounting funded status of our defined benefit pension plan for the years ended December 31, 2012 and 2011.

	Defined Benefit Pension Plan	
	2012	2011
Accumulated Benefit Obligation	\$ 301.4	\$ 343.5
Change in Projected Benefit Obligation:		
Projected benefit obligation at beginning of year	\$ 343.5	\$ 371.6
Interest cost	13.1	17.0
Actuarial (gain) loss	(6.9)	30.2
Benefits paid	(48.3)	(75.3)
Projected benefit obligation at end of year	\$ 301.4	\$ 343.5
Change in Plan Assets:		
Fair value of plan assets at beginning of year	\$ 303.6	\$ 363.9
Actual return on plan assets	43.0	18.0
Estimated expenses	(3.0)	(3.0)
Benefits paid	(48.3)	(75.3)
Fair value of plan assets at end of year	\$ 295.3	\$ 303.6
Unfunded status	\$ 6.1	\$ 39.9
Amounts recognized in the statement of financial position consist of:		
Noncurrent liabilities	\$ 6.1	\$ 39.9
Net amount recognized	\$ 6.1	\$ 39.9
Weighted average assumptions used to determine benefit obligations:		
Discount rate	3.70%	4.25%
Rate of compensation increase	N/A	N/A

The amounts included in accumulated other comprehensive income on the consolidated statement of financial position that have not yet been recognized as components of net periodic benefit cost at December 31, 2012 and 2011 are as follows:

	Pension Benefits	
	2012	2011
Accumulated other comprehensive loss (income)		
Net actuarial gain	\$ 27.1	\$ 1.7

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The components of the net periodic benefit cost are summarized below:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Components of Net Periodic Benefit Cost:			
Service cost	\$ 3.0	\$ 3.0	\$ 0.2
Interest cost	13.1	17.0	20.5
Expected return on plan assets	(18.9)	(23.5)	(23.6)
Recognized net actuarial gain	-	(0.5)	-
Amortization of prior service cost	0.1	0.1	-
Settlement income	(2.2)	(5.9)	-
Net periodic benefit cost	<u>\$ (4.9)</u>	<u>\$ (9.8)</u>	<u>\$ (2.9)</u>
Weighted average assumptions used to determine net periodic benefit cost:			
Discount rate	3.60%	5.25%	5.75%
Expected return on plan assets	6.50%	7.25%	7.25%
Rate of compensation increase	N/A	N/A	4.00%

We determine the discount rate used in the measurement of our obligations based on a model that matches the timing and amount of expected benefit payments to maturities of high quality bonds priced as of the pension plan measurement date. Where that timing does not correspond to a published high-quality bond rate, our model uses an expected yield curve to determine an appropriate current discount rate. The yields on the bonds are used to derive a discount rate for the liability. The term of our obligation, based on the expected retirement dates of our workforce, is approximately ten years.

In developing our expected rate of return assumption, we have evaluated the actual historical performance and long-term return projections of the Plan assets, which give consideration to the asset mix and the anticipated timing of the pension plan outflows. We employ a total return investment approach whereby a mix of equity and fixed income investments are used to maximize the long-term return of plan assets for what we consider a prudent level of risk. The intent of this strategy is to minimize plan expenses by outperforming plan liabilities over the long run. Risk tolerance is established through careful consideration of plan liabilities, plan funded status and our financial condition. The investment portfolio contains a diversified blend of equity and fixed income investments. Furthermore, equity investments are diversified across U.S. and non-U.S. stocks as well as growth, value, and small and large capitalizations. Derivatives may be used to gain market exposure in an efficient and timely manner. However, derivatives may not be used to leverage the portfolio beyond the market value of the underlying investments. Investment risk is measured and monitored on an ongoing basis through annual liability measurements, periodic asset and liability studies, and quarterly investment portfolio reviews.

The following table summarizes our target asset allocation for 2012 and actual asset allocation at December 31, 2012 and 2011 for our defined benefit pension plan:

	Target Asset Allocation	2012 Actual Asset Allocation	2011 Actual Asset Allocation
Debt securities	70%	70%	66%
Equity securities	30	30	33
Cash or cash equivalents	-	-	1
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

For 2013, the investment strategy for pension plan assets is to maintain a broadly diversified portfolio designed to achieve our target of an average long-term rate of return of 6.00%. While we believe we can achieve a long-term average return of 6.00%, we cannot be certain that the portfolio will perform to our expectations. Assets are strategically allocated among debt and equity portfolios to achieve a diversification level that dampens fluctuations in investment returns. Asset allocation target ranges and strategies are reviewed periodically with the assistance of an independent external consulting firm.

The pension assets are measured at fair value. The following table summarizes, by level, within the fair value hierarchy, the investments of the Plan at fair value as of December 31, 2012 and 2011:

	Total as of December 31, 2012	Fair Value Measurements Using		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market account	\$ 8.5	\$ 8.5	\$ -	\$ -
Common stock	14.4	14.4	-	-
Mutual funds and real estate investment trusts	184.1	140.6	43.5	-
Bonds	87.9	-	87.9	-
Limited partnerships	0.4	-	-	0.4
Total assets	\$ 295.3	\$ 163.5	\$ 131.4	\$ 0.4

	Total as of December 31, 2011	Fair Value Measurements Using		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market account	\$ 3.3	\$ 3.3	\$ -	\$ -
Common stock	13.7	13.7	-	-
Mutual funds and real estate investment trusts	206.1	162.4	43.7	-
Bonds	80.1	-	80.1	-
Limited partnerships	0.4	-	-	0.4
Total assets	\$ 303.6	\$ 179.4	\$ 123.8	\$ 0.4

Estimated future benefit payments for the next ten years under the Plan are as follows:

2013	\$ 24.7
2014	20.9
2015	19.9
2016	20.0
2017	20.6
2018 through 2022	99.5

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Multiemployer Pension Plans

We contribute to 27 multiemployer pension plans under collective bargaining agreements covering union-represented employees. Approximately 20% of our total current employees are participants in such multiemployer plans. These plans generally provide retirement benefits to participants based on their service to contributing employers. We do not administer these multiemployer plans. In general, these plans are managed by a board of trustees with the unions appointing certain trustees and other contributing employers of the plan appointing certain members. We generally are not represented on the board of trustees.

Based on the information available to us, we believe that some of the multiemployer plans to which we contribute are either “critical” or “endangered” as those terms are defined in the PPA. The PPA requires underfunded pension plans to improve their funding ratios within prescribed intervals based on the level of their underfunding. Until the plan trustees develop the funding improvement plans or rehabilitation plans as required by the PPA, we cannot determine the amount of assessments we may be subject to, if any. Accordingly, we cannot determine at this time the impact that the PPA may have on our consolidated financial position, results of operations or cash flows.

Furthermore, under current law regarding multiemployer benefit plans, a plan’s termination, our voluntary withdrawal (which we consider from time to time), or the mass withdrawal of all contributing employers from any under-funded multiemployer pension plan would require us to make payments to the plan for our proportionate share of the multiemployer plan’s unfunded vested liabilities. It is possible that there may be a mass withdrawal of employers contributing to these plans or plans may terminate in the near future. We could have adjustments to our estimates for these matters in the near term that could have a material effect on our consolidated financial condition, results of operations or cash flows.

Republic’s participation in individually significant multiemployer pension plans for the year ended December 31, 2012 is outlined in the table below. Only with respect to multiemployer pension plans, we considered contributions in excess of \$3.0 million in any period disclosed to be individually significant. The most recent PPA zone status available in 2012 and 2011 is for the plans’ year ended September 30 or December 31, 2011 and 2010, respectively. The status is based on information that Republic received from the plan and is certified by the plans’ actuary. Among other factors, plans in the “critical” red zone are generally less than 65% funded, plans in the “endangered” yellow zone are less than 80% funded, and plans in the “safe” green zone are at least 80% funded. The last column lists the expiration dates of the collective-bargaining agreements (CBA) to which the plans are subject. There have been no significant changes that affect the comparability of the 2012, 2011 and 2010 contributions.

Legal Plan Name	EIN	Pension Protection Act Zone Status		Funding Improvement or Rehabilitation Plan Status Pending / Implemented	Republic Contributions to Plan			Surcharge Imposed	Expiration of CBA
		2011	2010		2012	2011	2010		
Central States, Southeast and Southwest Areas Pension Fund	36-6044243	Critical	Critical	Implemented	\$ 3.5	\$ 3.9	\$ 4.1	No	1/31/12 - 8/31/13
Local 731 Private Scavengers and Garage Attendants Pension Trust Fund	36-6513567	Endangered	Endangered	Implemented	6.3	3.4	3.2	No	9/30/13 - 1/31/14
Western Conference of Teamsters Pension Plan	91-6145047	Safe	Safe	No	26.7	31.6	32.6	No	12/31/09 - 6/30/17
Individually significant plans					36.5	38.9	39.9		
All other plans	N/A	N/A	N/A	N/A	9.0	9.8	10.5	N/A	
Total					\$45.5	\$48.7	\$50.4		

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

We are listed in the Form 5500 for Local 731 Private Scavengers and Garage Attendants Pension Trust Fund as providing more than 5 percent of the total contributions. At the date the financial statements were issued, Forms 5500 were not available for the plan years ending September 31, 2012 or December 31, 2012.

Central States, Southeast and Southwest Areas Pension Fund

We have collective bargaining agreements (CBAs) with local bargaining units of the Teamsters under which we have obligations to contribute to the Central States, Southeast and Southwest Areas Pension Fund (the Fund). All of these CBAs were, are or will be under negotiation in 2012 and 2013. As part of our negotiations, we have proposed or intend to propose to withdraw from the Fund. Withdrawal is only one of the issues in these negotiations, and we do not know what the ultimate outcome of the negotiations in any locale will be. With respect to each CBA, if we do withdraw, this will constitute a Withdrawal Event and will require us to make payments to the Fund for a proportionate share of its unfunded vested liabilities.

In 2012, we withdrew recognition of the Teamsters as the designated representative of our employees in our Danville, Illinois facility and employees in our Dayton, Ohio facility ratified a new CBA that includes a provision terminating our obligation to contribute to the Fund. Each of these actions constitutes a Withdrawal Event. Based on information provided to us by the Fund, our actuarial calculations and a number of other variable factors including our estimated number of 2013 contribution based units, we have estimated our liability to the Fund associated with these two Withdrawal Events will be approximately \$31 million, which was charged to earnings in 2012.

If we do have an additional Withdrawal Event or Events with respect to one or more of the remaining bargaining units, the amount ultimately payable would depend upon a number of variable factors involving valuations and actuarial calculations. We do not presently know what the result of those calculations and valuations would be. However, we believe our additional liability upon a complete withdrawal from the Fund would be between \$113 million and \$146 million if it were to occur in 2013, based on current estimates. In the future, a loss may become probable, at which time or times we will incur an expense that will reduce earnings. Any such expense may be material to our results of operations in the period or periods incurred. The liability associated with any such expense or expenses ordinarily would be due in installments over a period of 20 years, and the payments are unlikely to be material to our cash flow in any particular period.

Based on information received from the 27 multiemployer pension plans to which we contribute, we believe that our potential liability in the event of a complete withdrawal from the Fund is (a) much greater than our potential liability in the event of a complete withdrawal from any of the 26 other multiemployer pension plans in which we participate and (b) greater than our potential aggregate liability in the event of complete withdrawal from all the 20 other multiemployer pension plans to which we contribute and that are either "critical" or "endangered" as those terms are defined in the Pension Protection Act.

Defined Contribution Plans

We maintain the Republic Services 401(k) Plan (401(k) Plan), which is a defined contribution plan covering all eligible employees. Under the provisions of the 401(k) Plan, participants may direct us to defer a portion of their compensation to the 401(k) Plan, subject to Internal Revenue Code limitations. We provide for an employer matching contribution equal to 100% of the first 3% of eligible compensation and 50% of the next 2% of eligible compensation contributed by each employee, which is funded in cash. All contributions vest immediately.

Total expense recorded for matching 401(k) contributions in 2012, 2011 and 2010 was \$28.7 million, \$28.9 million and \$32.8 million, respectively.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Deferred Compensation Plan

We provide eligible employees, officers and directors of Republic with the opportunity to voluntarily defer base salary, bonus payments, long-term incentive awards and other compensation, as applicable, on a pre-tax basis through Republic Services, Inc. Deferred Compensation Plan (the DCP). The DCP is a nonqualified deferred compensation plan that conforms to Section 409A of the Internal Revenue Code. Eligible participants can defer up to 80% of base salary and up to 100% of bonus, long term compensation and directors' fees. Under the deferred compensation plan, some participants also are eligible for matching contributions. The matching contribution under the DCP is equal to the lesser of two percent of the participant's compensation over established 401(k) limits or 50% of the amount the participant has deferred. DCP participants have no ownership or security interest in any of the amounts deferred or the measurement funds under the DCP. The right of each participant in the DCP is solely that of a general, unsecured creditor of Republic with respect to his or her own interest under the DCP.

Republic invested in corporate-owned life insurance policies to satisfy future obligations under the DCP. These corporate-owned life insurance policies are held in a Rabbi Trust and are recorded at the amount that can be realized under insurance contracts at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement. The aggregate cash surrender value of these life insurance policies was \$49.9 million and \$34.5 million at December 31, 2012 and 2011, respectively, and is classified in other assets in our consolidated balance sheets. The DCP liability was \$50.0 million and \$31.4 million at December 31, 2012 and 2011, respectively, and is classified in other long-term liabilities in our consolidated balance sheets.

Employee Stock Purchase Plan

Employees of Republic are eligible to participate in an employee stock purchase plan. The plan allows participants to purchase the Company's common stock for 95% of its quoted market price on the last day of each calendar quarter. For the years ended December 31, 2012, 2011 and 2010, issuances under this plan totaled 169,624 shares, 136,621 shares and 123,523 shares, respectively. At December 31, 2012, shares reserved for issuance to employees under this plan totaled 1.0 million and Republic held employee contributions of approximately \$1.0 million for the purchase of common stock.

Incentive Compensation Plans

Our compensation program includes a management incentive plan, which uses certain performance metrics such as free cash flow, earnings per share and return on invested capital to measure performance. In addition, in connection with the Allied acquisition, our board of directors approved a synergy incentive plan that provides compensation that depends on our achieving targeted synergies of approximately \$150 million by the end of 2010. Incentive awards are payable in cash. We paid \$68.1 million during the first quarter of 2012 related to the synergy incentive plan.

12. STOCKHOLDERS' EQUITY

We have had a share repurchase program since November 2010. From November 2010 to December 31, 2012, we used \$825.6 million to repurchase 29.0 million shares at a weighted average cost per share of \$28.49.

We initiated a quarterly cash dividend in July 2003. The dividend has been increased from time to time thereafter. In July 2012, the board of directors approved an increase in the quarterly dividend to \$0.235 per share. Cash dividends declared were \$332.5 million, \$314.1 million and \$298.8 million for the years ended December 31, 2012, 2011 and 2010, respectively. As of December 31, 2012, we recorded a quarterly dividend payable of \$84.9 million to stockholders of record at the close of business on January 2, 2013.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

13. EARNINGS PER SHARE

Basic earnings per share is computed by dividing net income by the weighted average number of common shares (including restricted stock and vested but unissued restricted stock units) outstanding during the period. Diluted earnings per share is based on the combined weighted average number of common shares and common share equivalents outstanding, which include, where appropriate, the assumed exercise of employee stock options, unvested restricted stock awards and unvested restricted stock units. In computing diluted earnings per share, we utilize the treasury stock method.

Earnings per share for the years ended December 31, 2012, 2011 and 2010 are calculated as follows (in thousands, except per share amounts):

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Basic earnings per share:			
Net income attributable to Republic Services, Inc.	\$ 571,800	\$ 589,200	\$ 506,500
Weighted average common shares outstanding	<u>366,883</u>	<u>375,961</u>	<u>382,985</u>
Basic earnings per share	<u>\$ 1.56</u>	<u>\$ 1.57</u>	<u>\$ 1.32</u>
Diluted earnings per share:			
Net income attributable to Republic Services, Inc.	\$ 571,800	\$ 589,200	\$ 506,500
Weighted average common shares outstanding	366,883	375,961	382,985
Effect of dilutive securities:			
Options to purchase common stock	1,008	1,495	1,895
Unvested restricted stock awards	<u>129</u>	<u>149</u>	<u>231</u>
Weighted average common and common equivalent shares outstanding	<u>368,020</u>	<u>377,605</u>	<u>385,111</u>
Diluted earnings per share	<u>\$ 1.55</u>	<u>\$ 1.56</u>	<u>\$ 1.32</u>
Antidilutive securities not included in the diluted earnings per share calculations:			
Options to purchase common stock	7,876	4,546	2,825

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

14. SEGMENT REPORTING

Our operations are managed through three regions: East, Central, and West. These three regions and corporate entities are presented below as our reportable segments. The historical results, discussion and presentation of our reportable segments as set forth in our consolidated financial statements for all periods presented reflect the impact of the realignment of our operating structure in the fourth quarter of 2012. These reportable segments provide integrated waste management services consisting of collection, transfer station, recycling and disposal of domestic non-hazardous solid waste. Summarized financial information concerning our reportable segments for the years ended December 31, 2012, 2011 and 2010 is shown in the following table:

	Gross Revenue	Intercompany Revenue	Net Revenue	Depreciation, Amortization, Depletion and Accretion	Operating Income (Loss)	Capital Expenditures	Total Assets
2012:							
East	\$2,838.7	\$ (392.9)	\$2,445.8	\$ 244.6	\$ 474.6	\$ 223.2	\$ 4,916.6
Central	2,969.3	(544.5)	2,424.8	285.0	474.5	296.8	5,668.4
West	3,819.8	(661.8)	3,158.0	332.7	685.9	357.4	8,226.1
Corporate entities	103.7	(14.0)	89.7	64.6	(314.4)	26.1	805.8
Total	<u>\$9,731.5</u>	<u>\$ (1,613.2)</u>	<u>\$8,118.3</u>	<u>\$ 926.9</u>	<u>\$ 1,320.6</u>	<u>\$ 903.5</u>	<u>\$ 19,616.9</u>
2011:							
East	\$2,930.8	\$ (405.1)	\$2,525.7	\$ 246.5	\$ 550.7	\$ 242.7	\$ 4,930.9
Central	2,951.4	(521.1)	2,430.3	277.1	529.3	322.2	5,629.8
West	3,762.7	(623.6)	3,139.1	335.8	735.9	369.7	8,137.3
Corporate entities	114.0	(16.2)	97.8	62.2	(263.2)	1.9	853.5
Total	<u>\$9,758.9</u>	<u>\$ (1,566.0)</u>	<u>\$8,192.9</u>	<u>\$ 921.6</u>	<u>\$ 1,552.7</u>	<u>\$ 936.5</u>	<u>\$ 19,551.5</u>
2010:							
East	\$2,932.0	\$ (397.0)	\$2,535.0	\$ 236.4	\$ 594.4	\$ 200.1	\$ 4,949.3
Central	2,881.3	(522.3)	2,359.0	279.5	547.3	284.7	5,488.2
West	3,757.0	(642.7)	3,114.3	332.9	745.8	314.0	8,105.8
Corporate entities	115.7	(17.4)	98.3	65.4	(348.4)	(4.1)	918.6
Total	<u>\$9,686.0</u>	<u>\$ (1,579.4)</u>	<u>\$8,106.6</u>	<u>\$ 914.2</u>	<u>\$ 1,539.1</u>	<u>\$ 794.7</u>	<u>\$ 19,461.9</u>

Intercompany revenue reflects transactions within and between segments that are generally made on a basis intended to reflect the market value of such services.

The following items are included in the above segment information:

- *East Region.* For 2011, operating income includes gain on disposition of business of \$17.3 million. In connection with the disposition of these businesses, we closed a landfill site resulting in an asset impairment charge of \$28.7 million. In 2011, we recorded asset impairments of \$12.3 million primarily related to certain long-lived assets that were held for sale.
- *Corporate Entities.* Corporate functions include legal, tax, treasury, information technology, risk management, human resources, closed landfills, and other typical administrative functions. The operating loss for the year ended December 31, 2012 was unfavorably impacted by remediation adjustments of \$74.1 million recorded in connection with environmental conditions at a closed disposal facility in Missouri and

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

adjustments to landfill amortization expense totaling \$13.3 million for asset retirement obligations at other closed landfills. During 2012, we recorded a charge to earnings of \$35.8 million primarily related to our partial withdrawal from Central States Pension Fund. In October 2012, we restructured our field and corporate operations, and we incurred \$11.1 million of restructuring charges.

For 2010, operating income includes \$33.3 million of incremental costs to achieve our synergy plan and \$11.4 million of restructuring and integration charges related to our acquisition of Allied and an impairment charge of \$14.4 million related to certain long-lived assets that were held and used for 2010.

The following table shows our total reported revenue by line of business for the respective years ended December 31. Intercompany revenue has been eliminated.

	2012		2011		2010	
Collection:						
Residential	\$ 2,155.7	26.6%	\$ 2,135.7	26.1%	\$ 2,173.9	26.8%
Commercial	2,523.2	31.1	2,487.5	30.4	2,486.8	30.7
Industrial	1,544.2	19.0	1,515.4	18.5	1,482.9	18.3
Other	33.4	0.4	32.9	0.4	29.6	0.4
Total collection	6,256.5	77.1	6,171.5	75.4	6,173.2	76.2
Transfer	964.5		994.2		1,030.3	
Less: Intercompany	(575.3)		(572.8)		(587.9)	
Transfer, net	389.2	4.8	421.4	5.1	442.4	5.4
Landfill	1,863.3		1,867.6		1,865.8	
Less: Intercompany	(862.5)		(846.9)		(861.7)	
Landfill, net	1,000.8	12.3	1,020.7	12.5	1,004.1	12.4
Sale of recyclable materials	349.0	4.3	438.6	5.4	337.9	4.2
Other non-core	122.8	1.5	140.7	1.6	149.0	1.8
Other	471.8	5.8	579.3	7.0	486.9	6.0
Total revenue	\$ 8,118.3	100.0%	\$ 8,192.9	100.0%	\$ 8,106.6	100.0%

Other revenue consists primarily of sales of recyclable materials and revenue from National Accounts. National Accounts revenue included in other revenue represents the portion of revenue generated from nationwide contracts in markets outside our operating areas, and where the associated waste handling services are subcontracted to local operators. Consequently, substantially all of this revenue is offset with related subcontract costs which are recorded in cost of operations.

15. FINANCIAL INSTRUMENTS

Fuel Hedges

We have entered into multiple swap agreements designated as cash flow hedges to mitigate some of our exposure related to changes in diesel fuel prices. The swaps qualified for, and were designated as, effective hedges of changes in the prices of forecasted diesel fuel purchases (fuel hedges).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following fuel hedges were outstanding as of December 31, 2012 and 2011:

<u>Inception Date</u>	<u>Commencement Date</u>	<u>Termination Date</u>	<u>Notional Amount (in Gallons per Month)</u>	<u>Contract Price per Gallon</u>
November 5, 2007	January 5, 2009	December 30, 2013	60,000	\$ 3.28
March 17, 2008	January 5, 2009	December 31, 2012	50,000	3.72
March 17, 2008	January 5, 2009	December 31, 2012	50,000	3.74
July 10, 2009	January 1, 2012	December 31, 2012	100,000	3.20
August 8, 2011	July 1, 2012	December 31, 2012	500,000	3.84
August 8, 2011	July 2, 2012	December 31, 2012	500,000	3.84
August 8, 2011	January 1, 2013	December 31, 2013	500,000	3.83
August 8, 2011	January 1, 2014	December 31, 2014	500,000	3.82
August 8, 2011	January 7, 2013	December 30, 2013	500,000	3.82
August 9, 2011	July 1, 2012	December 31, 2012	250,000	3.80
August 9, 2011	January 1, 2013	December 31, 2013	250,000	3.83
August 9, 2011	January 1, 2014	December 31, 2014	250,000	3.82
August 9, 2011	January 6, 2014	December 29, 2014	500,000	3.83
September 30, 2011	January 6, 2014	December 29, 2014	250,000	3.69
September 30, 2011	January 7, 2013	December 30, 2013	250,000	3.70
October 3, 2011	January 5, 2015	December 28, 2015	250,000	3.68
November 2, 2012	January 1, 2013	December 31, 2013	250,000	3.83
November 2, 2012	January 1, 2014	December 31, 2014	250,000	3.78
November 2, 2012	January 1, 2015	December 31, 2015	250,000	3.73
November 2, 2012	January 1, 2016	December 31, 2016	250,000	3.70
December 7, 2012	July 1, 2013	December 31, 2013	250,000	3.83

If the national U.S. on-highway average price for a gallon of diesel fuel (average price) as published by the Department of Energy exceeds the contract price per gallon, we receive the difference between the average price and the contract price (multiplied by the notional gallons) from the counter-party. If the national U.S. on-highway average price for a gallon of diesel fuel is less than the contract price per gallon, we pay the difference to the counter-party.

The fair values of our fuel hedges are determined using standard option valuation models with assumptions about commodity prices being based on those observed in underlying markets (Level 2 in the fair value hierarchy). The aggregated fair values of our outstanding fuel hedges at December 31, 2012 and 2011 were current assets of \$3.1 million and 1.6 million, respectively, and current liabilities of \$0.4 million and \$4.7 million, respectively, and have been recorded in other current assets and other accrued liabilities in our consolidated balance sheets, respectively. The ineffective portions of the changes in fair values resulted in (losses) gains of less than \$0.1 million for the years ended December 31, 2012, 2011 and 2010, respectively, and have been recorded in other income (expense), net in our consolidated statements of income.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table summarizes the impact of our fuel hedges on our results of operations and comprehensive income for the years ended December 31, 2012, 2011 and 2010:

Derivatives in Cash Flow Hedging Relationships	Amount of Gain or (Loss) Recognized in OCI on Derivatives (Effective Portion)			Statement of Income Classification	Amount of Realized Gain or (Loss)		
	2012	2011	2010		2012	2011	2010
	Fuel hedges	\$ 3.4	\$(1.7)		\$ 0.8	Cost of operations	\$ 2.8

The effective portions of the changes in fair values as of December 31, 2012 and 2011, net of tax, of \$1.6 million and \$1.8 million, respectively, have been recorded in stockholders' equity as components of accumulated other comprehensive income.

Recycling Commodity Hedges

Our revenue from sale of recycling commodities is primarily from sales of old corrugated cardboard (OCC) and old newspaper (ONP). We use derivative instruments such as swaps and costless collars designated as cash flow hedges to manage our exposure to changes in prices of these commodities. We have entered into multiple agreements related to the forecasted OCC and ONP sales. The agreements qualified for, and were designated as, effective hedges of changes in the prices of certain forecasted recycling commodity sales (recycling commodity hedges).

There were no outstanding commodity swaps at December 31, 2012. The following table summarizes our outstanding commodity swaps as of December 31, 2011:

Inception Date	Commencement Date	Termination Date	Transaction Hedged	Notional Amount (in Short Tons per Month)	Contract Price Per Short Ton
January 27, 2010	February 1, 2010	January 31, 2012	OCC	1,000	\$ 90.00
October 11, 2010	January 1, 2011	December 31, 2012	OCC	1,500	115.00

If the price per short ton of the hedging instrument (average price) as reported on the Official Board Market is less than the contract price per short ton, we receive the difference between the average price and the contract price (multiplied by the notional short tons) from the counter-party. If the price of the commodity exceeds the contract price per short ton, we pay the difference to the counter-party.

The fair values of our commodity swaps are determined using standard option valuation models with assumptions about commodity prices being based on those observed in underlying markets (Level 2 in the fair value hierarchy).

We entered into costless collar agreements on forecasted sales of OCC and ONP. The agreements involve combining a purchased put option giving us the right to sell OCC and ONP at an established floor strike price with a written call option obligating us to deliver OCC and ONP at an established cap-strike price. The puts and calls have the same settlement dates, are net settled in cash on such dates and have the same terms to expiration. The contemporaneous combination of options resulted in no net premium for us and represent costless collars. Under the agreements, no payments will be made or received by us, as long as the settlement price is between the floor price and cap price. However, if the settlement price is above the cap, we will be required to pay the counterparty an amount equal to the excess of the settlement price over the cap times the monthly volumes

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

hedged. Also, if the settlement price is below the floor, the counterparty will be required to pay us the deficit of the settlement price below the floor times the monthly volumes hedged. The objective of these agreements is to reduce the variability of the cash flows of the forecasted sales of OCC and ONP between two designated strike prices.

The following costless collar hedges were outstanding as of December 31, 2012 and 2011:

Inception Date	Commencement Date	Termination Date	Transaction Hedged	Notional Amount (in Short Tons per Month)	Floor Strike Price Per Short Ton	Cap Strike Price Per Short Ton
December 8, 2010	January 1, 2011	December 31, 2012	OCC	2,000	\$ 80.00	\$ 180.00
December 8, 2010	January 1, 2011	December 31, 2012	OCC	2,000	86.00	210.00
December 8, 2010	January 1, 2011	December 31, 2012	OCC	2,000	81.00	190.00
December 8, 2010	January 1, 2011	December 31, 2012	OCC	2,000	85.00	195.00
December 8, 2010	January 1, 2011	December 31, 2012	OCC	2,000	87.00	195.00
January 19, 2011	February 1, 2011	December 31, 2012	OCC	2,500	90.00	155.00
January 19, 2011	February 1, 2011	December 31, 2012	OCC	2,500	90.00	155.00
April 15, 2011	July 1, 2011	December 31, 2012	OCC	2,000	90.00	155.00
April 15, 2011	July 1, 2011	December 31, 2012	OCC	2,000	90.00	155.00
April 26, 2011	July 1, 2011	December 31, 2012	ONP	1,000	90.00	165.00
April 26, 2011	July 1, 2011	December 31, 2012	ONP	1,000	90.00	165.00
August 1, 2011	January 1, 2012	December 31, 2012	ONP	2,000	85.00	135.00
August 1, 2011	January 1, 2012	December 31, 2012	ONP	2,000	85.00	135.00
January 11, 2012	February 1, 2012	December 31, 2012	OCC	1,000	85.00	135.00
January 11, 2012	February 1, 2012	December 31, 2012	OCC	1,000	85.00	135.00
January 11, 2012	February 1, 2012	December 31, 2012	OCC	1,000	80.00	125.00
January 31, 2012	April 1, 2012	March 31, 2013	OCC	2,000	85.00	136.00
January 31, 2012	April 1, 2012	March 31, 2013	OCC	2,000	85.00	165.00
January 31, 2012	April 1, 2012	March 31, 2013	OCC	2,000	85.00	156.00
January 31, 2012	April 1, 2012	March 31, 2013	ONP	2,000	80.00	106.00
January 31, 2012	April 1, 2012	March 31, 2013	ONP	2,000	80.00	110.00
January 31, 2012	April 1, 2012	March 31, 2013	ONP	2,000	80.00	110.00
June 7, 2012	January 1, 2013	December 31, 2013	OCC	2,000	90.00	138.00
June 7, 2012	January 1, 2013	December 31, 2013	OCC	2,000	95.00	140.00
June 7, 2012	January 1, 2013	December 31, 2013	OCC	2,000	95.00	148.00
August 21, 2012	January 1, 2013	December 31, 2013	OCC	2,500	80.00	128.00
August 21, 2012	January 1, 2013	December 31, 2013	OCC	2,500	80.00	128.00
August 21, 2012	January 1, 2013	December 31, 2013	OCC	2,500	75.00	123.00

The costless collar hedges are recorded on the balance sheet at fair value. The fair values of the costless collars are determined using standard option valuation models with assumptions about commodity prices based upon forward commodity price curves in underlying markets (Level 2 in the fair value hierarchy).

The aggregated fair values of the outstanding recycling commodity hedges at December 31, 2012 and 2011 were current assets of \$1.0 million and \$1.4 million, respectively, and current liabilities of \$1.2 million and \$0.7 million, respectively, and have been recorded in other current assets and other accrued liabilities in our consolidated balance sheets, respectively. The ineffective portions of the changes in fair values resulted in (losses) gains of less than \$0.1 million for the years ended December 31, 2012, 2011, and 2010, respectively, and have been recorded in other income (expense), net in our consolidated statements of income.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table summarizes the impact of our recycling commodity hedges on our results of operations and comprehensive income for the years ended December 31, 2012, 2011 and 2010:

Derivatives in Cash Flow Hedging Relationships	Amount of Gain or (Loss) Recognized in OCI on Derivatives (Effective Portion)			Statement of Income Classification	Amount of Realized Gain or (Loss)		
	2012	2011	2010		2012	2011	2010
Recycling commodity hedges	\$ (0.6)	\$ 3.0	\$ (3.2)	Revenue	\$ 3.3	\$ (7.8)	\$ (3.2)

The effective portions of the changes in fair values of our recycling commodity hedges as of December 31, 2012 and 2011, net of tax, of \$0.1 million and \$0.4 million have been recorded in stockholders' equity as a component of accumulated other comprehensive income.

Fair Value Measurements

In measuring fair values of assets and liabilities, we used quoted prices in active markets where available (Level 1), as well as valuation techniques that maximize the use of observable inputs (Level 2) and minimize the use of unobservable inputs (Level 3). Also, we use market data or assumptions that we believe market participants would use in pricing an asset or liability, including assumptions about risk when appropriate.

As of December 31, 2012 and 2011, our assets and liabilities that are measured at fair value on a recurring basis include the following:

	Total as of December 31, 2012	Fair Value Measurements Using		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Money market mutual funds	\$ 62.8	\$ 62.8	\$ -	\$ -
Bonds	40.1	-	40.1	-
Fuel hedges - other current assets	3.1	-	3.1	-
Commodity hedges - other accrued assets	1.0	-	1.0	-
Total assets	<u>\$ 107.0</u>	<u>\$ 62.8</u>	<u>\$ 44.2</u>	<u>\$ -</u>
Liabilities:				
Fuel hedges - other accrued liabilities	\$ 0.4	\$ -	\$ 0.4	\$ -
Commodity hedges - other accrued liabilities	1.2	-	1.2	-
Total liabilities	<u>\$ 1.6</u>	<u>\$ -</u>	<u>\$ 1.6</u>	<u>\$ -</u>

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

	Total as of December 31, 2011	Fair Value Measurements Using		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Money market mutual funds	\$ 100.8	\$ 100.8	\$ -	\$ -
Bonds	34.6	-	34.6	-
Fuel hedges - other current assets	1.6	-	1.6	-
Commodity hedges - other accrued assets	1.4	-	1.4	-
Total assets	\$ 138.4	\$ 100.8	\$ 37.6	\$ -
Liabilities:				
Fuel hedges - other accrued liabilities	\$ 4.7	\$ -	\$ 4.7	\$ -
Commodity hedges - other accrued liabilities	0.7	-	0.7	-
Total liabilities	\$ 5.4	\$ -	\$ 5.4	\$ -

16. COMMITMENTS AND CONTINGENCIES

General Legal Proceedings

We are subject to extensive and evolving laws and regulations and have implemented safeguards to respond to regulatory requirements. In the normal course of our business, we become involved in legal proceedings. Some of these actions may result in fines, penalties or judgments against us, which may impact earnings and cash flows for a particular period. Although we cannot predict the ultimate outcome of any legal matter with certainty, except as described below we do not believe the outcome of our pending legal proceedings will have a material adverse impact on our consolidated financial position, results of operations or cash flows.

As used herein, the term *legal proceedings* refers to litigation and similar claims against us and our subsidiaries, excluding: (1) ordinary course accidents, general commercial liability and workers compensation claims, which are covered by insurance programs, subject to customary deductibles, and which, together with self-insured employee health care costs, are discussed in Note 7, *Other Liabilities*; (2) environmental remediation liabilities, which are discussed in Note 8, *Landfill and Environmental Costs*; and (3) tax-related matters, which are discussed in Note 10, *Income Taxes*.

We accrue for legal proceedings when losses become probable and reasonably estimable. We have recorded an aggregate accrual of approximately \$66 million relating to our outstanding legal proceedings as of December 31, 2012, including those described herein and others not specifically identified herein. As of the end of each applicable reporting period, we review each of our legal proceedings and, where it is probable that a liability has been incurred, we accrue for all probable and reasonably estimable losses. Where we are able to reasonably estimate a range of losses we may incur with respect to such a matter, we record an accrual for the amount within the range that constitutes our best estimate. If we are able to reasonably estimate a range but no amount within the range appears to be a better estimate than any other, we use the amount that is the low end of such range. If we used the high ends of such ranges, our aggregate potential liability would have been approximately \$79 million higher than the amount recorded as of December 31, 2012.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Countywide Matters

As is discussed in Note 8, *Landfill and Environmental Costs*, in September 2009, Republic Services of Ohio II, LLC (Republic-Ohio) entered into Final Findings and Orders with the Ohio Environmental Protection Agency that require us to implement a comprehensive operation and maintenance program to manage the remediation area at the Countywide Recycling and Disposal Facility. The remediation liability for Countywide recorded as of December 31, 2012 is \$52.4 million, of which \$4.4 million is expected to be paid during 2013. We believe the reasonably possible range of loss for remediation costs is \$50 million to \$71 million.

In a suit filed on October 8, 2008 in the Tuscarawas County Ohio Court of Common Pleas, approximately 700 individuals and businesses located in the area around the Countywide Recycling and Disposal Facility sued Republic Services, Inc. (Republic), Republic-Ohio, Waste Management, Inc. (WMI) and Waste Management Ohio, Inc. (WMO) for alleged negligence and nuisance. Republic-Ohio has owned and operated the landfill since February 1, 1999. Plaintiffs allege that due to the acceptance of a specific waste stream and operational issues and conditions, the landfill has generated odors and other unsafe emissions that have impaired the use and value of their property and may have adverse health effects. A second almost identical lawsuit was filed by approximately 82 plaintiffs on October 13, 2009 in the Tuscarawas County Ohio Court of Common Pleas against Republic, Republic-Ohio, WMI and WMO. The court has consolidated the two actions. We have assumed both the defense and the liability of WMI and WMO in the consolidated action. The relief requested on behalf of each plaintiff in the consolidated action is: (1) an award of compensatory damages according to proof in an amount in excess of \$25,000 for each of the three counts of the amended complaint; (2) an award of punitive damages in the amount of two times compensatory damages, pursuant to applicable statute, or in such amount as may be awarded at trial for each of the three counts of the amended complaint; (3) costs for medical screening and monitoring of each plaintiff; (4) interest on the damages according to law; (5) costs and disbursements of the lawsuit; (6) reasonable fees for attorneys and expert witnesses; and (7) any further relief the court deems just, proper and equitable. Plaintiffs filed an amended consolidated complaint on September 9, 2010, which no longer asserts a claim for medical monitoring. Plaintiffs also have abandoned any claims for adverse health effects. As a result of various dismissals of plaintiffs, this case presently consists of approximately 600 plaintiffs. Discovery is ongoing. In February 2011, the court granted our motion to dismiss plaintiffs' qualified statutory nuisance claims. Republic, WMI and WMO have been dismissed from the litigation. A trial for 10 of the plaintiffs has been scheduled for March 2013.

Luri Matter

On August 17, 2007, a former employee, Ronald Luri, sued Republic Services, Inc., Republic Services of Ohio Hauling LLC, Republic Services of Ohio I LLC, Jim Bowen and Ron Krall in the Cuyahoga County Common Pleas Court in Ohio. Plaintiff alleges that he was unlawfully fired in retaliation for refusing to discharge or demote three employees who were all over 50 years old. On July 3, 2008, a jury verdict was awarded against us in the amount of \$46.6 million, including \$43.1 million in punitive damages. On September 24, 2008, the Court awarded pre-judgment interest of \$0.3 million and attorney fees and litigation costs of \$1.1 million. Post-judgment interest accrued or will accrue at a rate of 8% for 2008, 5% for 2009, 4% for 2010 and 2011, and 3% for 2012 and 2013. We appealed to the Court of Appeals, and on May 19, 2011 the court reduced the punitive damages award to \$7.0 million. Plaintiff appealed to the Ohio Supreme Court, challenging the reduction of punitive damages. We cross-appealed, seeking a new trial on the ground that the proceedings in the trial court violated Ohio's punitive damages statute, which requires that the compensatory and punitive damages phases of trial be bifurcated in certain types of cases. On February 15, 2012, in a case called *Havel v. Villa St. Joseph*, the Ohio Supreme Court upheld the constitutionality of the bifurcation requirement. On July 3, 2012, the Ohio Supreme Court reversed the judgment against us and remanded the case for application of its decision in *Havel*. Plaintiff filed a motion for reconsideration/clarification, which the Ohio Supreme Court denied. Plaintiff then filed a motion for additional briefing before the Court of Appeals. The Court of Appeals denied the request and remanded the case to the Cuyahoga County Common Pleas Court for application of *Havel*.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Congress Development Landfill Matters

Congress Development Co. (CDC) is a general partnership that owns and operates the Congress Landfill. The general partners in CDC are our subsidiary, Allied Waste Transportation, Inc. (Allied Transportation), and an unaffiliated entity, John Sexton Sand & Gravel Corporation (Sexton). Sexton was the operator of the landfill through early 2007, when Allied Transportation took over as the operator. The general partners likely will be jointly and severally liable for the costs associated with the following matters relating to the Congress Landfill.

As is discussed in Note 8, *Landfill and Environmental Costs*, in August 2010, CDC agreed with the State of Illinois to have a Final Consent Order (Final Order) entered by the Circuit Court of Illinois, Cook County. Pursuant to the Final Order, we have agreed to continue to implement certain remedial activities at the landfill. The remediation liability for the landfill recorded as of December 31, 2012 is \$83.4 million, of which \$7.5 million is expected to be paid during the next twelve months. We believe the reasonably possible range of loss for remediation costs is \$53 million to \$153 million.

In a suit originally filed on December 23, 2009 in the Circuit Court of Cook County, Illinois and subsequently amended to add additional plaintiffs, approximately 2,950 plaintiffs sued our subsidiaries Allied Transportation and Allied Waste Industries, Inc. (Allied), CDC and Sexton. The court entered an order dismissing Allied without prejudice on October 26, 2010. The plaintiffs allege bodily injury, property damage and inability to have normal use and enjoyment of property arising from, among other things, odors and other damages arising from landfill gas leaking, and they base their claims on negligence, trespass, and nuisance. On January 6, 2012, the court took plaintiffs' motion for leave to amend their complaint to seek punitive damages under advisement, to be considered on a plaintiff-by-plaintiff basis. The court also granted plaintiffs leave to serve discovery on the punitive damages issue. Following the court's order in our favor striking the plaintiffs' allegations requesting actual damages in excess of \$50 million and punitive damages in excess of \$50 million, the amount of damages being sought is unspecified. Discovery is ongoing.

Lease Commitments

We and our subsidiaries lease real property, equipment and software under various operating leases with remaining terms from one month to 20 years. Rent expense during the years ended December 31, 2012, 2011 and 2010 was \$46.0 million, \$49.9 million and \$51.6 million, respectively.

Future minimum lease obligations under non-cancelable operating leases with initial terms in excess of one year at December 31, 2012 are as follows:

2013	\$ 26.1
2014	20.8
2015	17.4
2016	15.5
2017	14.8
Thereafter	81.2
	<u>\$175.8</u>

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Unconditional Purchase Commitments

Royalties

We have entered into agreements to pay royalties to prior landowners, lessors or host communities, based on waste tonnage disposed at specified landfills. These royalties are generally payable quarterly and amounts incurred, but not paid, are accrued in our consolidated balance sheets. Royalties are accrued as tonnage is disposed of in the landfills.

Disposal Agreements

We have several agreements expiring at various dates through 2030 that require us to dispose of a minimum number of tons at third-party disposal facilities. Under these put-or-pay agreements, we must pay for agreed-upon minimum volumes regardless of the actual number of tons placed at the facilities.

Future minimum payments under unconditional purchase commitments, consisting primarily of (1) disposal related agreements, which include fixed or minimum royalty payments, host agreements, and take-or-pay and put-or-pay agreements, and (2) other obligations including committed capital expenditures and consulting service agreements at December 31, 2012 are as follows:

2013	\$	182.6
2014		101.1
2015		47.2
2016		30.3
2017		28.9
Thereafter		230.9
		\$ 621.0

Restricted Cash and Other Financial Guarantees

We must provide financial assurance to governmental agencies and a variety of other entities under applicable environmental regulations relating to our landfill operations for capping, closure and post-closure costs, and our performance under certain collection, landfill and transfer station contracts. We satisfy our financial assurance requirements by providing surety bonds, letters of credit, insurance policies or trust deposits. The amount of the financial assurance requirements for capping, closure and post-closure costs is determined by applicable state environmental regulations, which vary by state. The financial assurance requirements for capping, closure and post-closure costs can either be for costs associated with a portion of the landfill or the entire landfill. Generally, states will require a third-party engineering specialist to determine the estimated capping, closure and post-closure costs that are used to determine the required amount of financial assurance for a landfill. The amount of financial assurance required can, and generally will, differ from the obligation determined and recorded under U.S. GAAP. The amount of the financial assurance requirements related to contract performance varies by contract. Additionally, we are required to provide financial assurance for our self-insurance program and collateral for certain performance obligations.

We had the following financial instruments and collateral in place to secure our financial assurances at December 31:

	2012	2011
Letters of credit	\$ 972.0	\$ 987.8
Surety bonds	2,741.5	2,728.2

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The letters of credit use \$909.4 million and \$950.2 million as of December 31, 2012 and 2011, respectively, of availability under our Credit Facilities. Surety bonds expire on various dates through 2026.

These financial instruments are issued in the normal course of business and are not debt. Because we currently have no liability for this financial assurance, it is not reflected in our consolidated balance sheets. However, we have recorded capping, closure and post-closure obligations and self-insurance reserves as they are incurred. The underlying financial assurance obligations, in excess of those already reflected in our consolidated balance sheets, would be recorded if it is probable that we would be unable to fulfill our related obligations. We do not expect this to occur.

Our restricted cash and marketable securities deposits include, among other things, restricted cash and marketable securities held for capital expenditures under certain debt facilities, and restricted cash and marketable securities pledged to regulatory agencies and governmental entities as financial guarantees of our performance related to our final capping, closure and post-closure obligations at our landfills. The following table summarizes our restricted cash and marketable securities as of December 31:

	2012	2011
Financing proceeds	\$ 24.7	\$ 22.5
Capping, closure and post-closure obligations	54.8	54.9
Self-insurance	81.3	75.2
Other	3.4	37.0
Total restricted cash and marketable securities	<u>\$ 164.2</u>	<u>\$ 189.6</u>

We own a 19.9% interest in a company that, among other activities, issues financial surety bonds to secure capping, closure and post-closure obligations for companies operating in the solid waste industry. We account for this investment under the cost method of accounting. There have been no identified events or changes in circumstances that may have a significant adverse effect on the recoverability of the investment. This investee company and the parent company of the investee had written surety bonds for us relating primarily to our landfill operations for capping, closure and post-closure, of which \$1,152.1 million was outstanding as of December 31, 2012. Our reimbursement obligations under these bonds are secured by an indemnity agreement with the investee and letters of credit totaling \$23.4 million and \$45.0 million as of December 31, 2012 and 2011.

Off-Balance Sheet Arrangements

We have no off-balance sheet debt or similar obligations, other than operating leases and the financial assurances discussed above, which are not classified as debt. We have no transactions or obligations with related parties that are not disclosed, consolidated into or reflected in our reported financial position or results of operations. We have not guaranteed any third-party debt.

Guarantees

We enter into contracts in the normal course of business that include indemnification clauses. Indemnifications relating to known liabilities are recorded in the consolidated financial statements based on our best estimate of required future payments. Certain of these indemnifications relate to contingent events or occurrences, such as the imposition of additional taxes due to a change in the tax law or adverse interpretation of the tax law, and indemnifications made in divestiture agreements where we indemnify the buyer for liabilities that relate to our activities prior to the divestiture and that may become known in the future. We do not believe that these contingent obligations will have a material effect on our consolidated financial position, results of operations or cash flows.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

We have entered into agreements with property owners to guarantee the value of property that is adjacent to certain of our landfills. These agreements have varying terms. We do not believe that these contingent obligations will have a material effect on our consolidated financial position, results of operations or cash flows.

Other Matters

Our business activities are conducted in the context of a developing and changing statutory and regulatory framework. Governmental regulation of the waste management industry requires us to obtain and retain numerous governmental permits to conduct various aspects of our operations. These permits are subject to revocation, modification or denial. The costs and other capital expenditures that may be required to obtain or retain the applicable permits or comply with applicable regulations could be significant. Any revocation, modification or denial of permits could have a material adverse effect on us.

17. SELECTED QUARTERLY FINANCIAL DATA (unaudited)

The following tables summarize our unaudited consolidated quarterly results of operations as reported for 2012 and 2011:

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>
2012:				
Revenue	\$1,982.4	\$2,060.6	\$2,046.9	\$2,028.3
Operating income	326.9	387.0	317.9	288.8
Net income	142.8	149.5	152.8	127.0
Net income attributable to Republic Services, Inc.	142.9	149.2	152.7	127.0
Diluted earnings per common share	0.38	0.40	0.42	0.35
2011:				
Revenue	\$1,964.9	\$2,086.6	\$2,116.2	\$2,025.2
Operating income	376.2	401.2	408.5	366.7
Net income	158.1	46.2	193.6	191.0
Net income attributable to Republic Services, Inc.	158.2	46.5	193.5	191.0
Diluted earnings per common share	0.41	0.12	0.52	0.51

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

REPORT OF MANAGEMENT ON REPUBLIC SERVICES, INC.'S INTERNAL CONTROL OVER FINANCIAL REPORTING

We, as members of management of Republic Services, Inc., are responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, our internal control systems and procedures may not prevent or detect misstatements. An internal control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

We, under the supervision of and with the participation of our management, including the Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2012, based on criteria for effective internal control over financial reporting described in "Internal Control — Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, we concluded that we maintained effective internal control over financial reporting as of December 31, 2012, based on the specified criteria.

Our internal control over financial reporting has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their attestation report which is included herein.

Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e), and 15d-15(e)) as of the end of the period covered by this Annual Report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Annual Report.

Changes in Internal Control Over Financial Reporting

Based on an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, there has been no change in our internal control over financial reporting during our last fiscal quarter identified in connection with that evaluation, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information required by this item is incorporated by reference to the material appearing under the headings "Election of Directors," "Biographical Information Regarding Directors/Nominees and Executive Officers," "Board of Directors and Corporate Governance Matters," "Section 16(a) Beneficial Ownership Reporting Compliance" and "Executive Officers" in the Proxy Statement for the 2013 Annual Meeting of Stockholders.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this item is incorporated by reference to the material appearing under the headings "Executive Compensation" and "Director Compensation" in the Proxy Statement for the 2013 Annual Meeting of Stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required by this item is incorporated by reference to the material appearing under the headings "Security Ownership of Five Percent Stockholders" and "Security Ownership of the Board of Directors and Management" in the Proxy Statement for the 2013 Annual Meeting of Stockholders.

The following table sets forth certain information regarding equity compensation plans as of December 31, 2012 (number of securities in millions):

<u>Plan Category</u>	<u>Number of Securities to be Issued Upon Exercise of Outstanding Options and Rights (b)</u>	<u>Weighted Average Exercised Price of Outstanding Options and Rights (c)</u>	<u>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in the first column) (d)</u>
Equity compensation plans approved by security holders (a)	13.7	\$ 27.51	36.3
Equity compensation plans not approved by security holders	-	-	-
Total	13.7	\$ 27.51	36.3

- (a) Includes our Amended and Restated 1998 Stock Incentive Plan, 2006 Incentive Stock Plan and Amended and Restated 2007 Stock Incentive Plan (the Plans). Also includes our 2009 Employee Stock Purchase Plan (ESPP).
- (b) Includes 13,536,913 stock options, 905,279 shares of restricted stock and shares underlying restricted stock units, and 37,186 shares underlying purchase rights that accrue under the ESPP.
- (c) Excludes restricted stock and restricted stock units as these awards do not have exercise prices.
- (d) The shares remaining available for future issuances include 35,289,179 shares under our Plans and 1,011,431 shares under our ESPP.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required by this item is incorporated by reference to the material appearing under the heading "Board of Directors and Corporate Governance Matters" in the Proxy Statement for the 2013 Annual Meeting of Stockholders.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information required by this item is incorporated by reference to the material appearing under the heading "Audit and Related Fees" in the Proxy Statement for the 2013 Annual Meeting of Stockholders.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report:

1. Financial Statements

Our consolidated financial statements are set forth under Item 8 of this Form 10-K.

2. Financial Statement Schedules

All schedules are omitted as the required information is not applicable or the information is presented in the consolidated financial statements and notes thereto in Item 8.

3. Exhibits

The following exhibits are filed herewith or are incorporated by reference to exhibits previously filed with the Commission, as indicated in the description of each, File No. 1-14267 in the case of Republic and File No. 1-14705 and No. 0-19285 in the case of Allied.

<u>Exhibit Number</u>	<u>Description</u>
2.1	Agreement and Plan of Merger, dated as of June 22, 2008, by and among Republic Services, Inc., RS Merger Wedge, Inc. and Allied Waste Industries, Inc. (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K dated June 23, 2008).
2.2	First Amendment to Agreement and Plan of Merger, dated as of July 31, 2008, by and among Republic Services, Inc., RS Merger Wedge, Inc. and Allied Waste Industries, Inc. (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K dated August 6, 2008).
2.3	Second Amendment to Agreement and Plan of Merger, dated as of December 5, 2008, by and among Republic Services, Inc., RS Merger Wedge, Inc. and Allied Waste Industries, Inc. (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K dated December 10, 2008).
3.1	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1998).
3.2	Certificate of Amendment to Amended and Restated Certificate of Incorporation of Republic Services, Inc. (incorporated by reference to Exhibit 4.2 of the Company's Registration Statement on Form S-8, Registration No. 333-81801, filed with the Commission on June 29, 1999).

<u>Exhibit Number</u>	<u>Description</u>
4.4	Third Supplemental Indenture, dated as of December 5, 2008, to the Indenture dated as of August 15, 2001, by and among Republic Services, Inc., Allied Waste Industries, Inc., the guarantors party thereto and The Bank of New York Mellon (f/k/a The Bank of New York), as trustee (incorporated by reference to Exhibit 4.8 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008).
4.5	Indenture, dated as of September 8, 2009, by and between Republic Services, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K dated September 9, 2009).
4.6	First Supplemental Indenture, dated as of September 8, 2009, to the Indenture dated as of September 8, 2009, by and among Republic Services, Inc., the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee, including the form of 5.500% Notes due 2019 (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K dated September 9, 2009).
4.7	Second Supplemental Indenture, dated as of May 9, 2011, to the Indenture dated as of September 8, 2009, by and among Republic Services, Inc., the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee, including the form of 3.800% Notes due 2018 (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K dated May 9, 2011).
4.8	Third Supplemental Indenture, dated as of May 9, 2011, to the Indenture dated as of September 8, 2009, by and among Republic Services, Inc., the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee, including the form of 4.750% Notes due 2023 (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K dated May 9, 2011).
4.9	Fourth Supplemental Indenture, dated as of May 9, 2011, to the Indenture dated as of September 8, 2009, by and among Republic Services, Inc., the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee, including the form of 5.700% Notes due 2041 (incorporated by reference to Exhibit 4.3 of the Company's Current Report on Form 8-K dated May 9, 2011).
4.10	Indenture, dated as of November 25, 2009, by and between Republic Services, Inc. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K dated November 25, 2009).
4.11	First Supplemental Indenture, dated as of November 25, 2009, to the Indenture dated as of November 25, 2009, by and among Republic Services, Inc., the guarantors named therein and U.S. Bank National Association, as trustee, including the form of 5.25% Notes due 2021 (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K dated November 25, 2009).
4.12	Second Supplemental Indenture, dated as of March 4, 2010, to the Indenture dated as of November 25, 2009, by and among Republic Services, Inc., the guarantors named therein and U.S. Bank National Association, as trustee, including the form of 5.00% Notes due 2020 (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K dated March 4, 2010).
4.13	Third Supplemental Indenture, dated as of March 4, 2010, to the Indenture dated as of November 25, 2009, by and among Republic Services, Inc., the guarantors named therein and U.S. Bank National Association, as trustee, including the form of 6.20% Notes due 2040 (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K dated March 4, 2010).

<u>Exhibit Number</u>	<u>Description</u>
4.14	Amended and Restated Credit Agreement, dated as of April 20, 2011, by and among Republic Services, Inc., as borrower, Bank of America N.A., as administrative agent, swing line lender and L/C issuer, the other lenders party thereto and the guarantors party thereto (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K dated April 21, 2011).
4.15	Credit Agreement, dated as of September 18, 2008, by and among Republic Services, Inc., Bank of America, N.A., as administrative agent, swing line lender and l/c issuer, JPMorgan Chase Bank, N.A., as syndication agent, Barclays Bank PLC, BNP Paribas and The Royal Bank of Scotland PLC, as co-documentation agents, and the other lenders party thereto (incorporated by reference to Exhibit 4.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010).
4.16	Amendment No. 1, dated as of April 27, 2010, to the Credit Agreement, dated as of September 18, 2008, by and among Republic Services, Inc., the guarantors named therein, Bank of America, N.A., as administrative agent, and the other lenders party thereto (incorporated by reference to Exhibit 4.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010).
4.17	Amendment No. 2, dated as of April 20, 2011, to the Credit Agreement, dated as of September 18, 2008, by and among Republic Services, Inc., the guarantors named therein, Bank of America, N.A., as administrative agent, and the other lenders party thereto (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K dated April 21, 2011).
4.18	Letter Agreement, dated as of December 2, 2008, by and among Republic Services, Inc., Blackstone Capital Partners III Merchant Banking Fund L.P., Blackstone Offshore Capital Partners III L.P. and Blackstone Family Investment Partnership III L.P. (incorporated by reference to Exhibit 4.12 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008).
4.19	Restated Indenture, dated as of September 1, 1991, by and between Browning-Ferris Industries, Inc. and First City, Texas-Houston, National Association, as trustee (incorporated by reference to Exhibit 4.22 of Allied's Registration Statement on Form S-4 (No. 333-61744)).
4.20	First Supplemental Indenture, dated as of July 30, 1999, to the Indenture dated as of September 1, 1991, by and among Allied Waste Industries, Inc., Allied Waste North America, Inc., Browning-Ferris Industries, Inc. and Chase Bank of Texas, National Association, as trustee (incorporated by reference to Exhibit 4.23 of Allied's Registration Statement on Form S-4 (No. 333-61744)).
4.21	First [sic] Supplemental Indenture, dated as of December 31, 2004, to the Indenture dated as of September 1, 1991, by and among Browning-Ferris Industries, Inc., BBCO, Inc. and JP Morgan Chase Bank, National Association as trustee (incorporated by reference to Exhibit 4.33 of Allied's Annual Report on Form 10-K for the year ended December 31, 2004).
4.22	Third Supplemental Indenture, dated as of December 5, 2008, to the Indenture dated as of September 1, 1991, by and among Allied Waste Industries, Inc., Allied Waste North America, Inc., Browning-Ferris Industries, LLC (successor to Browning-Ferris Industries, Inc.), BBCO, Inc., Republic Services, Inc., the guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K dated December 10, 2008).
4.23	The Company is a party to other agreements for unregistered long-term debt securities, which do not exceed 10% of the Company's total assets. The Company agrees to furnish a copy of such agreements to the Commission upon request.
10.1+	Republic Services, Inc. 1998 Stock Incentive Plan, as amended and restated March 6, 2002 (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2002).

<u>Exhibit Number</u>	<u>Description</u>
10.2+	Form of Stock Option Agreement under the Republic Services, Inc. 1998 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008).
10.3+	Form of Director Stock Option Agreement under the Republic Services, Inc. 1998 Stock Incentive Plan (incorporated by reference to Exhibit 10.3 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008).
10.4+	Form of Non-Employee Director Stock Unit Agreement under the Republic Services, Inc. 1998 Stock Incentive Plan (incorporated by reference to Exhibit 10.6 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008).
10.5+	Republic Services, Inc. 2007 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2007).
10.6+	Amendment to the Republic Services, Inc. 2007 Stock Incentive Plan (incorporated by reference to Exhibit 10.8 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008).
10.7+	Republic Services, Inc. Amended and Restated 2007 Stock Incentive Plan (incorporated by reference to Appendix A of the Company's Proxy Statement on Schedule 14A filed on April 1, 2011).
10.8+	Form of Stock Option Agreement under the Republic Services, Inc. 2007 Stock Incentive Plan (for awards prior to October 28, 2011) (incorporated by reference to Exhibit 10.9 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008).
10.9+	Form of Restricted Stock Agreement under the Republic Services, Inc. 2007 Stock Incentive Plan (for awards prior to October 28, 2011) (incorporated by reference to Exhibit 10.10 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008).
10.10+	Form of Non-Employee Director Restricted Stock Units Agreement (3-year vesting) under the Republic Services, Inc. 2007 Stock Incentive Plan (for awards prior to December 27, 2011) (incorporated by reference to Exhibit 10.11 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008).
10.11+	Form of Restricted Stock Unit Award Agreement under the Republic Services, Inc. 2007 Stock Incentive Plan (for awards prior to December 27, 2011) (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated January 4, 2010).
10.12+	Form of Non-NEO Stock Option Agreement under the Republic Services, Inc. Amended and Restated 2007 Stock Incentive Plan (for awards on or after October 28, 2011) (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011).
10.13+	Form of NEO Stock Option Agreement under the Republic Services, Inc. 2007 Amended and Restated Stock Incentive Plan (for awards on or after October 28, 2011) (incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011).
10.14+	Form of Non-NEO Restricted Stock Agreement under the Republic Services, Inc. Amended and Restated 2007 Stock Incentive Plan (for awards on or after October 28, 2011) (incorporated by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011).

<u>Exhibit Number</u>	<u>Description</u>
10.15+	Form of NEO Restricted Stock Agreement under the Republic Services, Inc. Amended and Restated 2007 Stock Incentive Plan (for awards on or after October 28, 2011) (incorporated by reference to Exhibit 10.4 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011).
10.16+	Form of Employee Restricted Stock Unit Agreement under the Republic Services, Inc. Amended and Restated 2007 Stock Incentive Plan (for awards on or after December 27, 2011) (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated December 27, 2011).
10.17+	Form of Non-Employee Director Restricted Stock Unit Agreement (annual vesting) under the Republic Services, Inc. Amended and Restated 2007 Stock Incentive Plan (for awards on or after December 27, 2011) (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K dated December 27, 2011).
10.18+	Form of Non-Employee Director Restricted Stock Unit Agreement (3 year vesting) under the Republic Services, Inc. Amended and Restated 2007 Stock Incentive Plan (for awards on or after December 27, 2011) (incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K dated December 27, 2011).
10.19+	Republic Services, Inc. Deferred Compensation Plan, as amended and restated effective January 1, 2010 (incorporated by reference to Exhibit 4.4 of the Company's Registration Statement on Form S-8, Registration No. 333-170174, filed with the Commission on October 27, 2010).
10.20+	Amendment No. 1 to Republic Services, Inc. Deferred Compensation Plan, effective January 6, 2011 (incorporated by reference to Exhibit 10.17 of the Company's Annual Report on Form 10-K for the year ended December 31, 2010).
10.21+	Republic Services, Inc. Executive Incentive Plan, effective May 14, 2009 (incorporated by reference to Appendix A of the Company's Proxy Statement on Schedule 14A filed on April 3, 2009).
10.22+	Amended and Restated Employment Agreement, dated as of February 21, 2007, by and between Tod C. Holmes and Republic Services, Inc. (incorporated by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2007).
10.23+	Amended and Restated Employment Agreement, effective May 14, 2009, by and between Tod C. Holmes and Republic Services, Inc. (incorporated by reference to Exhibit 10.4 of the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2009).
10.24+	Executive Employment Agreement, dated as of March 2, 2007, by and between Donald W. Slager and Allied Waste Industries, Inc. (incorporated by reference to Exhibit 10.3 of Allied's Quarterly Report on Form 10-Q for the period ended June 30, 2008).
10.25+	First Amendment, dated as of December 31, 2008, to Executive Employment Agreement dated as of March 2, 2007 by and between Donald W. Slager and Allied Waste Industries, Inc. (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated January 7, 2009).
10.26+	Employment Agreement, dated January 31, 2009, by and between Republic Services, Inc. and Donald W. Slager (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated February 5, 2009).
10.27+	Amended and Restated Employment Agreement, dated June 25, 2010, by and between Donald W. Slager and Republic Services, Inc. (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K dated June 28, 2010).

<u>Exhibit Number</u>	<u>Description</u>
10.28+	Employment Agreement, dated December 5, 2008, between Michael Rissman and Republic Services, Inc. (now superseded) (incorporated by reference to Exhibit 10.1 of Republic's Current Report on Form 8-K filed on February 12, 2010).
10.29+	Memorandum dated February 9, 2010, terminating Employment Agreement, dated December 5, 2008, between Michael Rissman and Republic Services, Inc. (incorporated by reference to Exhibit 10.2 of Republic's Current Report on Form 8-K filed on February 12, 2010).
10.30+	Offer Letter dated August 17, 2009 to Michael Rissman from Republic Services, Inc. regarding general counsel position (incorporated by reference to Exhibit 10.3 of Republic's Current Report on Form 8-K filed on February 12, 2010).
10.31+	Non-Solicitation, Confidentiality and Arbitration Agreement, dated February 9, 2010, between Michael Rissman and Republic Services, Inc. (incorporated by reference to Exhibit 10.4 of Republic's Current Report on Form 8-K filed on February 12, 2010).
10.32+	Amended and Restated Allied Waste Industries, Inc. 1991 Incentive Stock Plan (incorporated by reference to Exhibit 3 of Allied's Definitive Proxy Statement in accordance with Schedule 14A dated April 18, 2001).
10.33+	First Amendment to the Allied Waste Industries, Inc. 1991 Incentive Stock Plan, dated as of August 8, 2001 (incorporated by reference to Exhibit 4.14 of Allied's Annual Report on Form 10-K for the year ended December 31, 2001).
10.34+	Second Amendment to the Allied Waste Industries, Inc. 1991 Incentive Stock Plan, dated as of December 12, 2002 (incorporated by reference to Exhibit 10.49 of Allied's Annual Report on Form 10-K for the year ended December 31, 2002).
10.35+	Third Amendment to the Allied Waste Industries, Inc. 1991 Incentive Stock Plan, effective February 5, 2004 (incorporated by reference to Exhibit 10.6 of Allied's Quarterly Report on Form 10-Q for the period ended March 31, 2004).
10.36+	Fourth Amendment to the Allied Waste Industries, Inc. 1991 Incentive Stock Plan, effective February 5, 2004 (incorporated by reference to Exhibit 10.7 of Allied's Quarterly Report on Form 10-Q for the period ended March 31, 2004).
10.37+	Amended and Restated Allied Waste Industries, Inc. 1991 Incentive Stock Plan, effective February 5, 2004 (incorporated by reference to Exhibit 10.8 of Allied's Quarterly Report on Form 10-Q for the period ended March 31, 2004).
10.38+	First Amendment to the Amended and Restated Allied Waste Industries, Inc. 1991 Incentive Stock Plan, as amended and restated effective February 5, 2004 (incorporated by reference to Exhibit 10.03 of Allied's Current Report on Form 8-K dated December 10, 2004).
10.39+	Form of Nonqualified Stock Option Agreement under the Amended and Restated Allied Waste Industries, Inc. 1991 Incentive Stock Plan (incorporated by reference to Exhibit 10.01 of Allied's Current Report on Form 8-K dated December 10, 2004).
10.40+	Form of Nonqualified Stock Option Agreement under the Amended and Restated Allied Waste Industries, Inc. 1991 Incentive Stock Plan (incorporated by reference to Exhibit 10.01 of Allied's Current Report on Form 8-K dated January 5, 2006).
10.41+	Amendment to Certain Allied Waste Industries, Inc. Equity Award Agreements (Global — Employees) under the Allied Waste Industries, Inc. 1991 Incentive Stock Plan and the Allied Waste Industries, Inc. 2006 Incentive Stock Plan (incorporated by reference to Exhibit 10.38 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008).

<u>Exhibit Number</u>	<u>Description</u>
10.42+	Allied Waste Industries, Inc. 2005 Non-Employee Director Equity Compensation Plan (incorporated by reference to Exhibit 10.7 of Allied's Quarterly Report on Form 10-Q for the period ended June 30, 2005).
10.43+	First Amendment to the Allied Waste Industries, Inc. 2005 Non-Employee Director Equity Compensation Plan (incorporated by reference to Exhibit 10.02 of Allied's Current Report on Form 8-K dated February 14, 2006).
10.44+	Amended and Restated Allied Waste Industries, Inc. 2005 Non-Employee Director Equity Compensation Plan, effective January 1, 2008 (incorporated by reference to Exhibit 10.123 of Allied's Annual Report on Form 10-K for the year ended December 31, 2007).
10.45+	Republic Services, Inc. 2005 Non-Employee Director Equity Compensation Plan (f/k/a Amended and Restated Allied Waste Industries, Inc. 2005 Non-Employee Director Equity Compensation Plan), as amended and restated effective December 5, 2008 (incorporated by reference to Exhibit 10.42 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008).
10.46+	Form of Stock Option Agreement under the Allied Waste Industries, Inc. 2005 Non-Employee Director Equity Compensation Plan (incorporated by reference to Exhibit 10.4 of Allied's Quarterly Report on Form 10-Q for the period ended March 31, 2005).
10.47+	Amendment to Certain Allied Waste Industries, Inc. Equity Award Agreements (Global — Directors) under the Allied Waste Industries, Inc. 1994 Non-Employee Director Stock Option Plan and the Allied Waste Industries, Inc. 2005 Non-Employee Director Equity Compensation Plan (incorporated by reference to Exhibit 10.45 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008).
10.48+	Allied Waste Industries, Inc. 2006 Incentive Stock Plan (incorporated by reference to Exhibit 10.2 of Allied's Quarterly Report on Form 10-Q for the period ended June 30, 2006).
10.49+	First Amendment to the Allied Waste Industries, Inc. 2006 Incentive Stock Plan, dated as of July 27, 2006 (incorporated by reference to Exhibit 10.1 of Allied's Quarterly Report on Form 10-Q for the period ended September 30, 2006).
10.50+	Amended and Restated Allied Waste Industries, Inc. 2006 Incentive Stock Plan, dated as of July 27, 2006 (incorporated by reference to Exhibit 10.2 of Allied's Quarterly Report on Form 10-Q for the period ended September 30, 2006).
10.51+	First Amendment, dated as of December 5, 2006, to the Amended and Restated Allied Waste Industries, Inc. 2006 Incentive Stock Plan, dated as of July 27, 2006 (incorporated by reference to Exhibit 10.47 of Allied's Annual Report on Form 10-K for the year ended December 31, 2006).
10.52+	Amended and Restated Allied Waste Industries, Inc. 2006 Incentive Stock Plan, effective October 24, 2007 (incorporated by reference to Exhibit 10.122 of Allied's Annual Report on Form 10-K for the year ended December 31, 2007).
10.53+	Republic Services, Inc. 2006 Incentive Stock Plan (f/k/a Amended and Restated Allied Waste Industries, Inc. 2006 Incentive Stock Plan), as amended and restated effective December 5, 2008 (incorporated by reference to Exhibit 10.51 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008).
10.54+	Form of Nonqualified Stock Option Agreement under the Allied Waste Industries, Inc. 2006 Incentive Stock Plan (incorporated by reference to Exhibit 10.3 of Allied's Quarterly Report on Form 10-Q for the period ended September 30, 2006).

<u>Exhibit Number</u>	<u>Description</u>
10.55+	Form of Indemnity Agreement between Allied Waste Industries, Inc. and legacy Allied directors (incorporated by reference to Exhibit 10.19 of Allied's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004).
10.56+	Republic Services, Inc. Executive Separation Policy (incorporated by reference to Exhibit 10.66 of the Company's Annual Report on Form 10-K for the year ended December 31, 2009).
10.57+	Standstill Agreement, dated November 3, 2010, by and among Republic Services, Inc., Cascade Investment, L.L.C., and the Bill & Melinda Gates Foundation Trust (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated November 5, 2010).
10.58+	Offer Letter, dated August 2, 2012, by and between Robert Boucher and Republic Services, Inc. (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated August 20, 2012).
10.59+	Offer Letter, dated December 12, 2012, by and between Glenn A. Culpepper and Republic Services, Inc. (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated December 18, 2012).
10.60*+	Retirement Agreement, dated June 22, 2012, by and between Tod C. Holmes and Republic Services, Inc.
10.61*+	Amended and Restated Employment Agreement, effective December 8, 2008, by and between Jeffrey A. Hughes and Republic Services, Inc.
21.1*	Subsidiaries of the Company.
23.1*	Consent of Ernst & Young LLP.
31.1*	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer.
31.2*	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer.
32.1*	Section 1350 Certification of Chief Executive Officer.
32.2*	Section 1350 Certification of Chief Financial Officer
101.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema Document
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB**	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document

* Filed herewith

** This exhibit is being furnished rather than filed, and shall not be deemed incorporated by reference into any filing, in accordance with Item 601 of Regulation S-K.

+ Indicates a management or compensatory plan or arrangement.

**CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Donald W. Slager, certify that:

1. I have reviewed this 2012 Annual Report on Form 10-K of Republic Services, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Donald W. Slager

Donald W. Slager
President and Chief Executive Officer
(Principal Executive Officer)

Date: February 15, 2013

**CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Glenn A. Culpepper, certify that:

1. I have reviewed this 2012 Annual Report on Form 10-K of Republic Services, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Glenn A. Culpepper

Glenn A. Culpepper
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

Date: February 15, 2013

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS
ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this Annual Report on Form 10-K of Republic Services, Inc. (the Company) for the annual period ended December 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Donald W. Slager, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Donald W. Slager

Donald W. Slager
President and Chief Executive Officer
(Principal Executive Officer)

Date: February 15, 2013

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS
ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this Annual Report on Form 10-K of Republic Services, Inc. (the Company) for the annual period ended December 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Glenn A. Culpepper, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Glenn A. Culpepper

Glenn A. Culpepper
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

Date: February 15, 2013

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SENIOR MANAGEMENT TEAM

Don Slager

President and Chief Executive Officer

Briar Bales

Executive Vice President, Business Development

Bob Boucher

Executive Vice President, Operations

Glenn Culpepper

Executive Vice President and Chief Financial Officer

Jeff Hughes

Executive Vice President, Human Resources

Mike Rissman

Executive Vice President, General Counsel and Corporate Secretary

Chris Synek

Executive Vice President, Sales and Customer Experience

Jon Vander Ark

Executive Vice President, Customer Development

Jeff Andrews

Region President, West Region

Justin Boswell

Region President, Central Region

Jack Perko

Region President, East Region

Dercie Brossart

Senior Vice President, Communications

Jerry Clark

Senior Vice President, Operations Controller

Catherine Ellingsen

Senior Vice President, Human Resources

Bill Halnon

Senior Vice President and Chief Information Officer

Ed Lang

Senior Vice President, Treasurer

Chris Melocik

Senior Vice President, Integration and Process Improvement

Scott Russeth

Senior Vice President, Pricing Management

Chuck Serianni

Senior Vice President and Chief Accounting Officer

Gary Sova

Senior Vice President, National Accounts

BOARD OF DIRECTORS

James W. Crownover

Chairman of the Board

William J. Flynn

Chairman, Management Development and Compensation Committee

Michael Larson

Chairman, Nominating and Corporate Governance Committee

Nolan Lehmann

Director

W. Lee Nutter

Director

Ramon A. Rodriguez

Chairman, Audit Committee

Don Slager

President & Chief Executive Officer

Allan C. Sorensen

Chairman, Integration Committee

John M. Trani

Director

Michael W. Wickham

Director

CORPORATE INFORMATION

CORPORATE OFFICE

Republic Services, Inc.
18500 North Allied Way
Phoenix, Arizona 85054
Phone: 480-627-2700
republicservices.com

STOCKHOLDER RELATIONS & INQUIRIES

Republic Services Investor Relations
18500 North Allied Way
Phoenix, Arizona 85054

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ernst & Young, LLP
Ernst & Young Tower
Two North Central Avenue
Suite 2300
Phoenix, Arizona 85004

COMMON STOCK TRANSFER AGENT & REGISTER

Wells Fargo Shareowner Services
P.O. Box 64854
St. Paul, Minnesota 55164-0854
Phone: 800-468-9716

18500 N. Allied Way | Phoenix, AZ 85054 | 480-627-2700



RepublicServices.com



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REPUBLIC SERVICES INC

FORM 10-Q

9-30-2013

SEC Filings

10-Q

REPUBLIC SERVICES, INC. filed this Form 10-Q on 11/01/2013

[Entire Document](#)

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

For the quarterly period ended **September 30, 2013**
OR

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

For the transition period from _____ to _____
Commission File Number: 1-14267

REPUBLIC SERVICES, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	65-0716904
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

18500 NORTH ALLIED WAY	
PHOENIX, ARIZONA	85054
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code: **(480) 627-2700**

REPUBLIC SERVICES, INC.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

REPUBLIC SERVICES, INC.

CONSOLIDATED BALANCE SHEETS

(in millions, except per share data)

	September 30, 2013	December 31, 2012
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 97.3	\$ 67.6
Accounts receivable, less allowance for doubtful accounts of \$38.2 and \$45.3, respectively	906.8	836.6
Prepaid expenses and other current assets	189.8	209.3
Deferred tax assets	96.5	117.8
Total current assets	<u>1,290.4</u>	<u>1,231.3</u>
Restricted cash and marketable securities	175.5	164.2
Property and equipment, net	7,086.9	6,910.3
Goodwill	10,712.6	10,690.0
Other intangible assets, net	127.2	358.7
Other assets	273.4	262.4
Total assets	<u>\$ 19,826.8</u>	<u>\$ 19,616.9</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 505.5	\$ 474.5
Notes payable and current maturities of long-term debt	15.5	19.4
Deferred revenue	308.8	313.2
Accrued landfill and environmental costs, current portion	214.9	195.5
Accrued interest	70.1	68.8
Other accrued liabilities	654.4	623.6
Total current liabilities	<u>1,769.2</u>	<u>1,695.0</u>
Long-term debt, net of current maturities	7,023.6	7,051.1
Accrued landfill and environmental costs, net of current portion	1,462.4	1,420.6

Deferred income taxes and other long-term tax liabilities	1,156.5	1,232.7
Self-insurance reserves, net of current portion	307.6	290.9
Other long-term liabilities	367.5	320.9
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, par value \$0.01 per share; 50 shares authorized; none issued	—	—
Common stock, par value \$0.01 per share; 750 shares authorized; 410.6 and 405.2 issued, including shares held in treasury, respectively	4.1	4.1
Additional paid-in capital	6,744.6	6,588.9
Retained earnings	2,490.2	2,403.2
Treasury stock, at cost (50.6 and 44.1 shares, respectively)	(1,501.2)	(1,287.1)
Accumulated other comprehensive loss, net of tax	(41.8)	(5.8)
Total Republic Services, Inc. stockholders' equity	7,736.9	7,703.3
Noncontrolling interests	2.5	2.4
Total stockholders' equity	7,739.4	7,705.7
Total liabilities and stockholders' equity	\$ 19,826.0	\$ 19,616.9

The accompanying notes are an integral part of these statements.

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REPUBLIC SERVICES, INC.

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2013	2012	2013	2012
Revenue	\$ 2,165.4	\$ 2,046.9	\$ 6,275.7	\$ 6,089.9
Expenses:				

Cost of operations	1,317.6	1,280.5	3,950.7	3,722.2
Depreciation, amortization and depletion	224.4	203.5	651.0	632.1
Accretion	19.2	19.7	57.6	59.1
Selling, general and administrative	209.6	193.8	644.3	613.5
Negotiation and withdrawal costs - Central States Pension and Other Funds	41.6	31.3	157.7	34.6
Loss (gain) on disposition of assets and impairments, net	--	0.2	(1.9)	(3.4)
Restructuring charges	0.7	--	8.6	--
Operating income	352.5	317.9	807.7	1,031.8
Interest expense	(90.0)	(93.2)	(269.8)	(296.3)
Loss on extinguishment of debt	--	(2.3)	(2.1)	(12.6)
Interest income	0.1	0.3	0.5	0.8
Other income, net	1.0	0.4	1.5	1.1
Income before income taxes	263.4	223.1	537.8	624.8
Provision for income taxes	92.3	70.3	185.4	179.7
Net income	171.1	152.8	352.4	445.1
Net loss (income) attributable to noncontrolling interests	0.3	(0.1)	(0.1)	(0.3)
Net income attributable to Republic Services, Inc.	\$ 171.4	\$ 152.7	\$ 352.3	\$ 444.8
Basic earnings per share attributable to Republic Services, Inc. stockholders:				
Basic earnings per share	\$ 0.47	\$ 0.42	\$ 0.97	\$ 1.21
Weighted average common shares outstanding	361.7	365.4	362.4	368.1
Diluted earnings per share attributable to Republic Services, Inc. stockholders:				
Diluted earnings per share	\$ 0.47	\$ 0.42	\$ 0.97	\$ 1.20
Weighted average common and common equivalent shares outstanding	363.0	366.4	363.8	369.3
Cash dividends declared per common share	\$ 0.260	\$ 0.235	\$ 0.730	\$ 0.675

The accompanying notes are an integral part of these statements.

REPUBLIC SERVICES, INC.**UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****(in millions)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Net income	\$ 171.1	\$ 152.8	\$ 352.4	\$ 445.1
Other comprehensive income, net of tax				
Hedging activity:				
Settlements	0.3	1.4	1.5	(0.7)
Realized gains reclassified into earnings	—	(1.0)	(0.4)	(1.0)
Unrealized gains (losses)	2.1	8.6	(0.3)	3.9
Pension activity:				
Change in funded status of pension plan obligations	5.8	3.2	5.8	(0.3)
Gains related to pension settlement reclassified into earnings	(1.6)	(0.2)	(1.6)	(0.2)
Other comprehensive income, net of tax	6.6	12.0	5.0	1.7
Total comprehensive income	177.7	164.8	357.4	446.8
Total comprehensive loss (income) attributable to noncontrolling interests	0.3	(0.1)	(0.1)	(0.3)
Total comprehensive income attributable to Republic Services, Inc.	\$ 178.0	\$ 164.7	\$ 357.3	\$ 446.5

The accompanying notes are an integral part of these statements.

REPUBLIC SERVICES, INC.

UNAUDITED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

(in millions)

Republic Services, Inc. Stockholders' Equity								
	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Loss, Net of Tax	Noncontrolling Interests
	Shares	Amount			Shares	Amount		
Balance as of December 31, 2012	405.2	\$ 4.1	\$ 6,588.9	\$ 2,403.2	(44.3)	\$(1,287.1)	\$ (5.8)	\$ 2.4
Net income	—	—	—	352.3	—	—	—	0.1
Total other comprehensive income	—	—	—	—	—	—	5.0	—
Cash dividends declared	—	—	—	(263.5)	—	—	—	—
Issuance of common stock	5.2	—	(42.1)	—	—	—	—	—
Stock-based compensation	—	—	13.6	(1.8)	—	—	—	—
Purchase of common stock for treasury	—	—	—	—	(6.5)	(214.1)	—	—
Balance as of September 30, 2013	410.6	\$ 4.1	\$ 6,744.6	\$ 2,490.2	(50.6)	\$(1,501.2)	\$ (0.8)	\$ 2.5

The accompanying notes are an integral part of these statements.

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REPUBLIC SERVICES, INC.

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)

	Nine Months Ended September 30,	
	2013	2012
Cash provided by operating activities:		
Net income	\$ 352.4	\$ 445.1
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation, amortization, depletion and accretion	708.6	691.2
Non-cash interest expense	35.6	46.2
Restructuring related charges	8.6	—
Stock based compensation	15.8	17.2
Deferred tax benefit	(53.9)	(36.0)
Provision for doubtful accounts, net of adjustments	8.1	20.8
Loss on extinguishment of debt	2.1	112.6
Gain on disposition of assets, net and asset impairments	(7.4)	(13.3)
Withdrawal liability - Central States Pension and Other Funds	140.7	30.7
Remediation adjustments	101.8	26.0
Excess income tax benefit from stock option exercises and other non-cash items	(5.7)	(1.6)
Change in assets and liabilities, net of effects from business acquisitions and divestitures:		
Accounts receivable	(70.8)	(47.3)
Prepaid expenses and other assets	(26.1)	(22.1)
Accounts payable	18.4	(37.2)
Restructuring and synergy related expenditures	(16.3)	(65.0)
Capping, closure and post-closure expenditures	(59.0)	(54.0)
Remediation expenditures	(81.3)	(47.4)
Other liabilities	67.1	(6.1)
Cash provided by operating activities	1,137.2	1,056.7
Cash used in investing activities:		
Purchases of property and equipment	(668.7)	(700.4)
Proceeds from sales of property and equipment	12.0	24.5
Cash used in business acquisitions and development projects, net of cash acquired	(49.0)	(73.1)
Cash proceeds from divestitures, net of cash divested	2.7	9.6
Change in restricted cash and marketable securities	(11.3)	54.5
Other	(2.3)	(0.3)
Cash used in investing activities	(726.6)	(692.2)
Cash used in financing activities:		
Proceeds from notes payable and long-term debt	1,098.2	2,038.2
Proceeds from issuance of senior notes, net of discount	—	847.6
Payments of notes payable and long-term debt	(1,140.6)	(2,749.3)
Premiums paid on extinguishment of debt	—	(25.8)
Fees paid to issue and retire notes and certain hedging relationships	(1.6)	(16.9)

Issuances of common stock	138.8	49.3
Excess income tax benefit from stock option exercises	3.3	1.6
Purchases of common stock for treasury	(214.1)	(208.1)
Cash dividends paid	(254.9)	(243.4)
Cash used in financing activities	(370.9)	(356.8)
Increase in cash and cash equivalents	29.7	7.7
Cash and cash equivalents at beginning of period	67.6	66.3
Cash and cash equivalents at end of period	\$ 97.3	\$ 74.0

The accompanying notes are an integral part of these statements.

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REPUBLIC SERVICES, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

Republic Services, Inc., a Delaware corporation, and its subsidiaries (referred to collectively as Republic, we, us, or our) is the second largest provider of non-hazardous solid waste collection, transfer, recycling and disposal services in the United States, as measured by revenue. We manage and evaluate our operations through three geographic regions — East, Central and West — which we have identified as our reportable segments.

The accompanying unaudited consolidated financial statements include the accounts of Republic and its wholly owned and majority owned subsidiaries in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). We account for investments in entities in which we do not have a controlling financial interest under either the equity method or cost method of accounting, as appropriate. All material intercompany accounts and transactions have been eliminated in consolidation.

We have prepared these unaudited consolidated financial statements pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information related to our organization, significant accounting policies and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP

has been condensed or omitted. In the opinion of management, these financial statements include all adjustments that, unless otherwise disclosed, are of a normal recurring nature and necessary for a fair presentation of the financial position, results of operations and cash flows for the periods presented. Operating results for interim periods are not necessarily indicative of the results you can expect for a full year. You should read these financial statements in conjunction with our audited consolidated financial statements and notes thereto appearing in our Annual Report on Form 10-K for the year ended December 31, 2012.

For comparative purposes, certain prior year amounts have been reclassified to conform to the current year presentation. All dollar amounts in the tabular presentations are in millions, except per share amounts and unless otherwise noted.

Management's Estimates and Assumptions

In preparing our financial statements, we make numerous estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. We must make these estimates and assumptions because certain information that we use is dependent on future events, cannot be calculated with a high degree of precision from data available or simply cannot be readily calculated based on generally accepted methodologies. In preparing our financial statements, the more critical and subjective areas that deal with the greatest amount of uncertainty relate to our accounting for our long-lived assets, including recoverability, landfill development costs, and final capping, closure and post-closure costs; our valuation allowances for accounts receivable and deferred tax assets; our liabilities for potential litigation, claims and assessments; our liabilities for environmental remediation, employee benefit plans, deferred taxes and uncertain tax positions; our self-insurance reserves; and our estimates of the fair values of assets acquired and liabilities assumed in any acquisition. Each of these is discussed in more detail in our description of our significant accounting policies in Note 2, *Summary of Significant Accounting Policies*, of the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2012. Our actual results may differ significantly from our estimates.

New Accounting Pronouncements

In February 2013, the Financial Accounting Standards Board issued an Accounting Standards Update to the *Comprehensive Income Topic* in the Accounting Standards Codifications. This update requires separate presentation of the components that are reclassified out of accumulated other comprehensive income either on the face of the financial statements or in the notes to the financial statements. This update also requires disclosure of the income statement line items impacted by any significant reclassifications, such as the gains and losses on cash flow hedges and defined benefit pension adjustments. These items are required for both interim and annual reporting for public companies, and became effective for Republic beginning with the first quarter 2013 Form 10-Q filing.

REPUBLIC SERVICES, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

2. BUSINESS ACQUISITIONS AND RESTRUCTURING CHARGES

Acquisitions

We acquired various solid waste businesses during the nine months ended September 30, 2013 and 2012. The purchase price paid for these acquisitions during those periods and the allocations of the purchase price are as follows:

	2013	2012
<i>Purchase price:</i>		
Cash used in acquisitions, net of cash acquired	\$ 49.0	\$ 73.1
Holdbacks	6.1	0.2
Total	\$ 55.1	\$ 73.3
<i>Allocated as follows:</i>		
Working capital	0.6	2.4
Property and equipment	11.6	22.9
Other liabilities, net	(2.2)	(2.9)
<i>Fair value of assets acquired and liabilities assumed</i>	<i>10.0</i>	<i>22.4</i>
Excess purchase price to be allocated	\$ 45.1	\$ 50.9
<i>Excess purchase price allocated as follows:</i>		
Other intangible assets	\$ 18.0	\$ 13.7
Goodwill	27.1	37.2
Total allocated	\$ 45.1	\$ 50.9

Substantially all of the goodwill and intangible assets recorded for these acquisitions are deductible for tax purposes. The pro forma effect of these acquisitions, individually and collectively, was not material.

Restructuring Charges

During 2012, we restructured our field and corporate operations to create a more efficient and competitive company. These changes included consolidating our field regions from four to three and our areas from 28 to 20, relocating office space, and reducing administrative staffing levels. During the nine months ended September 30, 2013, we incurred \$8.6 million of restructuring charges, which consisted of severance and other employee termination benefits, relocation benefits, and the closure of offices with non-cancellable lease agreements. During the nine months ended September 30, 2013, we paid \$14.8 million related to these restructuring charges. As of September 30, 2013, \$2.7 million remains accrued for severance and other employee termination benefits and lease exit costs. We expect to incur approximately \$1.2 million of additional expense during the remainder of 2013 to

complete such activities. Substantially all of these charges were or will be recorded in our corporate segment, and we expect the charges will be paid primarily during the remainder of 2013.

3. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

Goodwill

A summary of the activity and balances in goodwill accounts by reporting segment follows:

	Balance as of December 31, 2012	Acquisitions	Divestitures	Adjustments to Acquisitions	Balance as of September 30, 2013
East	\$ 3,014.0	\$ 1.2	\$ —	\$ (1.5)	\$ 3,014.6
Central	3,242.7	18.3	—	(1.0)	3,260.0
West	4,432.4	7.6	(0.7)	(1.3)	4,438.0
Total	\$ 10,690.0	\$ 27.1	\$ (0.7)	\$ (3.8)	\$ 10,712.6

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REPUBLIC SERVICES, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Other Intangible Assets, Net

Other intangible assets, net, include values assigned to customer relationships, franchise agreements, other municipal agreements, trade names and non-compete agreements, and are amortized over periods ranging from 1 to 23 years. A summary of the activity and balances by intangible asset type follows:

Gross Intangible Assets			Accumulated Amortization			Net Intangibles as of September 30, 2013
Balance as of December	Acquisitions and Other	Balance as of September	Balance as of December	Additions Charged	Balance as of	

	31, 2012	Additions	30, 2013	31, 2012	to	September	30, 2013
				Expense			
Customer relationships, franchise and other municipal agreements	\$ 579.0	\$ 15.6	\$ 594.6	\$ (252.4)	\$ (42.8)	\$ (295.2)	\$ 299.4
Trade names	30.0	—	30.0	(24.5)	(4.5)	(29.0)	1.0
Non-competitive agreements	27.4	2.4	29.8	(12.0)	(2.1)	(14.1)	8.7
Other intangible assets	63.5	0.5	64.0	(45.3)	(0.6)	(45.9)	18.1
Total	\$ 699.9	\$ 18.5	\$ 718.4	\$ (334.2)	\$ (50.0)	\$ (384.2)	\$ 327.2

4. OTHER ASSETS

Prepaid Expenses and Other Current Assets

A summary of prepaid expenses and other current assets as of September 30, 2013 and December 31, 2012 follows:

	2013	2012
Inventories	\$ 36.9	\$ 34.5
Prepaid expenses	67.9	54.4
Other non-trade receivables	32.6	39.6
Income tax receivable	44.5	69.0
Commodity and fuel hedge asset	3.5	4.1
Other current assets	4.4	7.7
Total	\$ 189.8	\$ 209.3

Other Assets

A summary of other assets as of September 30, 2013 and December 31, 2012 follows:

	2013	2012
Deferred financing costs	\$ 53.0	\$ 58.8
Deferred compensation plan	60.7	49.9
Notes and other receivables	21.5	17.9
Reinsurance receivable	45.1	59.7
Other	93.0	76.1

Total \$ 273.4 \$ 262.4

Notes and other receivables include the fair value of interest rate swaps of \$2.4 million at September 30, 2013.

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REPUBLIC SERVICES, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

5. OTHER LIABILITIES

Other Accrued Liabilities

A summary of other accrued liabilities as of September 30, 2013 and December 31, 2012 follows:

	2013	2012
Accrued payroll and benefits	\$ 157.2	\$ 157.1
Accrued fees and taxes	124.3	124.2
Self-insurance reserves, current portion	135.3	135.5
Accrued dividends	93.6	84.9
Current tax liabilities	12.4	2.1
Accrued professional fees and legal settlement reserves	39.9	34.6
Restructuring liabilities	2.7	9.0
Other	89.0	76.2
Total	<u>\$ 654.4</u>	<u>\$ 623.6</u>

Other accrued liabilities include the fair value of fuel and commodity hedges of \$1.7 million and \$1.6 million as of September 30, 2013 and December 31, 2012, respectively.

Other Long-Term Liabilities

A summary of other long-term liabilities as of September 30, 2013 and December 31, 2012 follows:

	2013	2012
Deferred compensation liability	\$ 63.4	\$ 50.0
Pension and other post-retirement liabilities	6.3	12.7
Legal settlement reserves	27.1	36.4
Ceded insurance reserves	45.1	59.7
Withdrawal liability - Central States Pension and Other Funds	171.4	30.7
Other	54.2	31.4
Total	\$ 367.5	\$ 220.9

Self-Insurance Reserves

Our liabilities for unpaid and incurred but not reported claims at **September 30, 2013** (which include claims for workers' compensation, general liability, vehicle liability and employee health care benefits) were **\$442.9 million** and are included in other accrued liabilities and self-insurance reserves in our consolidated balance sheets. While the ultimate amount of claims incurred depends on future developments, we believe recorded reserves are adequate to cover the future payment of claims. However, it is possible that recorded reserves may not be adequate to cover the future payment of claims. Adjustments, if any, to estimates recorded resulting from ultimate claim payments are recorded currently in earnings in the periods in which such adjustments are known.

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REPUBLIC SERVICES, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

6. LANDFILL AND ENVIRONMENTAL COSTS

As of **September 30, 2013**, we owned or operated **190** active solid waste landfills with total available disposal capacity of approximately **4.9 billion in-place cubic yards**. Additionally, we have post-closure responsibility for **124** closed landfills.

Accrued Landfill and Environmental Costs

A summary of accrued landfill and environmental costs as of September 30, 2013 and December 31, 2012 follows:

	2013	2012
Final capping, closure and post-closure liabilities	\$ 1,076.1	\$ 1,052.4
Remediation	601.2	563.7
Total accrued landfill and environmental costs	1,677.3	1,616.1
Less: Current portion	(214.9)	(195.5)
Long-term portion	\$ 1,462.4	\$ 1,420.6

Final Capping, Closure and Post-Closure Costs

The following table summarizes the activity in our asset retirement obligation liabilities, which include liabilities for final capping, closure and post-closure, for the nine months ended September 30:

	2013	2012
Asset retirement obligation liabilities, beginning of year	\$ 1,052.4	\$ 1,037.0
Non-cash additions	27.2	25.8
Acquisitions/divestitures and other adjustments	(0.6)	(1.4)
Asset retirement obligation adjustments	(1.5)	(7.8)
Payments	(59.0)	(54.0)
Accretion expense	57.6	59.1
Asset retirement obligation liabilities, end of period	1,076.1	1,058.7
Less: Current portion	(104.5)	(98.3)
Long-term portion	\$ 971.6	\$ 960.4

Annually, in the fourth quarter, we review, and update as necessary, our estimates of asset retirement obligations. However, if there are significant changes in the facts and circumstances related to a site during the year, we will update our assumptions prospectively in the period that we know all the relevant facts and circumstances. There were no significant changes during the quarter ended September 30, 2013.

The fair value of assets that are legally restricted for purposes of collateralizing certain of our final capping, closure and post-closure obligations was \$55.7 million and \$54.8 million as of September 30, 2013 and December 31, 2012, respectively. Such assets are included in restricted cash and marketable securities in our consolidated balance sheets.

Landfill Operating Expenses

In the normal course of business, we incur various operating costs associated with environmental compliance. These costs include, among other things, leachate treatment and disposal, methane gas and groundwater monitoring, systems maintenance, interim cap maintenance, costs associated with the application of daily cover materials, and

the legal and administrative costs of ongoing environmental compliance. These costs are expensed as cost of operations in the periods in which they are incurred.

Environmental Remediation Liabilities

We accrue for remediation costs when they become probable and can be reasonably estimated. When there is a range of reasonable estimates of the costs associated with remediation of a site, we use the amount within the range that constitutes our best estimate. If no amount within the range appears to be a better estimate than any other, we use the amount that is at the low end of the range. It is reasonably possible that we will need to adjust the liabilities recorded for remediation to reflect the effects of new or additional information, to the extent such information impacts the costs, timing or duration of the required

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REPUBLIC SERVICES, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

actions. If we used the reasonably possible high ends of our ranges, our aggregate potential remediation liability at September 30, 2013 would be approximately \$561 million higher than the amounts recorded. Future changes in our estimates of the cost, timing or duration of the required actions could have a material adverse effect on our consolidated financial position, results of operations and cash flows.

The following table summarizes the activity in our environmental remediation liabilities for the nine months ended September 30:

	2013	2012
Remediation liabilities, beginning of year	\$ 563.7	\$ 543.7
Remediation adjustments	101.8	26.0
Payments	(84.3)	(17.4)
Accretion expense (non-cash interest expense)	20.0	24.0
Remediation liabilities, end of period	601.2	546.3
Less: Current portion	(110.4)	(87.1)
Long-term portion	<u>\$ 490.8</u>	<u>\$ 459.2</u>

The following is a discussion of certain of our significant remediation matters:

Bridgeton Landfill. We recorded environmental remediation charges at our closed Bridgeton Landfill in Missouri of \$108.7 million in June 2013 and \$37.1 million in September 2012 to manage the remediation area and monitor the site. As of September 30, 2013, the remediation liability recorded for this site is \$119.4 million, of which \$44.1 million is expected to be paid during the next twelve months. We believe the remaining reasonably possible range of loss for remediation costs is \$88 million to \$368 million.

Countywide Landfill. In September 2009, Republic Services of Ohio II, LLC entered into Final Findings and Orders with the Ohio Environmental Protection Agency that require us to implement a comprehensive operation and maintenance program to manage the remediation area at the Countywide Recycling and Disposal Facility. The remediation liability for this site recorded as of September 30, 2013 is \$50.0 million, of which \$4.9 million is expected to be paid during the next twelve months. We believe the remaining reasonably possible range of loss for remediation costs is \$48 million to \$69 million.

Congress Landfill. In August 2010, Congress Development Company agreed with the State of Illinois to have a Final Consent Order entered by the Circuit Court of Illinois, Cook County. Pursuant to the this order, we have agreed to continue to implement certain remedial activities at this site. The remediation liability for this site recorded as of September 30, 2013 is \$84.1 million, of which \$9.2 million is expected to be paid during the next twelve months. We believe the remaining reasonably possible range of loss for remediation costs is \$54 million to \$154 million.

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

7. DEBT

The carry value of our notes payable, capital leases and long-term debt as of September 30, 2013 and December 31, 2012 are listed in the following table in millions, and are adjusted for the fair value of interest rate swaps, unamortized discounts and the unamortized portion of adjustments to fair value recorded in purchase accounting. Original issue discounts and adjustments to fair value recorded in purchase accounting are amortized to interest expense over the term of the applicable instrument using the effective interest method.

Maturity	Interest Rate	September 30, 2013			December 31, 2012		
		Principal	Adjustments	Carry Value	Principal	Adjustments	Carry Value
Credit facilities:							
Uncommitted facility	Variable	\$ 14.0	\$ —	\$ 14.0	\$ 13.9	\$ —	\$ 13.9
April 2016	Variable	—	—	—	25.0	—	25.0
May 2017	Variable	—	—	—	—	—	—
Senior notes:							
May 2018	3.800	700.0	(0.1)	699.9	700.0	(0.2)	699.8
September 2019	5.500	650.0	(3.1)	646.9	650.0	(3.4)	646.6
March 2020	5.000	850.0	(0.1)	849.9	850.0	(0.1)	849.9
November 2021	5.250	600.0	—	600.0	600.0	—	600.0
June 2022	3.550	850.0	(2.1)	847.9	850.0	(2.2)	847.8
May 2023	4.750	550.0	0.9	550.9	550.0	(1.3)	548.7
March 2035	6.086	275.7	(24.6)	251.1	275.7	(24.9)	250.8
March 2040	6.200	650.0	(0.5)	649.5	650.0	(0.5)	649.5
May 2041	5.700	600.0	(3.3)	596.7	600.0	(3.4)	596.6
Debentures:							
May 2021	9.250	35.3	(1.8)	33.5	35.3	(1.9)	33.4
September 2035	7.400	165.3	(41.4)	124.2	165.2	(41.4)	123.8
Tax-exempt:							
2014 - 2038	0.450 - 5.625	1,097.5	(0.1)	1,097.5	1,097.9	(0.4)	1,097.5
Other:							
2013 - 2046	5.400 - 11.400	87.1	—	87.1	87.2	—	87.2
Total Debt		\$7,115.0	\$ (75.9)	7,039.1	\$7,150.2	\$ (79.7)	7,070.5
Less: Current portion				(15.5)			(19.4)
Long-term portion				\$ 7,023.6			\$ 7,051.1

The 4.750% senior notes due in May 2023 in the above table include the fair value of interest rate swaps of \$2.1 million, which are described further in this note.

Loss on Extinguishment of Debt

During the nine months ended September 30, 2013, we refinanced certain of our tax-exempt financings, resulting in

a \$2.1 million non-cash charge for deferred issuance costs.

Credit Facilities

In May 2012, we amended and restated our \$1.25 billion unsecured revolving credit facility due September 2013 (the Amended and Restated Credit Facility) to extend the maturity to May 2017. The Amended and Restated Credit Facility includes a feature that allows us to increase availability, at our option, by an aggregate amount up to \$500 million through increased commitments

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

from existing lenders or the addition of new lenders. At our option, borrowings under the Amended and Restated Credit Facility bear interest at a Base Rate, or a Eurodollar Rate, plus an applicable margin based on our Debt Ratings (all as defined in the agreements).

Contemporaneous with the execution of the Amended and Restated Credit Facility, we entered into Amendment No. 1 to our existing \$1.25 billion unsecured credit facility (the Existing Credit Facility and, together with the Amended and Restated Credit Facility, the Credit Facilities) to reduce the commitments under the Existing Credit Facility to \$1.0 billion and conform certain terms of the Existing Credit Facility to those of the Amended and Restated Credit Facility. Amendment No. 1 does not extend the maturity date under the Existing Credit Facility, which matures in April 2016.

In connection with entering into the Amended and Restated Credit Facility and Amendment No. 1 to the Existing Credit Facility, the guarantees by our subsidiary guarantors of the Amended and Restated Credit Facility and the Existing Credit Facility were released. As a result, the guarantees by our subsidiary guarantors of all of Republic's outstanding senior notes were automatically released. In addition, the guarantees by all of our subsidiary guarantors (other than Allied Waste Industries, Inc. and Allied Waste North America, Inc.) of the 9.250% debentures and the 7.400% debentures issued by our subsidiary Browning-Ferris Industries, LLC (successor to Browning-Ferris Industries, Inc.) also were automatically released.

Our Credit Facilities are subject to facility fees based on applicable rates defined in the agreements and the aggregate commitments, regardless of usage. Availability under our Credit Facilities can be used for working capital, capital expenditures, letters of credit and other general corporate purposes. The agreements governing our Credit Facilities require us to comply with certain financial and other covenants. We may pay dividends and repurchase common stock if we are in compliance with these covenants. As of September 30, 2013, we had no borrowings under our Credit Facilities. As of December 31, 2012, we had \$25.0 million of Eurodollar Rate

borrowings at an interest rate of 1.32%. We had \$706.7 million and \$909.4 million of letters of credit using availability under our Credit Facilities, leaving \$1,543.3 million and \$1,315.6 million of availability under our Credit Facilities at September 30, 2013 and December 31, 2012, respectively.

In March 2012, we entered into a \$75.0 million uncommitted, unsecured credit facility agreement (the Uncommitted Credit Facility) bearing interest at LIBOR, plus an applicable margin. In July 2012, we amended the Uncommitted Credit Facility to increase the size to \$125.0 million, with all other terms remaining unchanged. Our Uncommitted Credit Facility is also subject to facility fees defined in the agreement, regardless of usage. We can use borrowings under the Uncommitted Credit Facility for working capital and other general corporate purposes. The agreements governing our Uncommitted Credit Facility require us to comply with certain covenants. The Uncommitted Credit Facility may be terminated by either party at any time. As of September 30, 2013 and December 31, 2012, we had \$14.0 million and \$13.9 million of borrowings under our Uncommitted Credit Facility, respectively.

Tax-Exempt Financings

As of September 30, 2013, approximately 85% of our tax-exempt financings are remarketed quarterly by remarketing agents to effectively maintain a variable yield. Certain of these variable rate tax-exempt financings are credit enhanced with letters of credit having terms in excess of one year issued by banks with investment grade credit ratings. The holders of the bonds can put them back to the remarketing agents at the end of each interest period. To date, the remarketing agents have been able to remarket our variable rate unsecured tax-exempt bonds. These bonds have been classified as long term because of our ability and intent to refinance them using availability under our revolving Credit Facilities, if necessary.

Other Debt

Other debt includes capital lease liabilities of \$86.9 million and \$87.0 million as of September 30, 2013 and December 31, 2012, respectively, with maturities ranging from 2013 to 2046.

Guarantees

We have guaranteed some of the tax-exempt financings of our subsidiaries. If a subsidiary fails to meet its obligations associated with tax-exempt bonds as they come due, we will be required to perform. No additional liability has been recorded for these guarantees because the underlying obligations are reflected in our consolidated balance sheets.

Interest Rate Swap and Lock Agreements

Our ability to obtain financing through the capital markets is a key component of our financial strategy. Historically, we have managed risk associated with executing this strategy, particularly as it relates to fluctuations in interest rates, by using a combination of fixed and floating rate debt. From time to time, we have also entered into interest rate swap and lock agreements to manage risk associated with interest rates, either to effectively convert specific fixed rate debt to a floating rate (fair value hedges), or to lock interest rates in anticipation of future debt issuances (cash flow hedges).

Fair Value Hedges

During August 2013, we entered into various interest rate swap agreements relative to our 4.750% fixed rate senior notes due in May 2023. These transactions were entered into with the goal of reducing overall borrowing costs and increasing our floating interest rate exposure. These swap agreements have a total notional value of \$200.0 million and mature in May 2023, which is identical to the maturity of the hedged senior notes. Under these swap agreements, we pay interest at floating rates based on changes in LIBOR and receive interest at a fixed rate of 4.750%. These transactions were designated as fair value hedges because the swaps hedge against the changes in fair value of the fixed rate senior notes resulting from changes in interest rates. The majority of these interest rate swaps do not contain credit-risk-related contingent features and we believe our exposure to such features, where applicable, is minimal.

As of September 30, 2013, interest rate swap agreements are reflected at their fair value of \$2.4 million and are included in other assets and, to the extent they are effective, as an adjustment to long-term debt in our unaudited consolidated balance sheet. We recognized net interest income of \$0.6 million during the three and nine months ended September 30, 2013 related to net swap settlements for these interest rate swap agreements, which is included as an offset to interest expense in our unaudited consolidated statements of income.

For the three and nine months ended September 30, 2013, we recognized a loss on the change in fair value of the hedged senior notes attributable to changes in the benchmark interest rate totaling \$2.1 million, with an offsetting gain on the related interest rate swaps totaling \$2.4 million. The difference of these fair value changes represents hedge ineffectiveness, which is recorded directly in earnings as other income, net.

Cash Flow Hedges

As of September 30, 2013 and 2012, no interest rate lock cash flow hedges were outstanding. As of September 30, 2013 and December 31, 2012, the effective portion of the interest rate locks, recorded as a component of accumulated other comprehensive income, was \$23.5 million and \$24.6 million, respectively. The effective portion of the interest rate locks is amortized as an adjustment to interest expense over the life of the issued debt using the effective interest rate method. We expect to amortize \$2.6 million over the next twelve months as a yield adjustment of our senior notes.

The effective portion of the interest rate locks amortized as a net increase to interest expense during the three months ended September 30, 2013 and 2012 was \$0.7 million and \$0.6 million, respectively, and for the nine months ended September 30, 2013 and 2012 was \$1.9 million and \$1.6 million, respectively.

Fair Value of Debt and Interest Rate Swap Agreements

The fair value of our fixed rate senior notes was \$6.4 billion and \$6.9 billion at September 30, 2013 and

December 31, 2012, respectively. The carrying value of our fixed rate senior notes and debentures was \$5.9 billion and \$5.8 billion at September 30, 2013 and December 31, 2012, respectively. The carrying amounts of our remaining notes payable and tax-exempt financings approximate fair value because interest rates are variable and, accordingly, approximate current market rates for instruments with similar risk and maturities. The fair value of our debt, using significant observable market inputs (Level 2 in the fair value hierarchy), is determined as of the balance sheet date and is subject to change.

The fair value of our interest rate swap agreements is determined using standard valuation models with assumptions about prices and other relevant information based on those observed in the underlying markets (Level 2 in the fair value hierarchy). The fair values of our interest rate swap agreements, all of which were entered into during August 2013, was an other asset of \$2.4 million at September 30, 2013. The estimated fair values of derivatives used to hedge risks fluctuate over time and should be viewed in relation to the underlying hedged transactions.

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

8. INCOME TAXES

Our effective tax rate, exclusive of noncontrolling interests, for the three and nine months ended September 30, 2013 was 35.0% and 34.5%, respectively. The effective tax rate for the three months ended September 30, 2013 was favorably affected by the realization of additional federal and state benefits on our 2012 tax returns, lower state rates due to changes in estimates and adjustments to deferred taxes. For the nine months ended September 30, 2013, our effective tax rate was, in addition to the matters already discussed, favorably impacted by the first quarter resolution of Allied's 2009 - 2010 tax years at the IRS appeals division and the Congressional Joint Committee on Taxation.

Our effective tax rate, exclusive of noncontrolling interests, for the three and nine months ended September 30, 2012 was 31.5% and 28.8%, respectively. The effective tax rate for the three months ended September 30, 2012 was favorably affected by the realization of additional federal and state benefits on our 2011 tax returns, lower state rates due to changes in estimates and adjustments to deferred taxes. For the nine months ended September 30, 2012, our effective tax rate was, in addition to the matters already discussed, favorably impacted by the second quarter 2012 resolution of Allied's 2004 - 2008 tax years at the IRS appeals division, legal entity restructuring completed during the second quarter of 2012 and a change in estimated non-deductible penalties relating to certain legal settlements.

Income taxes paid, net of refunds received, were \$196.1 million and \$169.0 million for the nine months ended September 30, 2013 and 2012, respectively.

We are subject to income tax in the United States and Puerto Rico, as well as income tax in multiple state jurisdictions. We are currently under examination or administrative review by state and local taxing authorities for various tax years. We recognize interest and penalties as incurred within the provision for income taxes in the consolidated statements of income. As of September 30, 2013, we have accrued a liability for penalties of \$0.5 million and a liability for interest (including interest on penalties) of \$16.5 million related to our uncertain tax positions.

We believe the liabilities for uncertain tax positions recorded are adequate. However, a significant assessment against us in excess of the liabilities recorded could have a material adverse effect on our consolidated financial position, results of operations or cash flows. During the next twelve months, it is reasonably possible the amount of unrecognized tax benefits will increase or decrease. Gross unrecognized benefits we expect to settle in the next twelve months are in the range of zero to \$10 million.

We have deferred tax assets related to state net operating loss carryforwards. Most of these loss carryforwards are attributable to a specific subsidiary for which we provide a valuation allowance due to uncertainty surrounding the future utilization of these carryforwards in the taxing jurisdictions where the loss carryforwards exist. From this subsidiary's inception in 1996 through 2008, significant annual losses were reported. In 2009 the annual losses continued, although at a reduced rate, and in 2011 this subsidiary reported a small profit for the first time in its history. The primary factors for this gradual migration towards profitability were the continued refinancing of outside indebtedness, reductions in this subsidiary's intercompany indebtedness and ongoing operational restructurings. As of September 30, 2013, this subsidiary remains in a cumulative pre-tax loss position; however, this cumulative loss has been steadily decreasing over the past several quarters. If current trends continue, we project this entity will no longer be in a cumulative loss position by the end of 2013. As of September 30, 2013, the deferred tax asset for state loss carryforwards attributable to this subsidiary was \$108.9 million offset by a valuation allowance of \$95.9 million. Overall, as of September 30, 2013, we had a total deferred tax asset for state loss carryforwards of \$129.1 million offset by a valuation allowance of \$112.9 million.

When determining the need for a valuation allowance, we consider all positive and negative evidence including recent financial results, scheduled reversals of deferred tax liabilities, projected future taxable income and tax planning strategies. The weight given to the positive and negative evidence is commensurate with the extent such evidence can be objectively verified. As such, it is generally difficult for positive evidence regarding projected future taxable income, exclusive of reversing taxable temporary differences, to outweigh objective negative evidence of recent financial reporting losses.

The realization of our deferred tax asset for state loss carryforwards ultimately depends upon the existence of sufficient taxable income in the appropriate state taxing jurisdictions in future periods. We continue to analyze the positive and negative evidence in determining the need for a valuation allowance. The valuation allowance could be reduced in a subsequent period if there is sufficient evidence to support a conclusion that it is more likely than not that certain of the state net operating loss carryforwards will be realized. Future changes in our valuation allowance for certain state net operating loss carryforwards could have a material effect on our results of operations in the period recorded.

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
9. STOCK-BASED COMPENSATION
Available Shares

In March 2013, our board of directors approved the Amended and Restated Republic Services, Inc. 2007 Stock Incentive Plan. The plan was ratified by our stockholders in May 2013. We currently have 17.0 million shares of common stock reserved for future grants under the plan.

Stock Options

The following table summarizes the stock option activity for the nine months ended September 30, 2013:

	Number of Shares (in millions)	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in millions)
Outstanding as of December 31, 2012	13.7	\$ 27.51		
Granted	3.0	31.19		
Exercised	(5.1)	26.39		\$ 33.1
Forfeited or expired	(0.5)	29.85		
Outstanding as of September 30, 2013	11.1	\$ 28.88	4.5	\$ 49.4
Exercisable as of September 30, 2013	4.7	\$ 27.14	3.2	\$ 29.2

During the nine months ended September 30, 2013 and 2012, compensation expense for stock options was \$10.5 million and \$10.9 million, respectively.

As of September 30, 2013, total unrecognized compensation expense related to outstanding stock options was \$12.9 million, which will be recognized over a weighted average period of 1.9 years.

Other Stock Awards

The following table summarizes restricted stock unit and restricted stock activity for the nine months ended

September 30, 2013:

	Number of Restricted Stock Units and Shares of Restricted Stock (in thousands)	Weighted Average Grant Date Fair Value per Share	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in millions)
Other stock awards as of December 31, 2012	905.3	\$ 27.51		
Granted	343.9	30.68		
Vested and issued	(241.6)	28.19		
Forfeited	(13.4)	30.72		
Other stock awards as of September 30, 2013	904.2	\$ 28.44	0.7	\$ 33.7
Vested and unissued as of September 30, 2013	603.1	\$ 27.37		

During the nine months ended September 30, 2013, we awarded our non-employee directors 72,842 restricted stock units, which vested immediately. During the nine months ended September 30, 2013, we awarded 237,721 and 11,022 restricted stock units to executives and employees, respectively. In addition, 22,306 restricted stock units were earned as dividend equivalents. Restricted stock units do not carry any voting or dividend rights, except the right to receive additional restricted stock units in lieu of dividends.

The fair value of restricted stock units and restricted stock is based on the closing market price on the date of the grant. Compensation expense related to restricted stock units and restricted stock is amortized ratably over the vesting period.

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REPUBLIC SERVICES, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

During the nine months ended September 30, 2013 and 2012, compensation expense related to restricted stock units and restricted stock totaled \$5.3 million and \$6.3 million, respectively.

10. STOCKHOLDERS' EQUITY AND EARNINGS PER SHARE

We have had a share repurchase program since November 2010. From November 2010 to September 30, 2013, we repurchased 35.5 million shares of our stock for \$1,039.2 million at a weighted average cost per share of \$29.30. During the three months ended September 30, 2013, we repurchased 2.3 million shares of our stock for \$78.5 million at a weighted average cost per share of \$33.51. During the nine months ended September 30, 2013, we repurchased 6.5 million shares of our stock for \$213.6 million at a weighted average cost per share of \$32.92.

We initiated a quarterly cash dividend in July 2003 and have increased it from time to time thereafter. In July 2013, the board of directors approved a quarterly dividend of \$0.26 per share. Cash dividends declared were \$263.5 million and \$247.6 million for the nine months ended September 30, 2013 and 2012, respectively. As of September 30, 2013, we recorded a quarterly dividend payable of \$93.6 million to stockholders of record as of October 1, 2013.

Basic earnings per share is computed by dividing net income attributable to Republic Services, Inc. by the weighted average number of common shares (including restricted stock and vested but unissued restricted stock units) outstanding during the period. Diluted earnings per share is based on the combined weighted average number of common shares and common share equivalents outstanding, which include, where appropriate, the assumed exercise of employee stock options, unvested restricted stock and unvested restricted stock units. In computing diluted earnings per share, we use the treasury stock method.

Earnings per share for the three and nine months ended September 30, 2013 and 2012 are calculated as follows (in thousands, except per share amounts):

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2013	2012	2013	2012
Basic earnings per share:				
Net income attributable to Republic Services, Inc.	\$ 171,400	\$ 152,700	\$ 352,300	\$ 444,800
Weighted average common shares outstanding	361,672	365,404	362,418	368,096
Basic earnings per share	\$ 0.47	\$ 0.42	\$ 0.97	\$ 1.21
Diluted earnings per share:				
Net income attributable to Republic Services, Inc.	\$ 171,400	\$ 152,700	\$ 352,300	\$ 444,800
Weighted average common shares outstanding	361,672	365,404	362,418	368,096
Effect of dilutive securities:				
Options to purchase common stock	1,288	880	1,354	1,061
Unvested restricted stock awards	42	147	32	108
Weighted average common and common equivalent shares outstanding	363,002	366,431	363,804	369,265
Diluted earnings per share	\$ 0.47	\$ 0.42	\$ 0.97	\$ 1.20
Antidilutive securities not included in the diluted earnings per share calculations:				

Options to purchase common stock	1,793	8,170	2,157	7,967
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REPUBLIC SERVICES, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

11. CHANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME BY COMPONENT

A summary of changes in accumulated other comprehensive loss (income) by component for the nine months ended September 30, 2013 follows:

	Gains and Losses on Cash Flow Hedges	Defined Benefit Pension Items	Total
Balance as of December 31, 2012	\$ 23.1	\$ (17.3)	\$ 5.8
Other comprehensive income before reclassifications	(1.2)	(5.8)	(7.0)
Amounts reclassified from accumulated other comprehensive income	0.4	1.6	2.0
Net current-period other comprehensive income	(0.8)	(4.2)	(5.0)
Balance as of September 30, 2013	\$ 22.3	\$ (21.5)	\$ 0.8

A summary of reclassifications out of accumulated other comprehensive income for the three and nine months ended September 30, 2013 and 2012 follows:

Details about Accumulated Other Comprehensive Income Components	Three Months Ended September 30,		Nine Months Ended September 30,		Affected Line Item in the Statement Where Net Income is Presented
	2013	2012	2013	2012	
gains (losses) on cash flow hedges:					
Recycling commodity hedges	\$ —	\$ 1.4	\$ 0.1	\$ 1.6	Revenue

Fuel hedges	0.7	0.8	2.5	1.6	Cost of operations
Interest rate contracts	(0.7)	(0.6)	(1.9)	(1.6)	Interest expense
	—	1.6	0.7	1.6	Total before tax
	—	(0.6)	(0.3)	(0.6)	Tax expense
	—	1.0	0.4	1.0	Net of tax
Pension gains:					
Pension settlement	\$ 2.6	\$ 0.3	\$ 2.6	\$ 0.3	Selling, general and administrative
	(1.0)	(0.1)	(1.0)	(0.1)	Tax expense
	1.6	0.2	1.6	0.2	Net of tax
Total gains reclassified into earnings	\$ 1.6	\$ 1.2	\$ 2.0	\$ 1.2	

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REPUBLIC SERVICES, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

12. FINANCIAL INSTRUMENTS

Fuel Hedges

We have entered into multiple swap agreements designated as cash flow hedges to mitigate some of our exposure related to changes in diesel fuel prices. These swaps qualified for, and were designated as, effective hedges of changes in the prices of forecasted diesel fuel purchases (fuel hedges).

The following table summarizes our outstanding fuel hedges as of September 30, 2013:

Year	Remaining Gallons Hedged	Weighted Average Contract Price per Gallon
2013	7,530,000	\$3.81

2014	27,000,000	3.81
2015	15,000,000	3.73
2016	9,000,000	3.69

If the national U.S. on-highway average price for a gallon of diesel fuel as published by the Department of Energy exceeds the contract price per gallon, we receive the difference between the average price and the contract price (multiplied by the notional gallons) from the counterparty. If the average price is less than the contract price per gallon, we pay the difference to the counter-party.

The fair values of our fuel hedges are determined using standard option valuation models with assumptions about commodity prices based on those observed in underlying markets (Level 2 in the fair value hierarchy). The aggregated fair values of our outstanding fuel hedges at September 30, 2013 and December 31, 2012 were current assets of \$3.2 million and \$3.1 million and current liabilities of \$0.6 million and \$0.4 million, respectively, and have been recorded in prepaid expenses and other current assets and other accrued liabilities in our consolidated balance sheets, respectively. The ineffective portions of the changes in fair values resulted in gains of less than \$0.1 million for the three and nine months ended September 30, 2013 and 2012, and have been recorded in other income (expense), net in our consolidated statements of income.

The following table summarizes the impact of our fuel hedges on comprehensive income for the three and nine months ended September 30, 2013 and 2012:

Derivatives in Cash Flow Hedging Relationships	Amount of Gain Recognized in OCI on Derivatives (Effective Portion)	
	Three Months Ended September 30,	
	2013	2012
Fuel hedges	\$ 2.2	\$ 8.5
	Nine Months Ended September 30,	
	2013	2012
Fuel hedges	\$ —	\$ 4.3

Recycling Commodity Hedges

Our revenue from sales of recycling commodities is primarily from sales of old corrugated cardboard (OCC) and old newspaper (ONP). We use derivative instruments such as swaps and costless collars designated as cash flow hedges to manage our exposure to changes in prices of these commodities. We have entered into multiple agreements related to forecasted OCC and ONP sales. The agreements qualified for, and were designated as, effective hedges of changes in the prices of certain forecasted recycling commodity sales (commodity hedges).

We entered into costless collar agreements on forecasted sales of OCC and ONP. The agreements involve combining a purchased put option giving us the right to sell OCC and ONP at an established floor strike price with a written call option

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obligating us to deliver OCC and ONP at an established cap strike price. The puts and calls have the same settlement dates, are net settled in cash on such dates and have the same terms to expiration. The contemporaneous combination of these options resulted in no net premium for us and represent costless collars. Under these agreements, we will make or receive no payments as long as the settlement price is between the floor price and cap price. However, if the settlement price is above the cap, we will pay the counterparty an amount equal to the excess of the settlement price over the cap times the monthly volumes hedged. Also, if the settlement price is below the floor, the counterparty will pay us the deficit of the settlement price below the floor times the monthly volumes hedged. The objective of these agreements is to reduce the variability of the cash flows of the forecasted sales of OCC and ONP between two designated strike prices.

The following costless collar hedges were outstanding as of September 30, 2013:

Year	Transaction Hedged	Remaining Tons Hedged	Weighted Average	
			Floor Strike Price Per Ton	Cap Strike Price Per Ton
2013	OCC	73,500	\$86	\$132
2013	ONP	6,000	65	90
2014	OCC	54,000	90	139

The costless collar hedges are recorded on the balance sheet at fair value. The fair values of the costless collars are determined using standard option valuation models with assumptions about commodity prices based upon forward commodity price curves in underlying markets (Level 2 in the fair value hierarchy).

The aggregated fair values of the outstanding recycling commodity hedges at September 30, 2013 and December 31, 2012 were current assets of \$0.3 million and \$1.0 million, respectively, and current liabilities of \$1.1 million and \$1.2 million, respectively, and have been recorded in prepaid expenses and other current assets and other accrued liabilities in our consolidated balance sheets, respectively. The ineffective portions of the changes in fair values resulted in (losses) gains of less than \$0.1 million for the three and nine months ended September 30, 2013 and 2012, respectively, and have been recorded in other income (expense), net in our consolidated statements of income.

The following table summarizes the impact of our recycling commodity hedges on comprehensive income for the

three and nine months ended September 30, 2013 and 2012:

Derivatives in Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in OCI on Derivatives (Effective Portion)			
	Three Months Ended September 30,			
	2013		2012	
Recycling commodity hedges	\$	(0.1)	\$	0.1
	Nine Months Ended September 30,			
	2013		2012	
Recycling commodity hedges	\$	(0.3)	\$	(0.4)

Fair Value Measurements

In measuring fair values of assets and liabilities, we use valuation techniques that maximize the use of observable inputs (Level 1) and minimize the use of unobservable inputs (Level 3). We also use market data or assumptions that we believe market participants would use in pricing an asset or liability, including assumptions about risk when appropriate.

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REPUBLIC SERVICES, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

As of September 30, 2013 and December 31, 2012, our assets and liabilities that are measured at fair value on a recurring basis include the following:

	Fair Value Measurements Using		
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Total as of September 30, 2013			

Assets:								
Money market mutual funds	\$	71.5	\$	71.5	\$	—	\$	—
Bonds		43.3		—		43.3		—
Fuel hedges - other current assets		3.2		—		3.2		—
Commodity hedges - other current assets		0.3		—		0.3		—
Interest rate swaps - other assets		2.4		—		2.4		—
Total assets	\$	120.7	\$	71.5	\$	49.2	\$	—

Liabilities:								
Fuel hedges - other accrued liabilities	\$	0.6	\$	—	\$	0.6	\$	—
Commodity hedges - other accrued liabilities		1.1		—		1.1		—
Total liabilities	\$	1.7	\$	—	\$	1.7	\$	—

Fair Value Measurements Using

	Total as of December 31, 2012	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Money market mutual funds	\$ 62.8	\$ 62.8	\$ —	\$ —
Bonds	40.1	—	40.1	—
Fuel hedges - other current assets	3.1	—	3.1	—
Commodity hedges - other current assets	1.0	—	1.0	—
Total assets	\$ 107.0	\$ 62.8	\$ 44.2	\$ —
Liabilities:				
Fuel hedges - other accrued liabilities	\$ 0.4	\$ —	\$ 0.4	\$ —
Commodity hedges - other accrued liabilities	1.2	—	1.2	—
Total liabilities	\$ 1.6	\$ —	\$ 1.6	\$ —

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

13. SEGMENT REPORTING

Our operations are managed and evaluated through three regions: East, Central and West. These three regions are presented below as our reportable segments. The historical results, discussion and presentation of our reportable segments as set forth in our consolidated financial statements for all periods presented reflect the impact of the restructuring of our operations in the fourth quarter of 2012. These reportable segments provide integrated waste management services consisting of collection, transfer, recycling and disposal of non-hazardous solid waste.

Summarized financial information concerning our reportable segments for the three and nine months ended September 30, 2013 and 2012 is shown in the following tables:

	Gross Revenue	Intercompany Revenue	Net Revenue	Depreciation, Amortization, Depletion and Accretion	Operating Income (Loss)	Capital Expenditures	Total Assets
Three Months Ended September 30, 2013							
East	\$ 729.8	\$ (104.0)	\$ 625.8	\$ 63.7	\$ 110.4	\$ 106.0	\$ 4,933.8
Central	808.5	(154.6)	653.9	79.4	135.9	96.3	5,807.0
West	1,041.3	(186.8)	854.5	89.3	198.1	69.0	8,290.7
Corporate entities	34.9	(3.7)	31.2	11.2	(92.1)	(44.5)	794.5
Total	\$ 2,614.5	\$ (449.1)	\$ 2,165.4	\$ 243.6	\$ 352.3	\$ 226.8	\$ 19,826.0
Three Months Ended September 30, 2012							
East	\$ 712.8	\$ (98.7)	\$ 614.1	\$ 62.3	\$ 114.0	\$ 54.6	\$ 4,912.7
Central	753.4	(139.0)	613.8	64.5	129.6	89.9	5,605.8
West	965.0	(166.2)	798.8	83.3	176.0	102.4	8,271.9
Corporate entities	23.6	(3.4)	20.2	13.1	(101.7)	(2.0)	813.9
Total	\$ 2,454.8	\$ (407.9)	\$ 2,046.9	\$ 223.2	\$ 317.9	\$ 244.9	\$ 19,634.3
Nine Months Ended September 30, 2013							
East	\$ 2,148.5	\$ (303.0)	\$ 1,845.5	\$ 187.7	\$ 339.7	\$ 175.0	\$ 4,933.8
Central	2,314.9	(440.2)	1,874.7	229.0	361.8	227.3	5,807.0
West	3,017.3	(542.2)	2,475.1	257.1	557.9	232.1	8,290.7
Corporate entities	91.0	(10.5)	80.4	34.8	(451.7)	54.3	794.5

Total	\$ 7,571.7	\$ (1,296.0)	\$ 6,275.7	\$ 708.6	\$ 807.7	\$ 688.7	\$ 19,826.0
Nine Months Ended September 30, 2012							
East	\$ 2,134.6	\$ (295.3)	\$ 1,839.3	\$ 184.2	\$ 360.3	\$ 158.5	\$ 4,912.7
Central	2,229.3	(408.6)	1,820.7	209.9	355.8	205.3	5,605.8
West	2,855.7	(494.1)	2,361.6	248.4	516.7	267.0	8,271.9
Corporate entities	78.8	(10.5)	68.3	48.7	(201.3)	76.6	843.9
Total	\$ 7,298.4	\$ (1,208.5)	\$ 6,089.9	\$ 691.2	\$ 1,031.8	\$ 707.4	\$ 19,634.3

Intercompany revenue reflects transactions within and between segments that are generally made on a basis intended to reflect the market value of such services.

Corporate functions include legal, tax, treasury, information technology, risk management, human resources, corporate accounts, closed landfills and other administrative functions. Capital expenditures for corporate entities primarily include vehicle inventory acquired but not yet assigned to operating locations and facilities.

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REPUBLIC SERVICES, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

The following table shows our total reported revenue by service line for the three and nine months ended September 30, 2013 and 2012 (in millions of dollars and as a percentage of revenue):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2013		2012		2013		2012	
Collection:								
Residential	\$ 548.5	25.3%	\$ 542.0	26.5%	\$ 1,632.3	26.0%	\$ 1,614.0	26.5%
Commercial	659.4	30.5	632.4	30.9	1,953.3	31.1	1,884.4	30.9
Industrial	433.0	20.0	395.9	19.3	1,223.0	19.5	1,154.7	19.0
Other	8.9	0.4	8.4	0.4	26.0	0.4	24.9	0.4
Total collection	1,649.8	76.2	1,578.7	77.1	4,834.6	77.0	4,678.0	76.8
Transfer	268.1		247.7		767.3		721.4	

Less:								
Intercompany	(159.7)		(146.4)		(461.4)		(427.5)	
Transfer, net	108.4	5.0	101.3	5.0	305.9	4.9	293.9	4.8
Landfill	512.4		477.7		1,437.6		1,408.7	
Less:								
Intercompany	(236.2)		(218.2)		(677.9)		(650.0)	
Landfill, net	276.2	12.8	259.5	12.7	759.7	12.1	758.7	12.5
Sale of recyclable materials	93.3	4.3	78.4	3.8	271.6	4.3	266.5	4.4
Other non-core	37.7	1.7	29.0	1.4	103.9	1.7	92.8	1.5
Other	131.0	6.0	107.4	5.2	375.5	6.0	359.3	5.9
Total revenue	\$ 2,165.4	100.0%	\$ 2,046.9	100.0%	\$ 6,275.7	100.0%	\$ 6,089.9	100.0%

Other revenue consists primarily of revenue from National Accounts, which represents the portion of revenue generated from nationwide contracts in markets outside our operating areas where the associated waste handling services are subcontracted to local operators. Consequently, substantially all of this revenue is offset with related subcontract costs, which are recorded in cost of operations.

14. COMMITMENTS AND CONTINGENCIES

General Legal Proceedings

We are subject to extensive and evolving laws and regulations and have implemented safeguards to respond to regulatory requirements. In the normal course of our business, we become involved in legal proceedings. Some of these actions may result in fines, penalties or judgments against us, which may impact earnings and cash flows for a particular period. Although we cannot predict the ultimate outcome of any legal matter with certainty, except as described below, we do not believe the outcome of our pending legal proceedings will have a material adverse impact on our consolidated financial position, results of operations or cash flows.

As used herein, the term *legal proceedings* refers to litigation and similar claims against us and our subsidiaries, excluding: (1) ordinary course accidents, general commercial liability and workers compensation claims, which are covered by insurance programs, subject to customary deductibles, and which, together with self-insured employee health care costs, are discussed in Note 5, *Other Liabilities*; and (2) environmental remediation liabilities, which are discussed in Note 6, *Landfill and Environmental Costs*.

We accrue for legal proceedings when losses become probable and reasonably estimable. We have recorded an aggregate accrual of approximately \$67.7 million relating to our outstanding legal proceedings as of September 30, 2013, including those described herein and others not specifically identified herein. As of the end of each applicable reporting period, we review each of our legal proceedings and, where it is probable that a liability has been incurred, we accrue for all probable and reasonably estimable losses. Where we are able to reasonably estimate a range of losses we may incur with respect to such a matter, we record an accrual for the amount within the range that constitutes our best estimate. If we are able to reasonably estimate a range but no amount within the range appears to be a better estimate than any other, we use the amount that is the low end of such range. If we used the high ends of such ranges, our aggregate potential liability would have been approximately \$73.5 million higher than the amount

recorded as of September 30, 2013.

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REPUBLIC SERVICES, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Countywide Matter

As is discussed in Note 6, *Landfill and Environmental Costs*, in September 2009, Republic Services of Ohio II, LLC (Republic-Ohio) entered into Final Findings and Orders with the Ohio Environmental Protection Agency that require us to implement a comprehensive operation and maintenance program to manage the remediation area at the Countywide Recycling and Disposal Facility. The remediation liability for this site recorded as of September 30, 2013 is \$50.0 million, of which \$4.9 million is expected to be paid during the next twelve months. We believe the remaining reasonably possible range of loss for remediation costs is \$48 million to \$69 million.

In a suit filed on October 8, 2008 in the Tuscarawas County Ohio Court of Common Pleas, approximately 700 individuals and businesses located in the area around the Countywide Recycling and Disposal Facility sued Republic Services, Inc. (Republic), Republic Services of Ohio II, LLC (Republic-Ohio), Waste Management, Inc. (WMI) and Waste Management Ohio, Inc. (WMO) for alleged negligence and nuisance. Plaintiffs allege that the landfill has generated odors and other unsafe emissions that have impaired the use and value of their property and may have adverse health effects. A second almost identical lawsuit was filed by approximately 82 plaintiffs on October 13, 2009 in the Tuscarawas County Ohio Court of Common Pleas against Republic, Republic-Ohio, WMI and WMO. The court consolidated the two actions. The relief requested on behalf of each plaintiff in the consolidated action is: (1) an award of compensatory damages according to proof in an amount in excess of \$25,000 for each of the three counts of the amended complaint; (2) an award of punitive damages in the amount of two times compensatory damages, pursuant to applicable statute, or in such amount as may be awarded at trial for each of the three counts of the amended complaint; (3) interest on the damages according to law; (4) costs and disbursements of the lawsuit; (5) reasonable fees for attorneys and expert witnesses; and (6) any further relief the court deems just, proper and equitable. As a result of various dismissals of plaintiffs, this case consisted of approximately 600 plaintiffs. Republic, WMI and WMO have been dismissed from the litigation. On July 11, 2013, we finalized a settlement and resolved this case. We paid all amounts owed under the settlement during the three months ended September 30, 2013. We anticipate no further liability associated with this matter.

Luri Matter

On August 17, 2007, a former employee, Ronald Luri, sued Republic Services, Inc., Republic Services of Ohio Hauling LLC, Republic Services of Ohio I LLC, Jim Bowen and Ron Krall in the Cuyahoga County Common Pleas Court in Ohio. Plaintiff alleges that he was unlawfully fired in retaliation for refusing to discharge or demote three

employees who were all over 50 years old. On July 3, 2008, a jury verdict was awarded against us in the amount of \$46.6 million, including \$43.1 million in punitive damages. On September 24, 2008, the court awarded pre-judgment interest of \$0.3 million and attorney fees and litigation costs of \$1.1 million. Post-judgment interest accrued at a rate of 8% for 2008, 5% for 2009, 4% for 2010 and 2011, and 3% for 2012 and 2013. We appealed to the Court of Appeals, and on May 19, 2011 the court reduced the punitive damages award to \$7.0 million. Plaintiff appealed to the Ohio Supreme Court, challenging the reduction of punitive damages. We cross-appealed, seeking a new trial on the ground that the proceedings in the trial court violated Ohio's punitive damages statute, which requires that the compensatory and punitive damages phases of trial be bifurcated in certain types of cases. On February 15, 2012, in a case called *Havel v. Villa St. Joseph*, the Ohio Supreme Court upheld the constitutionality of the bifurcation requirement. On July 3, 2012, the Ohio Supreme Court reversed the judgment against us and remanded the case for application of its decision in *Havel*. On October 4, 2013, the Cuyahoga County Common Pleas Court declared that defendants are entitled to a new trial. On October 18, 2013, plaintiff filed a notice that he is appealing that declaration to the Court of Appeals of Cuyahoga County, Ohio, Eighth Appellate District.

Congress Development Landfill Matters

Congress Development Co. (CDC) is a general partnership that owns and operates the Congress Landfill. The general partners in CDC are our subsidiary, Allied Waste Transportation, Inc. (Allied Transportation), and an unaffiliated entity, John Sexton Sand & Gravel Corporation (Sexton). Sexton was the operator of the landfill through early 2007, when Allied Transportation took over as the operator. The general partners likely will be jointly and severally liable for the costs associated with the following matters relating to the Congress Landfill.

As is discussed in Note 6, *Landfill and Environmental Costs*, in August 2010, CDC agreed with the State of Illinois to have a Final Consent Order (Final Order) entered by the Circuit Court of Illinois, Cook County. Pursuant to the Final Order, we have agreed to continue to implement certain remedial activities at the landfill. The remediation liability for the landfill recorded as of September 30, 2013 is \$84.1 million, of which \$9.2 million is expected to be paid during the next twelve months. We believe the remaining reasonably possible range of loss for remediation costs is \$54 million to \$154 million.

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REPUBLIC SERVICES, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

In a suit originally filed on December 23, 2009 in the Circuit Court of Cook County, Illinois and subsequently amended to add additional plaintiffs, approximately 3,000 plaintiffs sued our subsidiaries Allied Transportation and Allied Waste Industries, Inc. (Allied), CDC and Sexton. The court entered an order dismissing Allied without prejudice on October 26, 2010. The plaintiffs allege bodily injury, property damage and inability to have normal use and enjoyment of property arising from, among other things, odors and other damages arising from landfill gas

leaking, and they base their claims on negligence, trespass, and nuisance. On January 6, 2012, the court took plaintiffs' motion for leave to amend their complaint to seek punitive damages under advisement, to be considered on a plaintiff-by-plaintiff basis. The court also granted plaintiffs leave to serve discovery on the punitive damages issue. Following the court's order in our favor striking the plaintiffs' allegations requesting actual damages in excess of \$50 million and punitive damages in excess of \$50 million, the amount of damages being sought is unspecified. Discovery is ongoing.

Bridgeton Landfill Matters

As is discussed in Note 6, *Landfill and Environmental Costs*, in June 2013, we recorded an environmental remediation charge at our closed Bridgeton Landfill in Missouri in the amount of \$108.7 million to manage the remediation area and monitor the site. As of September 30, 2013, the remediation liability recorded for this site is \$119.4 million, of which \$44.1 million is expected to be paid during the next twelve months. We believe the remaining reasonably possible range of loss for remediation costs is \$88 million to \$368 million.

On March 20, 2013, a group of residents living near the Bridgeton Landfill filed a purported class action in Saint Louis County Circuit Court, Missouri, on behalf of tenants and owner-occupants of property located within a one-mile radius of the landfill. Defendants Republic Services, Inc., Allied Services, LLC, and Bridgeton Landfill, LLC subsequently removed the action to the United States District Court for the Eastern District of Missouri. The action alleges that odors escaping from the landfill due to a subsurface smoldering event diminished the value of plaintiffs' property, caused irritation to the eyes, nose or throat, and negatively affected their use and enjoyment of their property. The action also seeks an injunction requiring the landfill to take action to prevent the subsurface smoldering event from reaching radioactive materials buried in the adjacent Westlake Landfill. The plaintiffs each seek \$500,000 in punitive damages on behalf of themselves and those similarly situated, and an unspecified amount in compensatory damages. Plaintiffs allege that the tenant and owner-occupant classes are comprised of approximately 269 households and 683 residents in total.

Multiemployer Pension Plans

We contribute to 26 multiemployer pension plans under collective bargaining agreements (CBAs) covering union-represented employees. Approximately 20% of our total current employees are participants in such multiemployer plans. These plans generally provide retirement benefits to participants based on their service to contributing employers. We do not administer these plans. In general, these plans are managed by boards of trustees with the unions appointing certain trustees and other contributing employers of the plan appointing certain members. We generally are not represented on the board of trustees.

Under current law regarding multiemployer pension plans, a plan's termination, and any termination of an employer's obligation to make contributions, including our voluntary withdrawal (which we consider from time to time) or the mass withdrawal of all contributing employers from any under-funded multiemployer pension plan (each, a Withdrawal Event) would require us to make payments to the plan for our proportionate share of the plan's unfunded vested liabilities. During the course of operating our business, we incur Withdrawal Events with respect to certain of our multiemployer pension plans. We accrue for such events when losses become probable and reasonably estimable. We cannot assure you that there will not be a Withdrawal Event where the amount we would be required to contribute would have a material adverse impact on our consolidated financial condition, results of operations or cash flows.

Central States, Southeast and Southwest Areas Pension Fund

Before September 30, 2013, we had CBAs with local bargaining units of the Teamsters under which we contributed to the Central States, Southeast and Southwest Areas Pension Fund (the Fund). These CBAs were under negotiation during 2012 and 2013. As part of our CBA negotiations, we have completely withdrawn from participation in the Fund, constituting a Withdrawal Event. Accordingly, we will be required to make payments to the Fund for our allocated share of its unfunded vested liabilities.

As of September 30, 2013, we estimated our liability associated with our withdrawal from the Fund to be approximately \$169 million. We anticipate that this liability will be due in installments over a period of 20 years. Our estimated withdrawal liability is based on information provided to us by the Fund, our actuarial calculations and a number of other variable factors, including

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REPUBLIC SERVICES, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

our estimated number of 2013 contribution based units. As we obtain updated information from the Fund, the factors used in deriving our estimated withdrawal liability are subject to change. Future changes in our estimated withdrawal liability or timing of payments could have a material adverse effect on our consolidated financial position, results of operations and cash flows.

For additional discussion and detail regarding multiemployer pension plans, see Note 11, *Employee Benefit Plans*, to our consolidated financial statements in Item 8 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2012.

Restricted Cash and Marketable Securities

Our restricted cash and marketable securities include, among other things, restricted cash and marketable securities held for capital expenditures under certain debt facilities, and restricted cash and marketable securities pledged to regulatory agencies and governmental entities as financial guarantees of our performance related to our final capping, closure and post-closure obligations at our landfills. The following table summarizes the nature of restrictions related to our restricted cash and marketable securities as of September 30, 2013 and December 31, 2012:

	2013	2012
Financing proceeds	\$ 30.6	\$ 24.7
Capping, closure and post-closure obligations	55.7	54.8

Self-insurance	36.1	81.3
Other	3.1	3.4
Total restricted cash and marketable securities	\$ 175.5	\$ 164.2

Off-Balance Sheet Arrangements

We have no off-balance sheet debt or similar obligations, other than operating leases and the financial assurances, which are not classified as debt. We have no transactions or obligations with related parties that are not disclosed, consolidated into or reflected in our reported financial position or results of operations. We have not guaranteed any third-party debt.

15. SUBSEQUENT EVENTS

In October 2013, the board of directors added \$650 million to the existing share repurchase authorization. Before this, approximately \$110.6 million remained under the prior authorization. The total authorization is now \$760.6 million through December 31, 2015. Share repurchases under the program may be made through open market purchases or privately negotiated transactions in accordance with applicable federal securities laws. While the board of directors has approved the share repurchase program, the timing of any purchases, the prices and the number of shares of common stock to be purchased will be determined by our management, at its discretion, and will depend upon market conditions and other factors. The program may be extended, suspended or discontinued at any time.

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ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

You should read the following discussion in conjunction with the unaudited consolidated financial statements and notes thereto included under Item 1. In addition, you should refer to our audited consolidated financial statements and notes thereto and related *Management’s Discussion and Analysis of Financial Condition and Results of Operations* appearing in our Annual Report on Form 10-K for the year ended December 31, 2012.

Overview

We are the second largest provider of services in the domestic non-hazardous solid waste industry, as measured by revenue. Our operations are in 39 states and Puerto Rico. We provide non-hazardous solid waste collection services for commercial, industrial, municipal and residential customers through 336 collection operations. We own or operate 198 transfer stations, 190 active solid waste landfills and 70 recycling centers. We also operate 69 landfill gas and renewable energy projects.

Revenue for the nine months ended September 30, 2013 increased by 3.1% to \$6,275.7 million compared to \$6,089.9 million for the same period in 2012. This change in revenue is due to increases in average yield of 1.3%, fuel recovery fees of 0.3% and acquisitions, net of divestitures of 0.5%, as well as increases in volume of 0.9% and recycling commodities pricing of 0.1%.

The following table summarizes our revenue, costs and expenses for the three and nine months ended September 30, 2013 and 2012 (in millions of dollars and as a percentage of revenue):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2013		2012		2013		2012	
Revenue	\$ 2,165.4	100.0 %	\$ 2,046.9	100.0 %	\$ 6,275.7	100.0 %	\$ 6,089.9	100.0 %
Expenses:								
Cost of operations	1,317.6	60.9	1,280.5	62.6	3,950.7	62.9	3,722.2	61.1
depreciation, amortization and depletion of property and equipment	206.2	9.5	186.1	9.1	597.9	9.5	579.2	9.5
amortization of other intangible assets and other assets	18.2	0.8	17.4	0.9	53.1	0.9	52.9	0.9
Accretion	19.2	0.9	19.7	0.9	57.6	0.9	59.1	1.0
Selling, general and administrative	209.6	9.7	193.8	9.5	644.3	10.3	613.5	10.1
negotiation and withdrawal costs - Central States Pension and Other Funds	41.6	1.9	31.3	1.5	157.7	2.5	34.6	0.6
loss (gain) on disposition of assets and impairments, net	—	—	0.2	—	(1.9)	—	(3.4)	(0.1)
Restructuring charges	0.7	—	—	—	8.6	0.1	—	—
Operating income	\$ 852.3	16.3 %	\$ 767.9	15.5 %	\$ 2,325.0	12.9 %	\$ 2,367.7	16.9 %

Our pre-tax income was \$263.4 million and \$537.8 million for the three and nine months ended September 30, 2013, respectively, versus \$223.1 million and \$624.8 million for the comparable 2012 periods, respectively. Our net income attributable to Republic Services, Inc. was \$171.4 million and \$352.3 million for the three and nine months ended September 30, 2013, or \$0.47 and \$0.97 per diluted share, respectively, versus \$152.7 million and \$444.8 million, or \$0.42 and \$1.20 per diluted share for the comparable 2012 periods, respectively.

During each of the three and nine months ended September 30, we recorded a number of charges and other expenses

and benefits that impacted our pre-tax income, net income attributable to Republic Services, Inc. (Net Income — Republic) and diluted earnings per share as noted in the following table (in millions, except per share data). Additionally, see our “Cost of Operations,” “Selling, General and Administrative Expenses” and “Income Taxes” discussions contained in the Results of

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Operations section of this Management’s Discussion and Analysis of Financial Condition and Results of Operations for a discussion of other items that impacted our earnings.

	Three Months Ended September 30, 2013			Three Months Ended September 30, 2012		
	Pre-tax Income	Net Income - Republic	Diluted Earnings per Share	Pre-tax Income	Net Income - Republic	Diluted Earnings per Share
	As reported	\$ 263.4	\$ 171.4	\$ 0.47	\$ 223.1	\$ 152.7
negotiation and withdrawal costs - Central States Pension and Other Funds	41.6	25.9	0.08	31.3	18.6	0.05
Restructuring charges	0.7	0.7	—	—	—	—
Loss on extinguishment of debt	—	0.1	—	2.3	1.3	—
Loss (gain) on disposition of assets and impairments, net	—	—	—	0.1	(1.9)	—
Bridgeton remediation	—	0.1	—	37.1	22.4	0.06
Adjusted	\$ 305.7	\$ 198.2	\$ 0.55	\$ 293.9	\$ 193.1	\$ 0.53

	Nine Months Ended September 30, 2013			Nine Months Ended September 30, 2012		
	Pre-tax Income	Net Income - Republic	Diluted Earnings per Share	Pre-tax Income	Net Income - Republic	Diluted Earnings per Share
	As reported	\$ 537.8	\$ 352.3	\$ 0.97	\$ 624.8	\$ 444.8
negotiation and withdrawal costs - Central States Pension and Other Funds	157.7	98.3	0.27	34.6	20.6	0.06
Restructuring charges	8.6	5.6	0.02	—	—	—
Loss on extinguishment of debt	2.1	1.3	—	112.6	68.7	0.19

am on disposition of assets and impairments, net	(1.9)	(0.9)	—	(3.0)	(4.1)	(0.01)
Bridgeton remediation	108.7	65.6	0.18	37.1	22.4	0.06
Adjusted	\$ 813.0	\$ 522.2	\$ 1.44	\$ 805.5	\$ 552.4	\$ 1.50

We believe that presenting adjusted pre-tax income, adjusted net income attributable to Republic Services, Inc., and adjusted diluted earnings per share, which are not measures determined in accordance with accounting principles generally accepted in the United States (U.S. GAAP), provides an understanding of operational activities before the financial impact of certain items. We use these measures, and believe investors will find them helpful, in understanding the ongoing performance of our operations separate from items that have a disproportionate impact on our results for a particular period. We have incurred comparable charges and costs in prior periods, and similar types of adjustments can reasonably be expected to be recorded in future periods. In the case of the Bridgeton remediation charges, we are adjusting such amounts due to their significant effect on our operating results. However, in the ordinary course of our business, we often incur remediation adjustments that we do not adjust from our operating results. Our definition of adjusted pre-tax income, adjusted net income attributable to Republic Services Inc., and adjusted diluted earnings per share may not be comparable to similarly titled measures presented by other companies.

Negotiation and withdrawal costs - Central States Pension and Other Funds. During the three and nine months ended September 30, 2013, we recorded charges to earnings of \$41.6 million and \$157.7 million, respectively, primarily related to our negotiation and withdrawal liability from the Central States, Southeast and Southwest Areas Pension Fund (the Fund). Also included within these charges to earnings for the three and nine months ended September 30, 2013 is \$2.1 million related to withdrawal events at the multiemployer pension plan to which we contribute related to our operations in Puerto Rico, as well as costs of \$0.8 million and \$17.0 million, respectively, related to the negotiation of collective bargaining agreements under which we had obligations to contribute to the Fund.

Restructuring charges. During the fourth quarter of 2012, we announced a restructuring of our field and corporate operations to create a more efficient and competitive company. These changes included consolidating our field regions from four to three and our areas from 28 to 20, relocating office space, and reducing administrative staffing levels. During the three and nine months ended September 30, 2013, we incurred \$0.7 million and \$8.6 million, respectively, of restructuring charges, which consisted of

severance and other employee termination benefits, relocation benefits, and the closure of offices with non-cancellable lease agreements.

Loss on extinguishment of debt. During the nine months ended September 30, 2013, we refinanced certain of our tax-exempt financings that resulted in a \$2.1 million non-cash charge for deferred issuance costs.

Gain on disposition of assets and impairments, net. For more detailed discussion of the components of this, see our "Gain on Disposition of Assets and Impairments, Net" discussion contained in the Results of Operations section of this Management's Discussion and Analysis of Financial Condition and Results of Operations.

Bridgeton remediation. We recorded environmental remediation charges at our closed Bridgeton Landfill in Missouri of \$108.7 million in June 2013 and \$37.1 million in September 2012 to manage the remediation area and monitor the site.

Recent Developments

In October 2013, the board of directors added \$650 million to the existing share repurchase authorization. Before this, approximately \$110.6 million remained under the prior authorization. The total authorization is now \$760.6 million through December 31, 2015. Share repurchases under the program may be made through open market purchases or privately negotiated transactions in accordance with applicable federal securities laws. While the board of directors has approved the share repurchase program, the timing of any purchases, the prices and the number of shares of common stock to be purchased will be determined by our management, at its discretion, and will depend upon market conditions and other factors. The program may be extended, suspended or discontinued at any time.

Results of Operations

Revenue

We generate revenue primarily from our solid waste collection operations. Our remaining revenue is from other services, including transfer station services, landfill disposal and recycling. Our residential and commercial collection operations in some markets are based on long-term contracts with municipalities. Certain of our municipal contracts have annual price escalation clauses that are tied to changes in an underlying base index such as the consumer price index. We generally provide commercial and industrial collection services to customers under contracts with terms up to three years. Our transfer stations, landfills and, to a lesser extent, our material recovery facilities generate revenue from disposal or tipping fees charged to third parties. In general, we integrate our recycling operations with our collection operations and obtain revenue from the sale of recyclable materials. Other non-core revenue consists primarily of revenue from National Accounts, which represents the portion of revenue generated from nationwide contracts in markets outside our operating areas where the associated waste handling services are subcontracted to local operators. Consequently, substantially all of this revenue is offset with related subcontract costs, which are recorded in cost of operations.

The following table reflects our revenue by service line for the three and nine months ended September 30, 2013 and 2012 (in millions of dollars and as a percentage of revenue):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2013		2012		2013		2012	
Collection:								
Residential	\$ 548.5	25.3 %	\$ 542.0	26.5 %	\$ 1,632.3	26.0 %	\$ 1,614.0	26.5 %
Commercial	659.4	30.5	632.4	30.9	1,953.3	30.3	1,884.4	30.9
Industrial	433.0	20.0	395.9	19.3	1,223.0	19.5	1,154.7	19.0
Other	8.9	0.4	8.4	0.4	26.0	0.4	24.9	0.4
Total collection	1,649.8	76.2	1,578.7	77.1	4,834.6	77.0	4,678.0	76.8
Transfer	268.1		247.7		767.3		721.4	
Less: Intercompany	(159.7)		(146.4)		(461.4)		(427.5)	
Transfer, net	108.4	5.0	101.3	5.0	305.9	4.9	293.9	4.8
Landfill	512.4		477.7		1,437.6		1,408.7	
Less: Intercompany	(236.2)		(218.2)		(677.9)		(650.0)	
Landfill, net	276.2	12.8	259.5	12.7	759.7	12.1	758.7	12.5
Sale of recyclable materials	93.3	4.3	78.4	3.8	271.6	4.3	266.5	4.4
Other non-core	37.7	1.7	29.0	1.4	103.9	1.7	92.8	1.5
Other	131.0	6.0	107.4	5.2	375.5	6.0	359.3	5.9
Total revenue	\$ 2,165.4	100.0 %	\$ 2,046.9	100.0 %	\$ 6,275.7	100.0 %	\$ 6,089.9	100.0 %

Revenue increased by 5.8% and 3.1% during the three and nine months ended September 30, 2013 over the same periods in 2012 across all lines of business. The revenue increase within the collection business was primarily attributable to the increase in the commercial and industrial lines of business. The revenue increase in the disposal line of business during the quarter was due to transfer and landfill revenue increases, while landfill revenue on a year to date basis was slightly higher. Sale of recyclable materials increased primarily due to old corrugated cardboard price increases as well as increases in overall production volumes. Other non-core revenue increased as a result of increases associated with the subcontracted portion of our National Accounts.

Changes in price are restricted on approximately 50% of our annual revenue. Of these restricted pricing arrangements:

- approximately 60% are price changes based on fluctuations in a specific index (primarily the consumer

price index) as defined in the contract:

- approximately 20% are fixed price increases based on stated contract terms; and
- approximately 20% are price changes based on a cost plus a specific profit margin or other measurement.

The consumer price index varies from a single historical stated period of time or an average of trailing historical rates over a stated period of time. In addition, the initial impact of pricing resets typically lags 6 to 12 months from the end of the index measurement period to the date the revised pricing goes into effect. As a result, current changes in a specific index may not manifest themselves in our reported pricing for several quarters into the future.

In 2013, we conformed the terms we use to describe components of price in an effort to better align with industry participants. We have not changed our calculation methodology, but we believe use of these terms allow for consistent comparison across the industry. Average yield, which we formerly referred to as "core price," is defined as revenue growth from the change in average price per unit of service, expressed as a percentage. We now use "core price" to mean price increases to customers and fees, excluding fuel recovery, net of price decreases to retain customers.

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The following table reflects changes in our revenue for the three and nine months ended September 30, 2013 versus the comparable 2012 periods:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Average yield	1.3%	1.0%	1.3%	0.7%
Fuel recovery fees	0.5	(0.4)	0.3	—
Total price	1.8	0.6	1.6	0.7
Workday impact	0.5	(0.5)	—	—
Volume	2.2	(1.6)	0.9	(1.1)
Total volume	2.7	(2.1)	0.9	(1.1)
Recycling commodities	0.7	(2.0)	0.1	(1.3)
Total internal growth	5.2	(3.5)	2.6	(1.7)
Acquisitions / divestitures, net	0.6	0.2	0.5	0.4
Total	5.8%	(3.3)%	3.1%	(1.3)%

Core price	<u>3.4%</u>	<u>2.7 %</u>	<u>3.2%</u>	<u>2.7 %</u>
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During the three and nine months ended September 30, 2013, we experienced the following changes in our revenue versus the comparable 2012 periods:

- Average yield increased revenue by 1.3% during both the three and nine months ended September 30, 2013 over the same periods in 2012 due to positive pricing in all lines of business.
- The fuel recovery fee program, which mitigates our exposure to increases in fuel prices, generated 0.5% and 0.3%, respectively, of the total revenue growth during the three and nine months ended September 30, 2013. These fees fluctuate with the price of fuel and, consequently, any increase in fuel prices would result in an increase in our revenue. Higher fuel recovery fees for the three and nine months ended September 30, 2013 as compared to 2012 resulted primarily from an increase in the fuel recovery rates charged. During the three and nine months ended September 30, 2013, we were able to recover approximately 73% of our direct fuel expenses with fuel recovery fees versus 65% and 67%, respectively, for the comparable 2012 periods.
- Volume increased revenue by 2.2% during the three months ended September 30, 2013 compared to the same period in 2012, primarily due to volume increases in our industrial and commercial collection, disposal and non-core lines of business due to improving business activity and new National Accounts contracts. Volume increases in our landfill line of business during the three months ended September 30, 2013 were primarily attributable to increased special waste and construction and demolition volumes. Included in our favorable volume for the third quarter of 2013 was the effect of one additional workday, which contributed 0.5% to our total volume increase. For the nine months ended September 30, 2013, we experienced volume increases of 0.9% as compared to 2012 as a result of higher volumes in commercial, industrial collection and non-core lines of business, partially offset by lower volumes in our disposal and residential collection lines of business. Volume decreases in our landfill line of business during the nine months ended September 30, 2013 were primarily attributable to decreases in municipal solid waste.
- Recycling commodities increased revenue by 0.7% and 0.1% during the three and nine months ended September 30, 2013 compared to the same periods in 2012, respectively, primarily due to the change in the market price of materials as well as increased production volumes. Average prices for old corrugated cardboard for the three and nine months ended September 30, 2013 were \$134 and \$127 per ton versus \$110 and \$128 per ton for the comparable 2012 periods. Average prices of old newspaper for the three and nine months ended September 30, 2013 were \$85 and \$94 per ton versus \$92 and \$104 per ton for the comparable 2012 periods. Our recycling commodity volume for the three and nine months ended September 30, 2013 of 0.5 million tons and 1.6 million tons, respectively, was 9% and 7% higher, respectively, than volumes in the comparable 2012 periods as a result of our investment in recycling centers

along with higher organic volumes.

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Changing market demand for recyclable materials causes volatility in commodity prices. At current volumes and mix of materials, we believe a ten dollar per ton change in the price of recyclable materials will change annual revenue and operating income by approximately \$29 million and \$20 million, respectively.

Cost of Operations

Cost of operations includes labor and related benefits, which consists of salaries and wages, health and welfare benefits, incentive compensation and payroll taxes. It also includes transfer and disposal costs representing tipping fees paid to third party disposal facilities and transfer stations; maintenance and repairs relating to our vehicles, equipment and containers, including related labor and benefit costs; transportation and subcontractor costs, which include costs for independent haulers that transport our waste to disposal facilities and costs for local operators who provide waste handling services associated with our National Accounts in markets outside our standard operating areas; fuel, which includes the direct cost of fuel used by our vehicles, net of fuel tax credits; disposal franchise fees and taxes consisting of landfill taxes, municipal franchise fees, host community fees and royalties; landfill operating costs, which includes financial assurance, leachate disposal and other landfill maintenance costs; risk management, which includes casualty insurance premiums and claims; cost of goods sold, which includes material costs paid to suppliers associated with recycling commodities; and other, which includes expenses such as facility operating costs, equipment rent and gains or losses on sale of assets used in our operations.

The following table summarizes the major components of our cost of operations for the three and nine months ended September 30, 2013 and 2012 (in millions of dollars and as a percentage of revenue):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2013		2012		2013		2012	
Labor and related benefits	\$ 421.9	19.5 %	\$ 393.0	19.2 %	\$ 1,233.3	19.7 %	\$ 1,172.4	19.3 %
Transfer and disposal costs	166.9	7.7	159.3	7.8	477.0	7.6	460.3	7.6
Maintenance and repairs	189.8	8.8	175.1	8.6	549.5	8.7	511.7	8.4
Transportation and subcontract costs	124.5	5.7	108.4	5.3	345.9	5.5	324.5	5.3
Fuel	132.1	6.1	132.3	6.5	388.7	6.2	395.5	6.5
Franchise fees and taxes	107.6	5.0	102.6	5.0	308.2	4.9	302.2	4.9

Landfill operating costs	22.6	1.0	33.5	1.6	100.1	1.6	92.5	1.5
Risk management	42.3	2.0	44.3	2.2	129.3	2.1	132.0	2.2
Cost of goods sold	33.0	1.5	25.3	1.2	91.3	1.4	89.9	1.5
Other	76.9	3.6	69.6	3.4	218.7	3.5	204.1	3.3
Subtotal cost of operations	<u>1,317.6</u>	<u>60.9</u>	<u>1,243.4</u>	<u>60.8</u>	<u>3,842.0</u>	<u>61.2</u>	<u>3,685.1</u>	<u>60.5</u>
Bridgeton remediation	<u>—</u>	<u>—</u>	<u>37.1</u>	<u>1.8</u>	<u>108.7</u>	<u>1.7</u>	<u>37.1</u>	<u>0.6</u>
Total cost of operations	<u>\$1,317.6</u>	<u>60.9</u> %	<u>\$1,280.5</u>	<u>62.6</u> %	<u>\$3,950.7</u>	<u>62.9</u> %	<u>\$3,722.2</u>	<u>61.1</u> %

These cost categories may change from time to time and may not be comparable to similarly titled categories used by other companies. As such, you should take care when comparing our cost of operations by cost component to that of other companies.

Our cost of operations increased \$37.1 million and \$228.5 million or, as a percentage of revenue a decrease of 1.7% and an increase of 1.8%, respectively, for the three and nine months ended September 30, 2013 versus the comparable 2012 periods, primarily as a result of the following:

- Labor and related benefits increased due to increased hourly and salaried wages as a result of merit increases, health care costs and collection volumes. We had one additional workday during the three months ended September 30, 2013 versus the comparable 2012 period, which also contributed to the increased labor expense during such time.
- Transfer and disposal costs increased primarily due to higher prices and volumes disposed at third party sites. During the nine months ended September 30, 2013, approximately 68% of the total waste volume we collected was disposed at landfill sites that we own or operate (internalization) versus 67% for 2012.
- Maintenance and repairs expense increased due to the higher collection volume, cost of parts, third party truck repairs and costs associated with our fleet maintenance initiative. Container and compactor maintenance had an unfavorable impact on maintenance and repairs expense due primarily to increased container repairs resulting from unit growth in our commercial and industrial lines of business.

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- Subcontract costs increased primarily due to new National Accounts contracts and subcontracted work. Transportation costs increased due to an increase in transfer station volumes and increased fuel surcharges.

- Our fuel costs in aggregate dollars and as a percentage of revenue decreased \$0.2 million and 0.4%, and \$6.8 million and 0.3%, respectively, for the three and nine months ended September 30, 2013 versus the comparable 2012 periods due to our continued conversion to lower cost compressed natural gas (CNG) and alternative fuel tax credits. Partially offsetting the decrease in fuel costs for the three months ended September 30, 2013 versus the comparable 2012 period was the effect of one additional workday, which resulted in higher fuel consumption. Average fuel costs per gallon for the three months ended September 30, 2013 were \$3.91 versus \$3.94 for the comparable 2012 period, a decrease of \$0.03 or 0.8%. Average fuel costs per gallon for the nine months ended September 30, 2013 were \$3.94 versus \$3.95 for the the comparable 2012 period, a decrease of \$0.01 or 0.3%.

At current consumption levels, we believe a twenty-cent change in the per gallon price of diesel fuel would change our fuel costs by approximately \$24 million per year. Offsetting these changes in fuel expense would be changes in our fuel recovery fee charged to our customers. At current participation rates, a twenty-cent change in the price of diesel fuel changes our fuel recovery fee by approximately \$19 million per year.

- Landfill operating expenses in aggregate dollars and as a percentage of revenue decreased \$10.9 million and 0.6% for the three months ended September 30, 2013 versus the comparable 2012 period primarily due to favorable remediation adjustments of \$12.1 million in the current quarter. For the nine months ended September 30, 2013, our landfill operating expenses in aggregate dollars and as a percentage of revenue increased \$7.6 million and 0.1% versus the comparable 2012 period primarily due to increased leachate management expenses of \$8.7 million, offset by an increase in net favorable remediation adjustments of \$1.8 million.
- Risk management expenses decreased primarily due to favorable actuarial developments.
- Cost of goods sold relates to rebates paid for volumes delivered to our recycling facilities. Cost of goods sold in aggregate dollars and as a percentage of revenue increased \$7.7 million and 0.3%, and \$1.4 million and a decrease of 0.1%, respectively, for the three and nine months ended September 30, 2013 versus the comparable 2012 periods, primarily due to an increase in the volume of commodities sold. Additionally, the average cost per ton for commodities was higher in the third quarter of 2013 versus the comparable 2012 period.
- We recorded environmental remediation charges at our closed Bridgeton Landfill in Missouri of \$108.7 million in June 2013 and \$37.1 million in September 2012 to manage the remediation area and monitor the site.

Depreciation, Amortization and Depletion of Property and Equipment

The following table summarizes depreciation, amortization and depletion of property and equipment for the three and nine months ended September 30, 2013 and 2012 (in millions of dollars and as a percentage of revenue):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Depreciation and amortization	\$137.4	\$130.3	\$405.3	\$387.9
	6.3 %	6.4 %	6.5 %	6.4 %

of property and equipment									
landfill depletion and									
amortization	68.8	3.2	55.8	2.7	192.6	3.0	191.3	3.1	
depreciation, amortization									
and depletion expense	\$ 206.2	9.5 %	\$ 186.1	9.1 %	\$ 597.0	9.5 %	\$ 579.2	9.5 %	

Depreciation and amortization of property and equipment in aggregate dollars increased \$7.1 million and \$17.4 million, respectively, for the three and nine months ended September 30, 2013 versus the comparable 2012 periods, primarily due to higher costs of residential side loaders for automating our residential collection routes and an increased number of CNG vehicles, which are more expensive than diesel vehicles. In addition, we made increased investments in new and upgraded recycling infrastructure projects that became operational over the past several quarters. Depreciation and amortization of property and equipment as a percentage of revenue remained relatively flat with a decrease of 0.1% for the three months ended September 30, 2013 and an increase of 0.1% for the nine months ended September 30, 2013 versus the comparable 2012 periods.

Landfill depletion and amortization expense in aggregate dollars and as a percentage of revenue increased \$13.0 million and 0.5%, and \$1.3 million and a decrease of 0.1%, respectively, for the three and nine months ended September 30, 2013 versus

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the comparable 2012 periods. During the three and nine months ended September 30, 2013, we recorded favorable amortization adjustments of \$1.1 million and \$1.7 million, respectively, related to asset retirement obligations at closed landfills, versus favorable adjustments of \$10.2 million for the three months ended September 30, 2012, primarily related to an increase in deemed airspace at certain of our active solid waste landfills, and net favorable adjustments of \$0.8 million for the nine months ended September 30, 2012. The nine months ended September 30, 2012 were unfavorably impacted by \$9.4 million of amortization adjustments during the first half of 2012, primarily related to asset retirement obligations at closed landfills. In addition, landfill depletion expense increased due to increased landfill disposal volumes in the third quarter of 2013, as well as an overall increase in our average depletion rate.

Amortization of Other Intangible and Other Assets

Amortization of intangible and other assets was \$18.2 million and \$53.1 million, or 0.8% and 0.9% of revenue, for the three and nine months ended September 30, 2013, respectively, versus \$17.4 million and \$52.9 million, or 0.9% of revenue, for the comparable 2012 periods. Our other intangible assets primarily relate to customer lists, franchise agreements, municipal contracts and agreements, trade names and, to a lesser extent, non-compete agreements.

Accretion Expenses

Accretion expenses were \$19.2 million and \$57.6 million, or 0.9% of revenue, for the three and nine months ended September 30, 2013 versus \$19.7 million and \$59.1 million, or 0.9% and 1.0% of revenue, for the comparable 2012 periods. Accretion expenses have remained relatively unchanged as our asset retirement obligations remained relatively consistent period over period.

Selling, General and Administrative Expenses

Selling, general and administrative expenses include salaries, health and welfare benefits and incentive compensation for corporate and field general management, field support functions, sales force, accounting and finance, legal, management information systems, and clerical and administrative departments. Other expenses include rent and office costs, fees for professional services provided by third parties, legal settlements, marketing, investor and community relations services, directors' and officers' insurance, general employee relocation, travel, entertainment and bank charges.

The following table summarizes our selling, general and administrative expenses for the three and nine months ended September 30, 2013 and 2012 (in millions of dollars and as a percentage of revenue):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2013		2012		2013		2012	
Salaries	\$131.2	6.1 %	\$ 120.5	5.9 %	\$ 408.2	6.5 %	\$ 408.3	6.7 %
Provision for doubtful accounts	0.6	—	8.0	0.4	8.1	0.1	20.8	0.3
Other	77.8	3.6	65.3	3.2	228.0	3.7	194.4	3.1
Total selling, general and administrative expenses	\$209.6	9.7 %	\$ 193.8	9.5 %	\$ 644.3	10.3 %	\$ 613.5	10.1 %

These cost categories may change from time to time and may not be comparable to similarly titled categories used by other companies. As such, you should take care when comparing our selling, general and administrative expenses by cost component to those of other companies. The most significant items affecting our selling, general and administrative expenses during the three and nine months ended September 30, 2013 and 2012 are summarized below:

- Salaries increased \$10.7 million for the three months ended September 30, 2013 versus the comparable 2012 period primarily due to a reduction of management incentive compensation recorded during the three months ended September 30, 2012. Salaries decreased \$0.1 million and 0.2% of revenue for the nine months ended September 30, 2013 versus the comparable 2012 period. In addition, during the three and nine months ended September 30, 2013, we recorded severance costs due to management departures and higher salaries, payroll taxes and benefits resulting from merit increases, partially offset by lower salaries expense in connection with the reorganization.

- Provision for doubtful accounts decreased \$7.4 million and 0.4% of revenue, and \$12.7 million and 0.2% of revenue, respectively, for the three and nine months ended September 30, 2013 versus the comparable 2012 periods, primarily due to a net favorable adjustment, recorded in our corporate segment, of \$8.3 million resulting from a change in our estimated future bad debts.

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- Other selling, general and administrative expenses in aggregate dollars and as a percentage of revenue increased \$12.5 million and 0.4%, and \$43.6 million and 0.6%, respectively, for the three and nine months ended September 30, 2013 versus the comparable 2012 periods. These increases are primarily related to charges for legal settlements of \$10.6 million and \$31.7 million for the three and nine months ended September 30, 2013, respectively, which relate to legal matters occurring in the ordinary course of business. In addition, during the nine months ended September 30, 2012, we recorded net favorable legal settlement adjustments of \$8.8 million, primarily related to a favorable settlement of a legal matter.

Negotiation and Withdrawal Costs - Central States Pension and Other Funds

During the three and nine months ended September 30, 2013, we recorded charges to earnings of \$41.6 million and \$157.7 million, respectively, primarily related to our negotiation and withdrawal liability from the Central States, Southeast and Southwest Areas Pension Fund (the Fund). Also included within these charges to earnings for the three and nine months ended September 30, 2013 is \$2.1 million related to withdrawal events at the multiemployer pension plan to which we contribute related to our operations in Puerto Rico, as well as costs of \$0.8 million and \$17.0 million, respectively, related to the negotiation of collective bargaining agreements under which we had obligations to contribute to the Fund.

For additional discussion and detail regarding our obligations to the Fund, see our *Central States, Southeast and Southwest Areas Pension Fund* discussion in Note 14 to our unaudited consolidated financial statements in Part 1, Item 1 of this Form 10-Q.

Gain on Disposition of Assets and Impairments, Net

During the nine months ended September 30, 2013, we recorded a net gain on disposition of assets and impairments of \$1.9 million, primarily related to contingent sale price of \$1.0 million received during the first quarter of 2013 in connection with a 2011 business divestiture in our West Region and the disposal of a business in one market in our West Region, which resulted in a gain of \$0.9 million and proceeds of \$1.7 million. During the nine months ended September 30, 2012, we recorded a net gain on disposition of assets and impairments of \$3.4 million, primarily related to a divestiture in our East Region.

Restructuring Charges

During the fourth quarter of 2012, we restructured our field and corporate operations to create a more efficient and competitive company. These changes include consolidating our field regions from four to three and our areas from 28 to 20, relocating office space, and reducing administrative staffing levels. During the three and nine months ended September 30, 2013, we incurred \$0.7 million and \$8.6 million of restructuring charges, which consisted of severance and other employee termination benefits, relocation benefits, and the closure of offices with non-cancellable lease agreements. We expect to incur approximately \$1.2 million of additional expense during the remainder of 2013 to complete these activities. Substantially all of these charges were, or will be, recorded in our corporate segment, and we expect the charges will be paid primarily during the remainder of 2013.

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Interest Expense

The following table provides the components of interest expense, including accretion of debt discounts and accretion primarily associated with environmental and self-funded risk insurance liabilities assumed in the acquisition of Allied, for the three and nine months ended September 30, 2013 and 2012 (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Interest expense on debt and capital lease obligations	\$ 80.4	\$ 82.1	\$ 239.5	\$ 256.2
Accretion of debt discounts	1.8	1.8	5.2	10.5
Accretion of remediation reserves and other	10.1	11.9	30.4	35.7
Less: capitalized interest	(2.3)	(2.6)	(5.3)	(6.1)
Total interest expense	<u>\$ 90.0</u>	<u>\$ 93.2</u>	<u>\$ 269.8</u>	<u>\$ 296.3</u>

The decrease in interest expense and accretion of debt discounts during the three and nine months ended September 30, 2013 versus the comparable 2012 periods is primarily due to refinancing certain of our higher interest rate debt in 2012. In addition, during August 2013, we entered into various interest rate swap agreements relative to our 4.750% fixed rate senior notes due in May 2023. These swap agreements, which were designated as fair value hedges, have a total notional value of \$200.0 million and resulted in a \$0.6 million reduction in interest expense during the three months ended September 30, 2013. Cash paid for interest was \$240.3 million and \$256.0 million for the nine months ended September 30, 2013 and 2012, respectively.

Loss on Extinguishment of Debt

During the nine months ended September 30, 2013, we refinanced certain of our tax-exempt financings that resulted in a \$2.1 million non-cash charge for deferred issuance costs. During the three and nine months ended September 30, 2012, we entered into refinancing transactions that resulted in a loss on extinguishment of debt of \$2.3 million and \$112.6 million, respectively.

Other income, net

Other income, net was \$1.0 million and \$1.5 million for the three and nine months ended September 30, 2013, respectively, versus \$0.4 million and \$1.1 million for the comparable 2012 periods. The increase in other income, net is primarily due to the recognition of ineffectiveness of certain of our interest rate hedges.

Income Taxes

Our effective tax rate, exclusive of noncontrolling interests, for the three and nine months ended September 30, 2013 was 35.0% and 34.5%, respectively. The effective tax rate for the three months ended September 30, 2013 was favorably affected by the realization of additional federal and state benefits on our 2012 tax returns, lower state rates due to changes in estimates and adjustments to deferred taxes. For the nine months ended September 30, 2013, our effective tax rate was, in addition to the matters already discussed, favorably impacted by the first quarter resolution of Allied's 2009 - 2010 tax years at the IRS appeals division and the Congressional Joint Committee on Taxation.

Our effective tax rate, exclusive of noncontrolling interests, for the three and nine months ended September 30, 2012 was 31.5% and 28.8%, respectively. The effective tax rate for the three months ended September 30, 2012 was favorably affected by the realization of additional federal and state benefits on our 2011 tax returns, lower state rates due to changes in estimates and adjustments to deferred taxes. For the nine months ended September 30, 2012, our effective tax rate was, in addition to the matters already discussed, favorably impacted by the second quarter 2012 resolution of Allied's 2004 - 2008 tax years at the IRS appeals division, legal entity restructuring completed during the second quarter of 2012 and a change in estimated non-deductible penalties relating to certain legal settlements.

Income taxes paid, net of refunds received, were \$196.1 million and \$169.0 million for the nine months ended September 30, 2013 and 2012, respectively.

For additional discussion and detail regarding our income taxes, see our *Income Taxes* discussion in Note 8 to our unaudited consolidated financial statements in Part 1, Item 1 of this Form 10-Q.

Reportable Segments

Our operations are managed and evaluated through three regions: East, Central and West. These three regions are

presented below as our reportable segments. The historical results, discussion and presentation of our reportable segments for all periods presented reflect the impact of the restructuring of our operations in the fourth quarter of 2012. These reportable segments provide integrated waste management services consisting of collection, transfer, recycling and disposal of non-hazardous solid waste. Summarized financial information concerning our reportable segments for the three and nine months ended September 30, 2013 and 2012 is shown in the following table (in millions of dollars and, in the case of operating margin, as a percentage of revenue):

	Net Revenue	Depreciation, Amortization, Depletion and Accretion Before Adjustments for Asset Retirement Obligations	Adjustments to Amortization Expense for Asset Retirement Obligations	Depreciation, Amortization, Depletion and Accretion	Gain on Disposition of Assets, Net and Asset Impairment	Operating Income (Loss)	Operating Margin
Three Months Ended September 30, 2013							
East	\$ 625.8	\$ 63.7	\$ —	\$ 63.7	\$ —	\$ 110.4	17.6 %
Central	653.9	79.4	—	79.4	—	135.9	20.8
West	854.5	89.3	—	89.3	—	198.1	23.2
Corporate entities	31.2	12.3	(1.1)	11.2	—	(92.1)	
Total	\$ 2,165.4	\$ 244.7	\$ (1.1)	\$ 243.6	\$ —	\$ 352.3	16.3 %
Three Months Ended September 30, 2012							
East	\$ 614.1	\$ 63.8	\$ (1.5)	\$ 62.3	\$ (0.1)	\$ 114.0	18.6 %
Central	613.8	72.7	(8.2)	64.5	(0.1)	129.6	21.1
West	798.8	84.0	(0.7)	83.3	—	176.0	22.0
Corporate entities	20.2	12.9	(1.2)	11.7	—	(101.7)	
Total	\$ 2,046.9	\$ 233.4	\$ (10.2)	\$ 223.2	\$ (0.2)	\$ 317.9	15.5 %
	Net Revenue	Depreciation, Amortization, Depletion and Accretion Before Adjustments for Asset Retirement Obligations	Adjustments to Amortization Expense for Asset Retirement Obligations	Depreciation, Amortization, Depletion and Accretion	Loss (Gain) on Disposition of Assets, Net and Asset Impairment	Operating Income (Loss)	Operating Margin
Nine Months Ended September 30, 2013							
East	\$1,845.5	\$ 187.7	\$ —	\$ 187.7	\$ —	\$ 339.7	18.4 %
Central	1,874.7	229.1	(0.1)	229.0	—	361.8	19.3
West	2,475.1	257.1	—	257.1	1.9	557.9	22.5
Corporate entities	80.4	36.3	(1.5)	34.8	—	(451.7)	
Total	\$6,275.7	\$ 710.2	\$ (1.6)	\$ 708.6	\$ 1.9	\$ 807.7	12.9 %
Nine Months Ended September 30, 2012							

East	\$1,839.3	\$ 186.2	\$ (2.0)	\$ 184.2	\$ 3.6	\$ 360.3	19.6 %
Central	1,820.7	218.1	(8.2)	209.9	(0.2)	355.8	19.8
West	2,361.6	249.1	(0.7)	248.4	—	516.7	21.9
Corporate entities	68.3	38.7	10.0	48.7	—	(201.0)	
Total	<u>\$6,089.9</u>	<u>\$ 692.1</u>	<u>\$ (0.9)</u>	<u>\$ 691.2</u>	<u>\$ 3.4</u>	<u>\$ 1,031.8</u>	16.9 %

Corporate entities include legal, tax, treasury, information technology, risk management, human resources, corporate accounts, closed landfills and other administrative functions. National Accounts revenue included in corporate entities represents the portion of revenue generated from nationwide contracts in markets outside our operating areas where the associated waste handling services are subcontracted to local operators. Consequently, substantially all of this revenue is offset with related subcontract costs, which are recorded in cost of operations.

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Significant changes in the revenue and operating margins of our reportable segments comparing the three and nine months ended September 30, 2013 with the comparable 2012 periods are discussed in the following paragraphs. The results of our reportable segments affected by the disposition of certain assets and liabilities in the normal course of business are noted below where significant.

East Region

Revenue for the three months ended September 30, 2013 increased 1.9% from the comparable 2012 period due primarily to average yield and volume increases in our commercial and industrial collection lines of business, an average yield increase in our landfill line of business and increased recycling commodity revenue. These increases were partially offset by declines in volume in our residential collection and landfill lines of business.

Revenue for the nine months ended September 30, 2013 increased 0.3% from the comparable 2012 period due primarily to average yield and volume increases in our commercial and industrial collection lines of business, an average yield increase in our landfill line of business, and acquisitions. These increases were partially offset by declines in volume in our residential collection, landfill and transfer station lines of business. The volume declines in our residential collection line of business were primarily due to the loss of certain municipal contracts and volume decreases in our disposal lines of business were primarily related to the loss of certain disposal contracts.

Operating income margin in our East Region decreased 1.0% from 18.6% for the three months ended September 30, 2012 to 17.6% for the three months ended September 30, 2013, and declined from 19.6% for the nine months ended September 30, 2012 to 18.4% for the nine months ended September 30, 2013, or 1.2%. The following cost categories impacted operating income:

- Cost of operations negatively impacted operating income during both the three and nine months ended September 30, 2013 versus the comparable 2012 periods primarily due to higher labor and benefits and repair and maintenance costs. These unfavorable items were partially offset by lower fuel expenses due to lower prices of diesel fuel and, for the three months ended September 30, 2013, reduced risk management expenses. Landfill operating expenses as a percentage of revenue were relatively consistent for the three and nine months ended September 30, 2013 versus the comparable 2012 periods. Cost of goods sold increased for the three and nine months ended September 30, 2013 primarily due to a higher volume of commodities sold.
- Selling, general and administrative costs favorably impacted operating income primarily due to lower salary and benefit expenses due to reductions in staffing levels resulting from the fourth quarter 2012 restructuring and lower provisions for doubtful accounts.
- Gain on disposition of assets and impairments, net unfavorably impacted operating income during the nine months ended September 30, 2013 versus the comparable 2012 period primarily as a result of a gain on disposition of assets of \$3.6 million recorded in 2012.

Central Region

Revenue for the three months ended September 30, 2013 increased 6.5% primarily due to average yield and volume increases in our commercial and industrial collection lines of business, volume increases in our residential collection and landfill lines of business and increased recycling commodity revenue.

Revenue for the nine months ended September 30, 2013 increased 3.0% primarily due to average yield and volume increases in our collection lines of business and increased average yield for our disposal lines of business, particularly transfer average yield. These increases were partially offset by declines in disposal volumes and lower recycling commodity revenue.

Operating income margin in our Central Region decreased from 21.1% for the three months ended September 30, 2012 to 20.8% for the three months ended September 30, 2013, or 0.3%, and decreased from 19.5% for the nine months ended September 30, 2012 to 19.3% for the nine months ended September 30, 2013, or 0.2%, primarily as a result of the following:

- Cost of operations negatively impacted operating income due to higher labor and benefits, repair and maintenance, and cost of goods sold. Landfill operating expenses as a percentage of the revenue were relatively consistent for the three and nine months ended September 30, 2013 versus the comparable 2012 periods. Cost of goods sold increased for the three and nine months ended September 30, 2013 primarily due to a higher volume of commodities sold.

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- Selling, general and administrative costs favorably impacted operating income primarily due to lower salary and benefit expenses due to reductions in staffing levels resulting from the fourth quarter 2012 restructuring and lower legal settlement and legal fee expenses, offset by increased provisions for doubtful accounts.

West Region

Revenue for the three and nine months ended September 30, 2013 increased 7.0% and 4.8% primarily due to increases in average yield and volume in all core lines of business.

Operating income margin in our West Region increased from 22.0% for the three months ended September 30, 2012 to 23.2% for the three months ended September 30, 2013, or 1.2%, and increased from 21.9% for the nine months ended September 30, 2012 to 22.5% for the nine months ended September 30, 2013, or 0.6%, primarily as a result of increased revenue and the following:

- Cost of operations favorably impacted operating income margin primarily due to lower fuel costs, which were primarily driven by increased usage of CNG and alternative fuel credits, offset by other operating cost increases.
- Selling, general and administrative expenses for the three and nine months ended September 30, 2013 favorably impacted operating income margin primarily due to lower salary and benefit expenses due to reductions in staffing levels resulting from the fourth quarter 2012 restructuring. Selling, general and administrative expenses were negatively impacted by increased legal settlement charges for the nine months ended September 30, 2013 versus the comparable 2012 period.
- During the nine months ended September 30, 2013, we recorded a net gain on disposition of assets and impairments of \$1.9 million, primarily related to contingent sale price of \$1.0 million received during the first quarter of 2013 in connection with a 2011 business divestiture in our West Region and the disposal of a business in one market in our West Region, which resulted in a gain of \$0.9 million and proceeds of \$1.7 million.

Corporate Entities

During the three and nine months ended September 30, 2013, the corporate entities had operating losses of \$92.1

million and \$451.7 million, respectively, versus \$101.7 million and \$201.0 million for the comparable 2012 periods. The improvement in operating losses for the three months ended September 30, 2013 primarily relates to a \$37.1 million charge recorded in the third quarter of 2012 in connection with remediation at our closed Bridgeton Landfill in Missouri. In addition, during the three months ended September 30, 2013, we recorded a favorable remediation adjustment for a closed landfill site of \$12.1 million. Offsetting this favorable remediation item were increased charges to earnings for the three months ended September 30, 2013 of \$10.0 million for our partial withdrawal liability from the Fund and Puerto Rico multiemployer pension plans, \$15.3 million of increased legal settlement expenses and a favorable management incentive compensation adjustment recorded during the three months ended September 30, 2012.

Operating losses for the nine months ended September 30, 2013 were adversely impacted by a \$108.7 million charge recorded in connection with remediation at our closed Bridgeton Landfill in Missouri, charges to earnings of \$140.7 million for our partial withdrawal liability from the Fund and Puerto Rico multiemployer pension plans, and \$31.5 million of legal settlement expenses, as compared to \$21.0 million of net favorable legal settlements in the prior year.

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Landfill and Environmental Matters

Available Airspace

The following table reflects landfill airspace activity for active landfills we owned or operated during the nine months ended September 30, 2013:

	Balance as of December 31, 2012	Permits Granted, Net of Closures	Airspace Consumed	Changes in Engineering Estimates	Balance as of September 30, 2013
Cubic yards (in millions):					
Permitted airspace	4,562.5	164.4	(54.6)	(0.2)	4,672.1
Probable expansion airspace	260.4	(51.1)	—	—	209.3
Total cubic yards (in millions)	4,822.9	113.3	(54.6)	(0.2)	4,881.4
Number of sites:					
Permitted airspace	191	(1)			190
Probable expansion airspace	10	(2)			8

As of September 30, 2013, we owned or operated 190 active solid waste landfills with total available disposal capacity estimated to be 4.9 billion in-place cubic yards. Total available disposal capacity represents the sum of estimated permitted airspace plus an estimate of probable expansion airspace. These estimates are developed at least annually by engineers using information provided by annual aerial surveys. As of September 30, 2013, total available disposal capacity is estimated to be 4.7 billion in-place cubic yards of permitted airspace plus 0.2 billion in-place cubic yards of probable expansion airspace. Before an expansion area is deemed to be probable expansion airspace and included in our calculation of total available disposal capacity, it must meet all of our expansion criteria. During the nine months ended September 30, 2013, total available airspace increased for permits granted, net of closures, by 113.3 million cubic yards, primarily due to a new landfill opening.

As of September 30, 2013, eight of our landfills met all of our criteria for including their probable expansion airspace in our total available disposal capacity. At projected annual volumes, these landfills have an estimated remaining average life of 60 years, including probable expansion airspace. The average estimated remaining life of all of our landfills is 64 years. We have other expansion opportunities that are not included in our total available airspace because they do not meet all of our criteria to be deemed probable expansion airspace.

Final Capping, Closure and Post-Closure Costs

As of September 30, 2013, accrued final capping, closure and post-closure costs were \$1,076.1 million, of which \$104.5 million is current and \$971.6 million is long-term as reflected in our unaudited consolidated balance sheet in accrued landfill costs.

Environmental Remediation Liabilities

The following is a discussion of certain of our significant remediation matters:

Bridgeton Landfill. In June 2013, we recorded an environmental remediation charge at our closed Bridgeton Landfill in Missouri of \$108.7 million to manage the remediation area and monitor the site. As of September 30, 2013, the remediation liability recorded for this site is \$119.4 million, of which \$44.1 million is expected to be paid during the next twelve months. We believe the remaining reasonably possible range of loss for remediation costs is \$88 million to \$368 million.

Countywide Landfill. In September 2009, Republic Services of Ohio II, LLC entered into Final Findings and Orders with the Ohio Environmental Protection Agency that require us to implement a comprehensive operation and maintenance program to manage the remediation area at the Countywide Recycling and Disposal Facility. The remediation liability for this site recorded as of September 30, 2013 is \$50.0 million, of which \$4.9 million is expected to be paid during the next twelve months. We believe the remaining reasonably possible range of loss for remediation costs is \$48 million to \$69 million.

Congress Landfill. In August 2010, Congress Development Company agreed with the State of Illinois to have a Final Consent Order entered by the Circuit Court of Illinois, Cook County. Pursuant to this order, we have agreed to continue to implement certain remedial activities at this site. The remediation liability for this site recorded as of September 30, 2013 is \$84.1 million, of which \$9.2 million is expected to be paid during the next twelve months. We believe the remaining reasonably possible range of loss for remediation costs is \$54 million to \$154 million.

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It is reasonably possible that we will need to adjust the liabilities noted above to reflect the effects of new or additional information, to the extent that such information impacts the costs, timing or duration of the required actions. Future changes in our estimates of the costs, timing or duration of the required actions could have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Investment in Landfills

The following tables reflect changes in our investment in landfills for the nine months ended September 30, 2013 and the future expected investment as of September 30, 2013 (in millions):

	Balance as of December 31, 2012	Capital Additions	Non-cash Additions for Asset Retirement Obligations	Impairments, Transfers and Other Adjustments	Adjustments for Asset Retirement Obligations	Balance as of September 30, 2013
Non-depletable landfill land	\$ 166.0	\$ 0.8	\$ —	\$ 0.2	\$ —	\$ 167.0
Landfill development costs	5,018.0	(0.6)	27.2	86.9	(1.5)	5,130.0
Construction-in-progress - landfill	134.5	(42.9)	—	(86.3)	—	24.1
Accumulated depletion and amortization	(1,896.4)	(194.3)	—	—	1.7	(2,089.0)
Net investment in landfill land and development costs	\$ 3,422.1	\$ (117.0)	\$ 27.2	\$ 0.8	\$ 0.2	\$ 3,449.1

	Balance as of September 30, 2013	Expected Future Investment	Total Expected Investment
Non-depletable landfill land	\$ 167.0	\$ —	\$ 167.0
Landfill development costs	5,130.0	7,159.9	12,289.9
Construction-in-progress - landfill	24.1	—	24.1
Accumulated depletion and amortization	(2,089.0)	—	(2,089.0)
Net investment in landfill land and development costs	\$ 3,449.1	\$ 7,159.9	\$ 10,609.0

The following table reflects our net investment in our landfills, excluding non-depletable land, and our depletion,

amortization and accretion expense as of and for the nine months ended September 30:

	Nine Months Ended September 30,	
	2013	2012
Number of landfills owned or operated	190	191
Net investment, excluding non-depletable land (in millions)	\$ 3,282.1	\$ 3,253.0
Total estimated available disposal capacity (in millions of cubic yards)	4,851.3	4,851.3
Net investment per cubic yard	\$ 0.67	\$ 0.67
Landfill depletion and amortization expense (in millions)	192.6	191.3
Accretion expense (in millions)	57.6	59.1
	\$ 250.2	\$ 250.4
Airspace consumed (in millions of cubic yards)	54.6	55.8
Depletion, amortization and accretion expense per cubic yard of airspace	\$ 4.58	\$ 4.49

The increase in the investment in our landfills, in aggregate dollars, is primarily due to new expansions. The increase in the depletion, amortization and accretion expense per cubic yard of airspace consumed is primarily due to an overall increase in our average depletion rate as well as an increase in our weighted-average compaction rate.

During the nine months ended September 30, 2013, our weighted-average compaction rate was approximately 2,000 pounds per cubic yard based on our three-year historical moving average as compared to 1,900 pounds per cubic yard for the nine months ended September 30, 2012. Our compaction rates may improve as a result of the settlement and decomposition of waste.

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As of September 30, 2013, we expect to spend an additional \$7.2 billion on existing landfills, primarily related to cell construction and environmental structures, over their expected remaining lives. Our total expected investment, excluding non-depletable land, estimated to be \$10.4 billion or \$2.14 per cubic yard, is used in determining our depletion and amortization expense based on airspace consumed using the units-of-consumption method.

Selected Balance Sheet Accounts

The following tables reflect the activity in our allowance for doubtful accounts, final capping, closure, post-closure and remediation liabilities, and accrued self-insurance during the nine months ended September 30, 2013 and 2012 (in millions):

	Allowance for Doubtful Accounts	Final Capping, Closure and Post-Closure	Remediation	Self- Insurance
Balance as of December 31, 2012	\$ 45.3	\$ 1,052.4	\$ 563.7	\$ 426.4
Non-cash additions	—	27.2	—	—
Acquisitions/divestitures and other adjustments	—	(0.6)	—	—
Asset retirement obligation adjustments	—	(1.5)	—	—
Accretion expense	—	57.6	20.0	2.4
Additions charged to expense	8.1	—	101.8	293.4
Payments or usage	(15.2)	(59.0)	(84.3)	(279.3)
Balance as of September 30, 2013	38.2	1,076.1	601.2	442.9
Less: Current portion	(38.2)	(104.5)	(110.4)	(135.3)
Long-term portion	\$ —	\$ 971.6	\$ 490.8	\$ 307.6

As of September 30, 2013, accounts receivable were \$906.8 million, net of allowance for doubtful accounts of \$38.2 million, resulting in days sales outstanding of 38, or 25 days net of deferred revenue. In addition, at September 30, 2013, our accounts receivable in excess of 90 days outstanding totaled \$56.5 million, or 6.0% of gross receivables.

Property and Equipment

The following tables reflect the activity in our property and equipment accounts for the nine months ended September 30, 2013 (in millions):

	Gross Property and Equipment							Balance as of September 30, 2013
	Balance as of December 31, 2012	Capital Additions	Retirements	Acquisitions, Net of Divestitures	Non-cash Additions for Asset Retirement Obligations	Adjustments for Asset Retirement Obligations	Impairments, Transfers and Other Adjustments	
Other land	\$ 376.9	\$ 0.1	\$ (0.6)	\$ —	\$ —	\$ —	\$ 1.7	\$ 378.1
Non-depletable landfill land	166.0	0.8	—	—	—	—	0.2	167.0
Landfill development costs	5,018.0	(0.6)	—	—	27.2	(1.3)	86.9	5,130.0
Vehicles and equipment	4,946.4	458.6	(105.2)	11.4	—	—	21.2	5,332.4
Buildings and improvements	864.2	18.7	(0.8)	0.1	—	—	21.3	903.5
Construction- in-	134.5	192.9	—	—	—	—	(86.3)	241.1

progress - landfill								
Constructive-in-progress								
other	53.4	32.9	--	--	--	--	(43.0)	43.2
Total	\$ 11,559.3	\$ 703.4	\$ (106.6)	\$ 11.5	\$ 27.2	\$ (1.5)	\$ 2.0	\$ 12,195.3

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Accumulated Depreciation, Amortization and Depletion

	Balance as of December 31, 2012	Additions Charged to Expense	Retirements	Acquisitions, Net of Divestitures	Adjustments for Asset Retirement Obligations	Impairments, Transfers and Other Adjustments	Balance as of September 30, 2013
Landfill development costs	\$ (1,896.4)	\$ (194.3)	\$ --	\$ --	\$ 1.7	\$ --	\$ (2,089.0)
Vehicles and equipment	(2,512.3)	(377.7)	99.3	--	--	0.5	(2,790.2)
Buildings and improvements	(240.3)	(29.4)	0.7	--	--	(0.2)	(269.2)
Total	\$ (4,649.0)	\$ (601.4)	\$ 100.0	\$ --	\$ 1.7	\$ 0.3	\$ (5,148.4)

Liquidity and Capital Resources

The major components of changes in cash flows for the nine months ended September 30, 2013 and 2012 are discussed in the following paragraphs. The following table summarizes our cash flow from operating activities, investing activities and financing activities for the nine months ended September 30, 2013 and 2012 (in millions):

	Nine Months Ended September 30,	
	2013	2012
Net cash provided by operating activities	\$ 1,137.2	\$ 1,056.7
Net cash used in investing activities	(736.6)	(692.2)
Net cash used in financing activities	(370.9)	(356.8)

Cash Flows Provided by Operating Activities

The most significant items affecting the comparison of our operating cash flows for the nine months ended September 30, 2013 and 2012 are summarized below:

Changes in assets and liabilities, net of effects from business acquisitions and divestitures, decreased our cash flow from operations by \$169.5 million in the nine months ended September 30, 2013 versus a decrease of \$282.2 million in the comparable 2012 period, primarily as a result of the following:

- Our accounts receivable, exclusive of the change in allowance for doubtful accounts, increased \$70.8 million during the nine months ended September 30, 2013 due to timing of billings net of collections as compared to a \$47.3 million increase in the comparable 2012 period.
- Cash paid for income taxes was \$196.1 million and \$169.0 million for the nine months ended September 30, 2013 and 2012, respectively.
- Our accounts payable increased \$18.4 million during the nine months ended September 30, 2013 due to timing of payments as compared to a \$37.2 million decrease in the comparable 2012 period.
- In connection with a restructuring announced during the fourth quarter of 2012, we paid \$14.8 million during the nine months ended September 30, 2013. During the comparable 2012 period, we paid synergy incentive plan bonuses of \$68.1 million.
- Cash paid for capping, closure and post-closure obligations was \$5.0 million higher during the nine months ended September 30, 2013 than the comparable 2012 period primarily due to a \$17.8 million payment to settle our post-closure liability for one of our closed landfill sites.
- Cash paid for remediation obligations was \$36.9 million higher during the nine months ended September 30, 2013 than the comparable 2012 period primarily related to remediation work performed at our closed Bridgeton Landfill in Missouri.
- Our other liabilities increased \$67.1 million during the nine months ended September 30, 2013 due primarily to certain payroll and income tax related accruals and increased deferred revenue, as compared to a \$6.1 million decrease in the comparable 2012 period.

We use cash flows from operations to fund capital expenditures, acquisitions, dividend payments, share repurchases and debt repayments.

Cash Flows Used in Investing Activities

The most significant items affecting the comparison of our cash flows used in investing activities for the nine months ended September 30, 2013 and 2012 are summarized below:

Capital expenditures. Capital expenditures during the nine months ended September 30, 2013 were \$688.7 million, compared with \$707.4 million in the comparable 2012 period. Property and equipment received during the nine months ended September 30, 2013 and 2012 were \$701.3 million and \$673.7 million, respectively.

Cash used in acquisitions. During the nine months ended September 30, 2013, we paid \$49.0 million for acquisitions of collection businesses in all three regions. During the comparable 2012 period, we paid \$73.1 million for acquisitions of collection, recycling and transfer station businesses primarily in our East and West Regions.

Cash proceeds from divestitures. During the nine months ended September 30, 2013, we received \$1.0 million related to a West Region business divestiture completed in 2011. During the nine months ended September 30, 2012, we divested of a collection business in our East Region and certain assets associated with our rail logistics business for which we received \$9.6 million.

Change in restricted cash and marketable securities. Changes in our restricted cash and marketable securities balances were increases of \$11.3 million and decreases \$54.5 million during the nine months ended September 30, 2013 and 2012, respectively. Changes in restricted cash and marketable securities are primarily related to the issuance of tax-exempt bonds for our capital needs, collateral for certain of our obligations and amounts held in trust as a guarantee of performance. Funds received from issuances of tax-exempt bonds are deposited directly into trust accounts by the bonding authority at the time of issuance. During the three months ended June 30, 2013, we received \$18.5 million of such funds. Reimbursements from the trust for qualifying expenditures or for repayments of the related tax-exempt bonds are presented as cash provided by investing activities in our consolidated statements of cash flows. Such reimbursements amounted to \$10.1 million and \$22.4 million during the nine months ended September 30, 2013 and 2012, respectively. In addition, during the nine months ended September 30, 2012, we paid \$29.5 million to settle the Livingston matter that was funded through a restricted escrow account.

We intend to finance capital expenditures and acquisitions through cash on hand, cash flows from operations, our various credit facilities, and tax-exempt bonds and other financings. We expect to fund future acquisitions primarily from cash.

Cash Flows Used in Financing Activities

The most significant items affecting the comparison of our cash flows used in financing activities for the nine months ended September 30, 2013 and 2012 are summarized below:

Net debt repayments and borrowings. Payments of notes payable and long term debt, net of proceeds were \$42.4 million during the nine months ended September 30, 2013 versus net proceeds of \$86.5 million in the comparable 2012 period. For a more detailed discussion, see the *Financial Condition* section of this Management's Discussion and Analysis of Financial Condition and Results of Operations.

Purchases of common stock for treasury. In August 2011, our board of directors approved a share repurchase program pursuant to which we may repurchase up to \$750.0 million of our outstanding shares of common stock through December 31, 2013. This authorization is in addition to the \$400.0 million repurchase program authorized in November 2010. From November 2010 to September 30, 2013, we repurchased 35.5 million shares of our stock

for \$1,039.2 million at a weighted average cost per share of \$29.30. During the nine months ended September 30, 2013, we repurchased 6.5 million shares of our stock for \$213.6 million at a weighted average cost per share of \$32.92.

Cash dividends paid. We initiated a quarterly cash dividend in July 2003 and have increased it from time to time thereafter. In July 2013, our board of directors approved a quarterly dividend of \$0.26 per share. Dividends paid were \$254.9 million and \$243.4 million during the nine months ended September 30, 2013 and 2012, respectively.

Financial Condition

As of September 30, 2013, we had \$97.3 million of cash and cash equivalents and \$175.5 million of restricted cash deposits and restricted marketable securities, including \$30.6 million of restricted cash and marketable securities held for capital expenditures under certain debt facilities, \$55.7 million of restricted cash and marketable securities pledged to regulatory agencies and governmental entities as financial guarantees of our performance related to our final capping, closure and post-closure obligations at our landfills, and \$86.1 million of restricted cash and marketable securities related to our self-funded insurance obligations.

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Credit Facilities

For additional discussion and detail regarding our debt, refer to Note 7, *Debt* to our unaudited consolidated financial statements in Part I, Item 1 of this Form 10-Q.

Availability under our Credit Facilities can be used for working capital, capital expenditures, letters of credit and other general corporate purposes. As of September 30, 2013, we had no borrowings under our Credit Facilities. As of December 31, 2012, we had \$25.0 million of Eurodollar Rate borrowings at an interest rate of 1.32%. We had \$706.7 million and \$909.4 million of letters of credit using availability under our Credit Facilities, leaving \$1,543.3 million and \$1,315.6 million of availability under our Credit Facilities at September 30, 2013 and December 31, 2012, respectively.

As of September 30, 2013, we had \$14.0 million of LIBOR borrowings under our Uncommitted Credit Facility. As of December 31, 2012, we had \$13.9 million of LIBOR borrowings under our Uncommitted Credit Facility. The Uncommitted Credit Facility may be terminated at any time by either party.

The agreements governing our Credit Facilities require us to comply with certain financial and other covenants. We may pay dividends and repurchase common stock if we are in compliance with these covenants. Compliance with these covenants is a condition for any incremental borrowings under our Credit Facilities and failure to meet these covenants would enable the lenders to require repayment of any outstanding loans (which would adversely affect our liquidity). At September 30, 2013, our EBITDA to interest ratio was 6.04 compared to the 3.00 minimum

required by the covenants, and our total debt to EBITDA ratio was 3.21 compared to the 3.75 maximum allowed by the covenants. In July 2013, we amended our Credit Facilities to allow for our maximum total debt to EBITDA ratio not to exceed 3.75 for each of the fiscal quarters ending June 30, 2013, September 30, 2013, December 31, 2013, and March 31, 2014, and 3.50 for each each fiscal quarter ending thereafter.

EBITDA, which is a non-GAAP measure, is calculated as defined in our Credit Facility agreements. In this context, EBITDA is used solely to provide information regarding the extent to which we are in compliance with debt covenants and is not comparable to EBITDA used by other companies or used by us for other purposes.

Interest Rate Swap Agreements

During August 2013, we entered into various interest rate swap agreements relative to our 4.750% fixed rate senior notes due in May 2023. These transactions were entered into with the goal of reducing overall borrowing costs and increasing our floating interest rate exposure. As of September 30, 2013, our outstanding swap agreements have a total notional value of \$200.0 million and require us to pay interest at floating rates based on changes in LIBOR, and receive interest at a fixed rate of 4.750%. These swap agreements mature in May 2023.

Intended Uses of Cash

We intend to use excess cash on hand and cash from operating activities to fund capital expenditures, acquisitions, dividend payments, share repurchases and debt repayments. Debt repayments may include purchases of our outstanding indebtedness in the secondary market or otherwise. We believe that our excess cash, cash from operating activities and our availability to draw from our Credit Facilities provide us with sufficient financial resources to meet our anticipated capital requirements and maturing obligations as they come due.

We may choose to voluntarily retire certain portions of our outstanding debt before their maturity dates using cash from operations or additional borrowings. We also may explore opportunities in capital markets to fund redemptions should market conditions be favorable. Any early extinguishment of debt may result in a charge to earnings in the period in which the debt is repurchased and retired.

Credit Rating

We have received investment grade credit ratings. As of September 30, 2013, our senior debt was rated BBB, Baa3, and BBB by Standard & Poor's Rating Services, Inc., Moody's Investors Service, Inc. and Fitch, Inc., respectively.

Off-Balance Sheet Arrangements

We have no off-balance sheet debt or similar obligations, other than financial assurance instruments and operating leases, that are not classified as debt. We do not guarantee any third-party debt.

Free Cash Flow

We define free cash flow, which is not a measure determined in accordance with U.S. GAAP, as cash provided by operating activities less purchases of property and equipment, plus proceeds from sales of property and equipment as presented in our unaudited consolidated statements of cash flows.

The following table calculates our free cash flow for the three and nine months ended **September 30** (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Cash provided by operating activities	\$ 375.7	\$ 361.7	\$ 1,137.2	\$ 1,056.7
Purchases of property and equipment	(226.9)	(244.9)	(688.7)	(707.4)
Proceeds from sales of property and equipment	1.6	3.1	12.0	21.5
Free cash flow	\$ 153.4	\$ 119.9	\$ 460.5	\$ 373.8

For a discussion of the changes in the components of free cash flow, you should read our discussion regarding *Cash Flows Provided By Operating Activities and Cash Flows Used In Investing Activities* contained elsewhere in this Management's Discussion and Analysis of Financial Condition and Results of Operations.

Purchases of property and equipment as reflected in our consolidated statements of cash flows and as presented in the free cash flow table above represent amounts paid during the period for such expenditures. The following table provides a reconciliation of property and equipment reflected in the unaudited consolidated statements of cash flows to property and equipment received during the three and nine months ended **September 30** (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Purchases of property and equipment per the unaudited consolidated statements of cash flows	\$ 226.9	\$ 244.9	\$ 688.7	\$ 707.4
Adjustments for property and equipment received during the prior period but paid for in the following period, net	(0.4)	(29.2)	12.6	(33.7)
Property and equipment received during the period	\$ 226.5	\$ 215.7	\$ 701.3	\$ 673.7

The adjustments noted above do not affect our net change in cash and cash equivalents as reflected in our unaudited consolidated statements of cash flows.

We believe that the presentation of free cash flow provides useful information regarding our recurring cash provided by operating activities after expenditures for property and equipment received, plus proceeds from sales of property and equipment. It also demonstrates our ability to execute our financial strategy, which includes reinvesting in existing capital assets to ensure a high level of customer service, investing in capital assets to facilitate growth in our customer base and services provided, maintaining our investment grade credit rating and minimizing debt, paying cash dividends and repurchasing common stock, and maintaining and improving our market position through business optimization. In addition, free cash flow is a key metric used to determine compensation. The presentation of free cash flow has material limitations. Free cash flow does not represent our cash flow available for discretionary expenditures because it excludes certain expenditures that are required or that we have committed to such as debt service requirements and dividend payments. Our definition of free cash flow may not be comparable to similarly titled measures presented by other companies.

Seasonality and Severe Weather

Our operations can be adversely affected by periods of inclement or severe weather, which could increase the volume of waste collected under our existing contracts (without corresponding compensation), delay the collection and disposal of waste, reduce the volume of waste delivered to our disposal sites, or delay the construction or expansion of our landfill sites and other facilities. Our operations also can be favorably affected by severe weather, which could increase the volume of waste in situations where we are able to charge for our additional services.

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Contingencies

For a description of our commitments and contingencies, see Note 6, *Landfill and Environmental Costs*, Note 8, *Income Taxes*, and Note 14, *Commitments and Contingencies*, to our consolidated financial statements included under Part I, Item 1 of this Quarterly Report on Form 10-Q.

Critical Accounting Judgments and Estimates

We identified and discussed our critical accounting judgments and estimates in our Annual Report on Form 10-K for the year ended December 31, 2012. Although we believe that our estimates and assumptions are reasonable, they are based upon information available at the time the judgment or estimate is made. Actual results may differ significantly from estimates under different assumptions or conditions.

Disclosure Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains certain forward-looking information about us that is intended to be covered by the safe harbor for "forward-looking statements" provided by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that are not historical facts. Words such as "expect," "will," "may," "anticipate," "plan," "estimate," "project," "intend," "should," "can," "likely," "could," "outlook" and similar expressions are intended to identify forward-looking statements. These statements include statements about our plans, strategies and prospects. Forward-looking statements are not guarantees of performance. These statements are based upon the current beliefs and expectations of our management and are subject to risk and uncertainties that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot assure you that the expectations will prove to be correct. Among the factors that could cause actual results to differ materially from the expectations expressed in the forward-looking statements are:

- general economic and market conditions, including the current global economic and financial market crisis, inflation and changes in commodity pricing, fuel, labor, risk and health insurance and other variable costs that are generally not within our control, and our exposure to credit and counterparty risk;
- whether our estimates and assumptions concerning our selected balance sheet accounts, income tax accounts, the recoverability of long-lived assets, the depletion and amortization of landfill development costs, accruals for final capping, closure and post-closure costs, available airspace, valuation allowances for accounts receivable, self-insurance, liabilities for potential litigation, claims and assessments, and liabilities for environmental remediation, employee benefit and pension plans, and labor, fuel rates and economic and inflationary trends, turn out to be correct or appropriate;
- competition and demand for services in the solid waste industry;
- price increases to our customers may not be adequate to offset the impact of increased costs, including labor, third-party disposal and fuel, and may cause us to lose volume;
- our ability to manage growth and execute our growth strategy;
- our compliance with, and future changes in, environmental and flow control regulations and our ability to obtain approvals from regulatory agencies in connection with operating and expanding our landfills;
- the impact on us of our substantial indebtedness, including on our ability to obtain financing on acceptable terms to finance our operations and growth strategy and to operate within the limitations imposed by financing arrangements;
- our ability to retain our investment grade ratings for our debt;
- our dependence on key personnel;
- our dependence on large, long-term collection, transfer and disposal contracts;
- our business is capital intensive and may consume cash in excess of cash flow from operations;
- any exposure to environmental liabilities, to the extent not adequately covered by insurance, could result in

substantial expenses;

- risks associated with undisclosed liabilities of acquired businesses;
- risks associated with pending and future legal proceedings, including litigation, audits or investigations brought by or before any governmental body;

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- severe weather conditions, which could impair our financial results by causing increased costs, loss of revenue, reduced operational efficiency or disruptions to our operations;
- compliance with existing and future legal and regulatory requirements, including limitations or bans on disposal of certain types of wastes or on the transportation of waste, which could limit our ability to conduct or grow our business, increase our costs to operate or require additional capital expenditures;
- potential increases in our expenses if we are required to provide additional funding to any multiemployer pension plan to which we contribute or if a withdrawal event or events occur with respect to any multiemployer pension plan to which we contribute;
- the negative impact on our operations of union organizing campaigns, work stoppages or labor shortages;
- the negative effect that trends toward requiring recycling, waste reduction at the source and prohibiting the disposal of certain types of wastes could have on volumes of waste going to landfills;
- changes by the Financial Accounting Standards Board or other accounting regulatory bodies to generally accepted accounting principles or policies; and
- acts of war, riots or terrorism, including the events taking place in the Middle East and the continuing war on terrorism, as well as actions taken or to be taken by the United States or other governments as a result of further acts or threats of terrorism, and the impact of these acts on economic, financial and social conditions in the United States.

The risks included here are not exhaustive. Refer to “Part I, Item 1A — Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2012 for further discussion regarding our exposure to risks. Additionally, new risk factors emerge from time to time and it is not possible for us to predict all such risk factors, or to assess the impact such risk factors might have on our business or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statements. You should not place undue reliance on forward-looking statements, which speak only as of the date hereof. Except to the extent

required by applicable law or regulation, we undertake no obligation to update or publish revised forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Fuel Price Risk

Fuel costs represent a significant operating expense. When economically practical, we may enter into contracts or engage in other strategies to mitigate market risk. Where appropriate, we have implemented a fuel recovery fee that is designed to recover our fuel costs. While we charge this fee to a majority of our customers, we cannot charge it to all customers.

Consequently, an increase in fuel costs results in (1) an increase in our cost of operations, (2) a smaller increase in our revenue (from the fuel recovery fee) and (3) a decrease in our operating margin percentage, because the increase in revenue is more than offset by the increase in cost. Conversely, a decrease in fuel costs results in (1) a decrease in our cost of operations, (2) a smaller decrease in our revenue and (3) an increase in our operating margin percentage.

At current consumption levels, a twenty-cent per gallon change in the price of diesel fuel changes our fuel costs by approximately \$24 million per year. Offsetting these changes in fuel expense would be changes in our fuel recovery fee charged to our customers. At current participation rates, a twenty-cent change in the price of diesel fuel changes our fuel recovery fee by approximately \$19 million per year.

Our operations also require the use of certain petroleum-based products (such as liners at our landfills) whose costs may vary with the price of oil. An increase in the price of petrochemicals could increase the cost of those products, which would increase our operating and capital costs. We are also susceptible to increases in indirect fuel surcharges from our vendors.

Commodities Price Risk

We market recycled products such as cardboard and newspaper from our material recycling facilities. As a result, changes in the market prices of these items will impact our results of operations. Revenue from sales of these products during the nine months ended September 30, 2013 and 2012 was \$271.6 million and \$266.5 million, respectively.

Changing market demand for recyclable materials causes volatility in commodity prices. At current volumes and mix of materials, we believe a ten dollar per ton change in the price of recyclable materials will change annual revenue and operating income by approximately \$29 million and \$20 million, respectively.

For additional discussion and detail of our fuel and recycling commodity hedges, see Note 12, *Financial Instruments* of the notes to our unaudited consolidated financial statements in Part 1, Item 1 of this Form 10-Q.

Interest Rate Risk

We are subject to interest rate risk on our variable rate long-term debt. Additionally, we entered into various interest rate swap agreements with the goal of reducing overall borrowing costs and increasing our floating interest rate exposure. Our interest rate swap contracts have been authorized pursuant to our policies and procedures. We do not use financial instruments for trading purposes and are not a party to any leveraged derivatives.

At September 30, 2013, we had approximately \$936 million of floating rate debt and \$200.0 million of floating interest rate swap contracts. If interest rates increased or decreased by 100 basis points on our variable rate debt, annualized interest expense and cash payments for interest would increase or decrease by approximately \$11.4 million. This analysis does not reflect the effect that interest rates would have on other items, such as new borrowings. See Note 7, *Debt*, of the notes to our unaudited consolidated financial statements in Part 1, Item 1 of this Form 10-Q for further information regarding how we manage interest rate risk.

ITEM 4. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e), and 15d-15(e)) as of the end of the period covered by this Form 10-Q. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Form 10-Q.

Changes in Internal Control Over Financial Reporting

Based on an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, there has been no change in our internal control over financial reporting during the period covered by this Form 10-Q identified in connection with that evaluation, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

We are subject to extensive and evolving laws and regulations and have implemented safeguards to respond to regulatory requirements. In the normal course of our business, we become involved in legal proceedings. Some of these actions may result in fines, penalties or judgments against us, which may impact earnings and cash flows for a particular period. Although we cannot predict the ultimate outcome of any legal matter with certainty, except as described below, we do not believe the outcome of our pending legal proceedings will have a material adverse impact on our consolidated financial position, results of operations or cash flows.

As used herein, the term *legal proceedings* refers to litigation and similar claims against us and our subsidiaries, excluding: (1) ordinary course accidents, general commercial liability and workers compensation claims, which are covered by insurance programs, subject to customary deductibles, and which, together with self-insured employee health care costs, are discussed in Note 5 to our unaudited consolidated financial statements, *Other Liabilities*; and (2) environmental remediation liabilities, which are discussed in Note 6 to our unaudited consolidated financial statements, *Landfill and Environmental Costs*.

We accrue for legal proceedings when losses become probable and reasonably estimable. We have recorded an aggregate accrual of approximately \$67.7 million relating to our outstanding legal proceedings as of September 30, 2013, including those described in this Form 10-Q and others that are not specifically described. As of the end of each reporting period, we review each of our legal proceedings and we accrue, as a charge currently in expense, for all probable and reasonably estimable losses. Where we are able to reasonably estimate a range of losses we may incur with respect to such a matter, we accrue for the amount within the range that constitutes our best estimate. If we are able to reasonably estimate a range but no amount within the range appears to be a better estimate than any other, we use the amount that is the low end of the range. If we had used the high ends of the ranges, our aggregate potential liability would have been approximately \$73.5 million higher than the amount recorded as of September 30, 2013.

General Legal Proceedings

Countywide Matter

In a suit filed on October 8, 2008 in the Tuscarawas County Ohio Court of Common Pleas, approximately 700 individuals and businesses located in the area around the Countywide Recycling and Disposal Facility sued Republic Services, Inc. (Republic), Republic Services of Ohio II, LLC (Republic-Ohio), Waste Management, Inc. (WMI) and Waste Management Ohio, Inc. (WMO) for alleged negligence and nuisance. Plaintiffs allege that the landfill has generated odors and other unsafe emissions that have impaired the use and value of their property and may have adverse health effects. A second almost identical lawsuit was filed by approximately 82 plaintiffs on October 13, 2009 in the Tuscarawas County Ohio Court of Common Pleas against Republic, Republic-Ohio, WMI and WMO. The court consolidated the two actions. The relief requested on behalf of each plaintiff in the consolidated action is: (1) an award of compensatory damages according to proof in an amount in excess of \$25,000 for each of the three counts of the amended complaint; (2) an award of punitive damages in the amount of two times compensatory damages, pursuant to applicable statute, or in such amount as may be awarded at trial for each of the three counts of the amended complaint; (3) interest on the damages according to law; (4) costs and disbursements of the lawsuit; (5)

reasonable fees for attorneys and expert witnesses; and (6) any further relief the court deems just, proper and equitable. As a result of various dismissals of plaintiffs, this case consisted of approximately 600 plaintiffs. Republic, WMI and WMO have been dismissed from the litigation. On July 11, 2013, we finalized a settlement and resolved this case. We paid all amounts owed under the settlement during the three months ended September 30, 2013. We anticipate no further liability associated with this matter.

Luri Matter

On August 17, 2007, a former employee, Ronald Luri, sued Republic Services, Inc., Republic Services of Ohio Hauling LLC, Republic Services of Ohio I LLC, Jim Bowen and Ron Krall in the Cuyahoga County Common Pleas Court in Ohio. Plaintiff alleges that he was unlawfully fired in retaliation for refusing to discharge or demote three employees who were all over 50 years old. On July 3, 2008, a jury verdict was awarded against us in the amount of \$46.6 million, including \$43.1 million in punitive damages. On September 24, 2008, the court awarded pre-judgment interest of \$0.3 million and attorney fees and litigation costs of \$1.1 million. Post-judgment interest accrued at a rate of 8% for 2008, 5% for 2009, 4% for 2010 and 2011, and 3% for 2012 and 2013. We appealed to the Court of Appeals, and on May 19, 2011 the court reduced the punitive damages award to \$7.0 million. Plaintiff appealed to the Ohio Supreme Court, challenging the reduction of punitive damages. We cross-appealed, seeking a new trial on the ground that the proceedings in the trial court violated Ohio's punitive damages statute, which requires that the compensatory and punitive damages phases of trial be bifurcated in certain types of cases. On February

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15, 2012, in a case called Havel v. Villa St. Joseph, the Ohio Supreme Court upheld the constitutionality of the bifurcation requirement. On July 3, 2012, the Ohio Supreme Court reversed the judgment against us and remanded the case for application of its decision in Havel. On October 4, 2013, the Cuyahoga County Common Pleas Court declared that defendants are entitled to a new trial. On October 18, 2013, plaintiff filed a notice that he is appealing that declaration to the Court of Appeals of Cuyahoga County, Ohio, Eighth Appellate District.

Congress Development Landfill Matter

Congress Development Co. (CDC) is a general partnership that owns and operates the Congress Landfill. The general partners in CDC are our subsidiary, Allied Waste Transportation, Inc. (Allied Transportation), and an unaffiliated entity, John Sexton Sand & Gravel Corporation (Sexton). Sexton was the operator of the landfill through early 2007, when Allied Transportation took over as the operator. The general partners likely will be jointly and severally liable for the costs associated with the following matter relating to the Congress Landfill.

In a suit originally filed on December 23, 2009 in the Circuit Court of Cook County, Illinois and subsequently amended to add additional plaintiffs, approximately 3,000 plaintiffs sued our subsidiaries Allied Transportation and Allied Waste Industries, Inc. (Allied), CDC and Sexton. The court entered an order dismissing Allied without

prejudice on October 26, 2010. The plaintiffs allege bodily injury, property damage and inability to have normal use and enjoyment of property arising from, among other things, odors and other damages arising from landfill gas leaking, and they base their claims on negligence, trespass, and nuisance. On January 6, 2012, the court took plaintiffs' motion for leave to amend their complaint to seek punitive damages under advisement, to be considered on a plaintiff-by-plaintiff basis. The court also granted plaintiffs leave to serve discovery on the punitive damages issue. Following the court's order in our favor striking the plaintiffs' allegations requesting actual damages in excess of \$50 million and punitive damages in excess of \$50 million, the amount of damages being sought is unspecified. Discovery is ongoing.

Buck Matter

On March 20, 2013, a group of residents living near the Bridgeton Landfill filed a purported class action in Saint Louis County Circuit Court, Missouri, on behalf of tenants and owner-occupants of property located within a one-mile radius of the landfill. Defendants, Republic Services, Inc., Allied Services, LLC, and Bridgeton Landfill, LLC subsequently removed the action to the United States District Court for the Eastern District of Missouri. The action alleges that odors escaping from the landfill due to a subsurface smoldering event diminished the value of plaintiffs' property, caused irritation to the eyes, nose or throat, and negatively affected their use and enjoyment of their property. The action also seeks an injunction requiring the landfill to take action to prevent the subsurface smoldering event from reaching radioactive materials buried in the adjacent Westlake Landfill. The plaintiffs each seek \$500,000 in punitive damages on behalf of themselves and those similarly situated, and an unspecified amount in compensatory damages. Plaintiffs allege that the tenant and owner-occupant classes are comprised of approximately 269 households and 683 residents in total.

Compensation Matter

In May 2011, one of our stockholders sued Republic, its directors, and several executive officers in the Court of Chancery in Delaware challenging certain compensation decisions made by the Board or its Compensation Committee. The lawsuit is purportedly brought on behalf of Republic against all of our directors and several current and former executive officers. In particular, the plaintiff's amended complaint: (1) challenges certain payments totaling \$3.05 million made to our former Chief Executive Officer, James O'Connor, under his June 25, 2010 Retirement Agreement; (2) contends that Republic committed "waste" by awarding restricted stock units that vest over time (some of which would not be tax deductible) rather than awarding performance-based units (which typically would be tax deductible); (3) alleges that the Board overpaid itself by awarding directors too many restricted stock units in 2009 and 2010; and (4) alleges that Republic may not pay any bonuses under its Synergy Incentive Plan because net earnings purportedly have not increased since the merger with Allied. The amended complaint seeks injunctive relief and seeks an equitable accounting for unspecified losses Republic purportedly sustained. We believe the lawsuit is without merit and is not material. The defendants filed motions to dismiss the amended complaint. On June 29, 2012, the Court of Chancery denied defendants' motions with respect to the claim related to the granting of restricted stock units to directors and granted the motions with respect to all other claims. Republic and the director defendants have now agreed in principle with plaintiff to settle the suit by seeking stockholder approval of an amendment to the 2007 Stock Incentive Plan that would establish specified, meaningful limitations on the granting of restricted stock units to non-management directors: no more than 15,000 may vest in any one calendar year in the ordinary course. On May 9, 2013 our stockholders approved the amendment. The settlement remains subject to negotiation and execution of a formal settlement agreement and to court approval.

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Legal Proceedings over Certain Environmental Matters Involving Governmental Authorities with Possible Sanctions of \$100,000 or More

Item 103 of the SEC's Regulation S-K requires disclosure of certain environmental matters when a governmental authority is a party to the proceedings and the proceedings involve potential monetary sanctions unless we reasonably believe that the monetary sanctions will not equal or exceed \$100,000. We are disclosing the following matters in accordance with that requirement:

Sunshine Canyon Landfill Matter

On July 13, 2012, Sunshine Canyon Landfill, located in Sylmar, California, entered into a settlement agreement with the South Coast Air Quality Management District (SCAQMD) that resolved SCAQMD's claims for excess emissions charges, civil penalties, and investigative and administrative costs relating to all odor-related and surface emissions notices of violation (NOVs) received by Sunshine Canyon from SCAQMD through June 30, 2012. Per the terms of the settlement, Sunshine Canyon did not admit any liability and agreed to pay SCAQMD a stipulated amount of \$435,000, plus other fees, for a release of these claims. Sunshine Canyon also remains subject to certain operational requirements set forth in the third stipulated amended abatement order issued by SCAQMD's independent hearing board, as further modified by stipulation on July 11, 2012. Following the 2012 settlement with SCAQMD, Sunshine Canyon has received 29 additional NOVs for odors and excess surface emissions. On September 24, 2013, Sunshine Canyon entered into a settlement agreement with SCAQMD that resolved SCAQMD's claims for excess emissions charges, civil penalties, and investigative and administrative costs relating to all odor-related and surface emissions NOVs received by Sunshine Canyon from SCAQMD beginning on or about July 18, 2012 through September 6, 2013. Per the terms of the settlement, Sunshine Canyon did not admit any liability and agreed to pay SCAQMD a stipulated amount of \$290,000, which consists of \$82,000 in civil penalties and \$208,000 to fund a supplemental environmental project to be performed by SCAQMD related to testing and evaluating the landfill gas system at Sunshine Canyon.

Bridgeton Landfill Matter

On July 23, 2012, the Missouri Department of Natural Resources (MDNR) issued an NOV to the closed Bridgeton Landfill in Bridgeton, Missouri after it determined that a sub-surface smoldering event (SSE) was occurring at the landfill. The NOV specified required actions intended to prevent the spread of the SSE, offsite odors, and environmental pollution. On March 27, 2013, the Missouri Attorney General's Office, on behalf of MDNR, sued Republic Services, Inc., and our subsidiaries Allied Services, LLC, and Bridgeton Landfill, LLC in the Circuit Court of St. Louis County in connection with odors and leachate from the landfill. The action alleges, among other things, violations of the Missouri Solid Waste Management, Hazardous Waste Management, Clean Water, and Air Conservation Laws, as well as claims for nuisance, civil penalties, costs, and natural resource damages. The suit seeks a preliminary and permanent injunction requiring us to take measures to remedy the alleged resulting nuisance and other relief. On May 13, 2013, the court entered a stipulated preliminary injunction, under which, the Bridgeton Landfill, LLC agreed, among other things, to continue remedial work plans previously approved by MDNR and to

continue reporting to MDNR.

Environmental Protection Agency Matter

We have been made aware that one of our landfill subsidiaries may have provided inaccurate or incomplete information to the Environmental Protection Agency. We have had preliminary discussions with law enforcement and other authorities regarding this issue. This could result in payments by us in the form of restitution, damages, or penalties. Based on the information currently available to us, we believe the resolution of the matter will not have a material impact on our results of operations, cash flows or consolidated financial position.

ITEM 1A. RISK FACTORS.

There were no material changes during the nine months ended September 30, 2013 in the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2012.

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ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

Issuer Purchases of Equity Securities

The following table provides information relating to our purchases of shares of our common stock during the three months ended September 30, 2013:

	Total Number of Shares (or Units) Purchased (a)	Average Price Paid per Share (a)	Total Number of Shares Purchased as Part of Publicly Announced Program (b)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program (c)
July 2013	—	\$ —	—	\$ 189,162,069
August 2013	1,417,782	\$ 34.02	1,417,782	\$ 140,927,583
September 2013	925,988	\$ 32.72	925,988	\$ 110,632,017
	<u>2,343,770</u>		<u>2,343,770</u>	

- (a) In October 2013, the board of directors added \$650 million to the existing share repurchase authorization. Before this, approximately \$110.6 million remained under the prior authorization. The total authorization is now \$760.6 million through December 31, 2015. Share repurchases under the program may be made through open market purchases or privately negotiated transactions in accordance with applicable federal securities laws. While the board of directors has approved the program, the timing of any purchases, the prices and the number of shares of common stock to be purchased will be determined by our management, at its discretion, and will depend upon market conditions and other factors. The share repurchase program may be extended, suspended or discontinued at any time.
- (b) The total number of shares purchased as part of the publicly announced program were all purchased pursuant to the August 2011 authorization.
- (c) Shares that may be purchased under the program exclude shares of common stock that may be surrendered to satisfy statutory minimum tax withholding obligations in connection with the vesting of restricted stock issued to employees.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

None.

ITEM 5. OTHER INFORMATION.

In connection with an effort to harmonize certain terms of employment of the named executive officers, we entered into amended agreements with Donald W. Slager, Chief Executive Officer and President, and Michael P. Rissman, Executive Vice President, General Counsel and Corporate Secretary.

On October 29, 2013, Mr. Slager and Republic entered into an amended and restated Employment Agreement (the "2013 Slager Agreement"), effective immediately, which supersedes the Employment Agreement between Mr. Slager and Republic that was entered into and effective as of March 30, 2012 (the "2012 Slager Agreement").

The 2013 Slager Agreement contains the following changes to the 2012 Slager Agreement: (1) provides that upon a termination of employment by Republic without cause or by Mr. Slager for good reason in connection with a change of control, all of his equity grants outstanding as of the date of termination shall vest whether or not otherwise vesting in the year of termination; (2) provides that upon a termination of employment by Republic without cause or by Mr. Slager for good reason in connection with a change of control, the vesting and payment of long-term awards

will be at target and without proration; and (3) modifies the definition of "cause" for termination of his employment in the event of crime to be his conviction of or plea of guilty or nolo contendere to a felony. The 2013 Slager Agreement preserves unchanged the remaining material terms of the 2012 Slager Agreement, including: 2013 base salary of \$1,000,000; 2013 annual bonus opportunity with a target of 125%; merit and other bonuses, long-term awards, and equity awards under the 2007 Stock Incentive Plan as may be determined by the Board of Directors or a committee thereof; and a Supplemental Retirement Benefit equal to \$2,287,972, increased at an annual rate of 6%, compounded annually from December 5, 2008 until the date of his termination.

Mr. Rissman and Republic entered into a non-competition, non-solicitation, confidentiality and arbitration agreement on October 30, 2013, effective immediately, that supersedes his February 9, 2010 non-solicitation, confidentiality and arbitration

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agreement. The new agreement includes a non-competition provision and acknowledges that the restriction on engaging in the practice of law is limited to the restrictions imposed by the applicable ethical rules of professional conduct.

The above descriptions of the 2013 Slager Agreement and Mr. Rissman's non-competition, non-solicitation, confidentiality and arbitration agreement are not complete and are qualified in their entirety by reference to the terms of the agreements, copies of which are filed as Exhibits 10.1 and 10.2 to this Form 10-Q and are incorporated by reference herein.

ITEM 6. EXHIBITS.

Exhibit Number	Description of Exhibit
10.1*+	Employment Agreement, dated October 29, 2013, by and between Donald W. Slager and Republic Services, Inc.
10.2*+	Non-Competition, Non-Solicitation, Confidentiality and Arbitration Agreement, dated October 30, 2013, by and between Michael Rissman and Republic Services, Inc.
10.3*+	Amendment No. 3 to Republic Services, Inc. Deferred Compensation Plan as Amended and Restated

Effective January 1, 2010, dated October 29, 2013

- 31.1* Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
- 31.2* Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
- 32.1* Section 1350 Certification of Chief Executive Officer
- 32.2* Section 1350 Certification of Chief Financial Officer
- 101.INS** XBRL Instance Document
- 101.SCH** XBRL Taxonomy Extension Schema Document
- 101.CAL** XBRL Taxonomy Extension Calculation Linkbase Document
- 101.LAB** XBRL Taxonomy Extension Labels Linkbase Document
- 101.PRE** XBRL Taxonomy Extension Presentation Linkbase Document
- 101.DEF** XBRL Taxonomy Extension Definition Linkbase Document

* Filed herewith

** This exhibit is being furnished rather than filed, and shall not be deemed incorporated by reference into any filing, in accordance with Item 601 of Regulation S-K.

+ Indicates a management or compensatory plan or arrangement.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant, Republic Services, Inc., has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

REPUBLIC SERVICES, INC.

Date: October 31, 2013

By: /s/ GLENN A. CULPEPPER
Glenn A. Culpepper
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

Date: October 31, 2013

By: /s/ BRIAN A. GOEBEL
Brian A. Goebel
Vice President and
Chief Accounting Officer
(Principal Accounting Officer)

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Exhibit 10.1

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT is effective as of October 29, 2013 (the "Effective Date") by and between Republic Services, Inc. (the "Company") and DONALD W. SLAGER ("Employee").

Employee and the Company are parties to an Employment Agreement dated March 30, 2012 (the "2012 Employment Agreement").

As of the date hereof, Employee is an employee of the Company and is considered a valued employee such that the Company desires to retain him.

The Employee and the Company desire to enter into this Agreement to amend, restate and continue the provisions of the 2012 Employment Agreement on and after the Effective Date as set forth herein.

In consideration of the premises set forth above, the mutual representations, warranties, covenants and agreements contained in this Agreement and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Employment.**

(a) Retention. The Company agrees to continue to employ the Employee as its Chief Executive

Officer and President. Employee agrees to accept such continuing employment, subject to the terms and conditions of this Agreement. The Board of Directors of the Company may in its sole discretion, after consulting Employee, designate someone other than the Employee to serve as its President (reporting to Employee), and such action shall not constitute Good Reason under Section 3 of this Agreement.

(a) Employment Period. This Agreement shall commence on the Effective Date and, unless terminated in accordance with the terms of this Agreement shall continue in effect on a rolling two-year basis, such that at any time during the term of this Agreement there will be two years remaining (the "Employment Period"). Notwithstanding the evergreen nature of the Employment Period, the Company may terminate Employee at any time in accordance with the provisions of Section 3 of this Agreement.

(b) Duties and Responsibilities. During the Employment Period, Employee shall serve as Chief Executive Officer and, if applicable, President. Employee is currently a member of the Board of Directors of the Company and shall be nominated for re-election while he is serving as Chief Executive Officer. As Chief Executive Officer, Employee shall report to the Board of Directors of the Company. Employee shall have such authority and responsibility and perform such duties as may be assigned to him from time to time at the direction of the Board of Directors of the Company, and in the absence of such assignment, such duties as are customary to Employee's office and as are necessary or appropriate to the business and operations of the Company. During the Employment Period, Employee's employment shall be full time and Employee shall perform his duties honestly, diligently, in good faith and in the best interests of the Company and shall use his best efforts to promote the interests of the Company. All executive officers of the Company shall report to the Chief Executive Officer, and Employee shall, in such capacity, have the authority and responsibility to assign appropriate duties to such other executive officers as are necessary or appropriate for the business and operations of the Company.

(c) Other Activities. Except upon the prior written consent of the Company, Employee, during the Employment Period, will not accept any other employment. Employee shall be permitted to engage in any non-competitive businesses, not-for-profit organizations and other ventures, such as passive real estate investments, serving on charitable and civic boards and organizations, and similar activities, so long as such activities do not materially interfere with or detract from the performance of Employee's duties or constitute a breach of any of the provisions contained in Section 7 of this Agreement, provided that the Employee may only serve as a director of a for-profit corporation with the advance written approval of the Company's Board of Directors.

2. Compensation

(a) Base Salary and Adjusted Salary. In consideration for Employee's services hereunder and the restrictive covenants contained herein, Employee shall continue to be paid for the 2013 Fiscal Year an annual base

salary (the "Base Salary") of \$1,000,000 payable in accordance with the Company's customary payroll practices. With respect to any Fiscal Year during which Employee is employed by the Company for less than the entire Fiscal Year, the Base Salary shall be prorated for the period during which the Employee is so employed. Notwithstanding the foregoing, Employee's annual Base Salary may be increased, but not decreased (taking into account prior increases) without Employee's consent at anytime and from time to time to levels greater than the levels set forth in the preceding sentence at the discretion of the Board of Directors of the Company to reflect merit or other increases. The term "Fiscal Year" as used herein shall mean each period of twelve (12) calendar months commencing on January 1st of each calendar year during the Employment Period and expiring on December 31st of such year.

(b) Annual Awards. In addition to the Base Salary, Employee shall be eligible to receive Annual Awards in an amount equal to a target of 125% of the Employee's Base Salary in effect for the Performance Period with respect to which such Annual Award is granted, as established pursuant to the terms of the Company's Executive Incentive Plan, as amended (the "Executive Incentive Plan"). The Annual Award shall be based on the achievement of such Performance Goals as are established by the Compensation Committee of the Board of Directors pursuant to the Executive Incentive Plan. The achievement of said Performance Goals shall be determined by the Compensation Committee of the Board of Directors. Except as otherwise provided in Sections 3 and 24, with respect to any Fiscal Year during which Employee is employed by the Company for less than the entire Fiscal Year, the Annual Award shall be prorated for the period during which Employee was so employed. The Annual Award shall be payable within sixty (60) days after the end of the Company's Fiscal Year. To the extent of any conflict between the provisions of this Agreement and the Executive Incentive Plan, the terms of this Agreement shall control.

(c) Merit and Other Bonuses. Employee shall be entitled to such other bonuses as may be determined by the Board of Directors of the Company or by a committee of the Board of Directors as determined by the Board of Directors, in its sole discretion.

(d) Existing Stock Options and Shares of Restricted Stock. The Company has issued to Employee options to purchase shares of the Company's Common Stock pursuant to the terms of various Option Agreements and the terms of the 2007 Stock Incentive Plan (the "Outstanding Option Grants"). The Company has also granted to Employee restricted shares of the Company's Common Stock or Restricted Stock Units pursuant to the terms of the Company's 2007 Stock Incentive Plan (the "Outstanding Restricted Stock or RSU Grants"). The options issued or to be issued under the Outstanding Option Grants shall continue to be subject to the terms of the Option Agreements, except to the extent otherwise provided for in this Agreement. The shares of restricted stock and restricted stock units granted under the Outstanding Restricted Stock or RSU Grants shall continue to be subject to the terms of the applicable agreements, except to the extent otherwise provided for in this Agreement.

(e) Other Stock Options. Employee shall be entitled to participate and receive option grants under the 2007 Stock Incentive Plan and such other incentive or stock option plans as may be in effect from time-to-time, as determined by the Board of Directors of the Company.

(f) Other Compensation Programs. Employee shall be entitled to participate in the Company's incentive and deferred compensation programs and such other programs as are established and maintained for the benefit of the Company's employees or executive officers, subject to the provisions of such plans or programs.

(g) Other Benefits. During the term of this Agreement, Employee shall also be entitled to participate in any other health insurance programs, life insurance programs, disability programs, stock incentive plans, bonus plans, pension plans and other fringe benefit plans and programs as are from time to time established

and maintained for the benefit of the Company's employees or executive officers, subject to the provisions of such plans and programs.

(h) Expenses. Employee shall be reimbursed for all out-of-pocket expenses reasonably incurred by him on behalf of or in connection with the business of the Company, pursuant to the normal standards and guidelines followed from time to time by the Company. Notwithstanding anything herein to the contrary or otherwise, except to the extent any expense or reimbursement described in this Section 2(h) does not constitute a "deferral of compensation" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), any expense or reimbursement described in this Section 2(h) shall meet the following requirements: (i) the amount of expenses eligible for reimbursement provided to Employee during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to Employee in any other calendar year, (ii) the reimbursements for expenses for which Employee is entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred, (iii) the right to payment or reimbursement on in-kind benefits hereunder may not be liquidated or exchanged for any other benefit and (iv) the reimbursements shall be made pursuant to objectively determinable and nondiscretionary Company policies and procedures regarding such reimbursement of expenses.

(i) Long Term Awards. Employee shall be entitled to participate in the Executive Incentive Plan (or any successor plan maintained by the Company) for purposes of receiving Long Term Awards pursuant to the terms of this Agreement and the Executive Incentive Plan (or such successor plan).

(j) Vacation. The Employee shall continue to be entitled to four (4) weeks paid vacation ("Vacation Time") for each full calendar year of employment. For the calendar year in which the Employee's Date of Termination occurs, the amount of Vacation Time to which the Employee is entitled shall be prorated. Vacation Time of up to two (2) weeks not taken during the calendar year in which it is accrued may be carried over to subsequent years with no more than six (6) weeks Vacation Time available in any Fiscal Year.

(k) Insurance. At all times during Employee's employment or membership as a director of the Board of Directors (or both), and for ten (10) years thereafter, the Employee shall be covered under the Company's directors' and officers' liability insurance, but only to the same extent as other senior officers and directors.

(l) Aircraft. It is the intention of the Board of Directors that the Employee have full access and use of the corporate aircraft as set forth in the March 2009 Corporate Aircraft Policy. The Company's March 2009 Corporate Aircraft Policy will apply to Employee during the term of this Agreement and will not be changed without Employee's consent unless unforeseen and unexpected circumstances arise that require the policy to be modified.

3. Termination.

(a) For Cause. The Company shall have the right to terminate this Agreement and to discharge Employee for Cause (as defined below), at any time during the term of this Agreement. Termination for Cause shall mean, during the term of this Agreement, (i) Employee's willful and continued failure to substantially perform his duties after he has received written notice from the Company identifying the actions or omissions constituting willful and continued failure to perform, (ii) Employee's conviction of or plea of guilty or nolo contendere to a felony, (iii) Employee's actions or omissions that constitute fraud, gross misconduct, or material dishonesty, (iv) Employee's breach of any fiduciary duty that causes material injury to the Company, (v) Employee's breach of any duty causing material injury to the Company, (vi) Employee's inability to perform his material duties to the reasonable satisfaction of the Company due to alcohol or other substance abuse, or (vii) any material violation of the Company's policies or procedures involving discrimination, harassment, substance abuse or work place violence. Any termination for Cause pursuant to this Section shall occur only after notice is given to Employee in writing which shall set forth in detail all acts or omissions upon which the Company is relying to terminate Employee for Cause and, in the case of (i) or (vii), after which the Employee has failed to cure any actions or omissions which provide the Company with a basis to terminate the Employee for Cause.

Upon any determination by the Company that Cause exists to terminate Employee, the Company shall cause a special meeting of the Board of Directors to be called and held at a time mutually convenient to the Board of Directors and Employee, but in no event later than ten (10) business days after Employee's receipt of the notice that the Company intends to terminate Employee for Cause. Employee shall have the right to appear before such special

meeting of the Board of Directors with legal counsel of his choosing to refute such allegations and shall have a reasonable period of time to cure any actions or omissions in the case of (i) or (vii) which provide the Company with a basis to terminate Employee for Cause (provided that such cure period shall not exceed 30 days), provided that Company shall not terminate the Employee until the end of the 30 day period. A majority of the members of the Board of Directors must affirm that Cause exists to terminate Employee. In the event the Company terminates Employee for Cause, the Company shall only be obligated to continue to pay in the ordinary and normal course of its business to Employee his Base Salary plus accrued but unused Vacation Time through the termination date and the Company shall have no further obligations to Employee under this Agreement from and after the date of termination.

(b) Resignation by Employee Without Good Reason. If Employee shall resign or otherwise terminate his employment with the Company at anytime during the term of this Agreement, other than for Good Reason (as defined below), Employee shall only be entitled to receive his accrued and unpaid Base Salary and

unused Vacation Time through the termination date, and the Company shall have no further obligations under this Agreement from and after the date of resignation.

(c) Termination by Company Without Cause and by Employee For Good Reason. At any time during the term of this Agreement, (i) the Company shall have the right to terminate this Agreement and to discharge Employee without Cause effective upon delivery of written notice to Employee, and (ii) Employee shall have the right to terminate this Agreement for Good Reason effective upon delivery of written notice to the Company. For purposes of this Agreement, "Good Reason" shall mean: (i) the Company has materially reduced the duties and responsibilities of Employee from the duties and responsibilities of the Employee as Chief Executive Officer at the Effective Date (ii) the Company has breached any material provision of this Agreement and has not cured such breach within 30 days of receipt of written notice of such breach from Employee, (iii) the Company does not provide health, life, disability, incentive or equity benefits which are substantially comparable in the aggregate to the level of such benefits and incentive compensation provided on the Effective Time, other than due to a reduction in such level of benefits to the extent such reduction applies to other senior executives of the Company and provided that any particular plan containing such benefits may be amended or terminated, (iv) Employee's office is relocated by the Company to a location which is not located within the Arizona County of Maricopa, (v) Employee's resignation from, or the expiration of his term as a director of, the Board, in either case only if such event occurs as a result of Employee's failure to receive the required votes by the holders of the Company's common stock to be re-elected to the Board, or (vi) the Company's termination without Cause of the continuation of the Employment Period provided in this Agreement. Notwithstanding the foregoing, the Employee's termination of employment pursuant to this Agreement shall not be effective unless (x) the Employee delivers a written notice setting forth the details of the occurrence giving rise to the claim of termination for Good Reason within a period not to exceed 90 days of its initial existence and (y) the Company fails to cure the same within a thirty (30) day period.

Upon any such termination by the Company without Cause, or by Employee for Good Reason: (i) the Company shall pay to Employee all of Employee's accrued but unpaid Base Salary and accrued but unused Vacation Time through the date of termination in a lump sum within sixty (60) days of termination; (ii) the Company shall pay to Employee Base Salary for three (3) years from the date of termination when and as Base Salary would have been due and payable hereunder but for such termination; (iii) the Company shall continue providing medical, dental, and/or vision coverage to the Employee and/or the Employee's family, at least equal to that which would have been provided to the Employee if the Employee's employment had not terminated, until the earlier of (1) the date the Employee becomes eligible for any comparable medical, dental, or vision coverage provided by any other employer, or (2) the date the Employee becomes eligible for Medicare or any government-sponsored or provided health care program that provides benefits similar to Medicare (whether or not such coverage is equivalent to that provided by the Company); (iv) all stock option grants, restricted stock grants and restricted stock unit grants to the extent they would have vested during the Fiscal Year of termination, will immediately vest and become unrestricted, if not vested previously, and any such options will remain exercisable for the lesser of the unexpired term of the option without regard to the termination of Employee's employment or three (3) years from the date of termination of employment (provided that if the award agreements contain more favorable provisions that are applicable to the termination of employment (disregarding any reference therein to this Agreement), such provisions shall apply); (v) all Annual Awards shall vest and be paid on a prorated basis in an amount equal to the Annual Awards payment that the Compensation Committee of the Board of Directors determines would have been paid to Employee pursuant to the Executive Incentive Plan had Employee's

employment continued to the end of the Performance Period multiplied by a fraction, the numerator of which is the number of completed months of employment during such Performance Period and the denominator of which is the total number of months in the Performance Period, within sixty (60) days after the end of the Company's Fiscal Year; (vi) all Long Term Awards shall vest and be paid on a prorated basis in an amount equal to the Long Term Awards payment that the Compensation Committee of the Board of Directors determines would have been paid to Employee pursuant to the Executive Incentive Plan had Employee's employment continued to the end of the Performance Period multiplied by a fraction, the numerator of which is the number of completed months of employment during such Performance Period and the denominator of which is the total number of months in the Performance Period, within sixty (60) days after the end of the Company's Fiscal Year in which the Performance Period ends; (vii) as of the termination date Employee shall be paid, in accordance with the terms of any deferred compensation plan in which Employee was a participant and any elections thereunder, the balance of all amounts credited or eligible to be credited to Employee's deferred compensation account (including all Company contributions, whether or not vested); and (viii) the Company shall provide outplacement services which may include administrative support for up to one (1) year, provided that such amount may not exceed \$50,000 (collectively, the foregoing consideration payable to Employee shall be referred to herein as the "Severance Payment"). Other than the Severance Payment, the Company shall have no further obligation to Employee except for the obligations set forth in Sections 10, 17, and 25 of this Agreement after the date of such termination; provided, however, that Employee shall only be entitled to continuation of the Severance Payment as long as he is in compliance with the provisions of Sections 7, 8, 10 and 11 of this Agreement.

(d) Disability of Employee. This Agreement may be terminated by the Company upon the Disability of Employee. "Disability" shall mean any mental or physical illness, condition, disability or incapacity which prevents Employee from reasonably discharging his duties and responsibilities under this Agreement for a period of 180 consecutive days. In the event that any disagreement or dispute shall arise between the Company and Employee as to whether Employee suffers from any Disability, then, in such event, Employee shall submit to the physical or mental examination of a physician licensed under the laws of the State of Arizona, who is mutually agreeable to the Company and Employee, and such physician shall determine whether Employee suffers from any Disability. In the absence of fraud or bad faith, the determination of such physician shall be final and binding upon the Company and Employee. The entire cost of such examination shall be paid for solely by the Company. In the event the Company has purchased Disability insurance for Employee, Employee shall be deemed disabled if he is completely (fully) disabled as defined by the terms of the Disability policy. Disability shall not be deemed to occur unless it constitutes a "disability," as such term is defined in Code Section 409A. In the event that at any time during the term of this Agreement Employee shall suffer a Disability and the Company terminates Employee's employment for such Disability, such Disability shall be considered to be a termination by the Company without Cause or a termination by Employee for Good Reason and the Severance Payment shall be paid to Employee to the same extent and in the same manner as provided for in Section 3(c) above, except that (i) payments of Annual Salary shall be mitigated by payments under Company-sponsored disability payments and (ii) the Employee will not be entitled to outplacement services.

(e) Death of Employee. If during the term of this Agreement Employee shall die, then the employment of Employee by the Company shall automatically terminate on the date of Employee's death. In such event, Employee's death shall be considered to be a termination by the Company without Cause or a termination by Employee for Good Reason and the Severance Payment shall be paid to Employee's personal representative or estate to the same extent and in the same manner as provided for in Section 3(c) above (except that Employee will not be entitled to outplacement services) and without mitigation for any insurance policies held by Employee except that to the extent that any Awards have been granted under the Executive Incentive Plan, and, as of the date of such termination, have not been determined to be earned pursuant to the terms of the Executive Incentive Plan, Employee's beneficiary or estate shall be paid, within thirty (30) days following the date of Employee's death, an amount with respect to each such open Award which is equal to the full target amount that the Compensation Committee of the Board of Directors was authorized to cause to be paid to Employee pursuant to the Executive Incentive Plan and applicable Award thereunder had his employment continued through the end of the Performance Period related to such Award and had all Performance Goals been met but not exceeded. Once such payments have been made to Employee's personal representative, beneficiary or estate, as the case may be, the Company shall have no further obligations under this Agreement to said personal representative, beneficiary or estate, or to any heirs of Employee. The Employee agrees to cooperate with and assist the Company in obtaining insurance on his life in the event the Company decides to obtain a life insurance policy under which the Company would be the beneficiary. The results of any physical examination that the Employee

undergoes in furtherance of the Company's efforts to obtain such life insurance shall be kept confidential by the Company unless the disclosure is required by applicable law.

4. Termination of Employment by Employee for Change of Control

(a) Termination Rights. Notwithstanding the provisions of Section 2 and Section 3 of this Agreement, in the event that there shall occur a Change of Control (as defined below) of the Company and Employee's employment hereunder is terminated either within six months before such Change in Control as set forth in Section 4(c) or within two years after such Change of Control by the Company without Cause or by Employee for Good Reason (including as a result of Employee's Disability or death, as provided in Sections 3(d) and 3(e)), then the Company shall be required to pay to Employee (i) the Severance Payment provided in Section 3(c) (as modified by Sections 3(d) and 3(e), as applicable), except that (A) the Severance Payment described in the unnumbered paragraph in Section 3(c)(ii) shall be paid in a single lump sum sixty (60) days after termination if termination occurs within two years after such Change of Control, (B) the vesting of stock option grants, restricted stock grants and restricted stock unit grants described in Section 3(c)(iv) shall apply to all stock option grants,

restricted stock grants, restricted stock unit grants and any other equity compensation awards of Employee that remain outstanding as of the date of termination, whether or not otherwise vesting during the Fiscal Year of Employee's termination, and (C) the vesting and payment of the Long Term Awards described in Section 3(c)(vi) shall be made without pro ration on a basis as if all target performance levels had been met, as such targets are set under the Executive Incentive Plan, and will be paid at target by the Company to Employee (unless previously paid), at such time as the Company would have been required to make such payments if the termination of employment had not occurred, and (ii) the product of three (3) multiplied by the sum of (x) the target Annual Award for the year prior to termination, plus (y) the target Long Term Award for the performance period ending in the year prior to termination, payable in a single lump sum sixty (60) days after termination. To the extent that payments are owed by the Company to Employee pursuant to this Section 4, they shall be made in lieu of payments pursuant to Section 3, and in no event shall the Company be required to make payments or provide benefits to Employee under both Section 3 and Section 4.

(b) Change of Control of the Company Defined. For purposes of this Section 4, the term "Change of Control of the Company" shall mean the occurrence of any of the following:

(i) an acquisition (other than directly from the Company) of any voting securities of the Company (the "Voting Securities") by any "Person" (as the term person is used for purposes of Section 13(d) or 14(d) of the Exchange Act), immediately after which such Person has "Beneficial Ownership" (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of fifty percent (50%) or more of the then outstanding common stock of the Company ("Shares") or the combined voting power of the Company's then outstanding Voting Securities; *provided, however*, in determining whether a Change of Control has occurred pursuant to this subsection (a), Shares or Voting Securities which are acquired in a "Non-Control Acquisition" (as hereinafter defined) shall not constitute an acquisition which would cause a Change of Control. A "Non-Control Acquisition" shall mean an acquisition by (a) an employee benefit plan (or a trust forming a part thereof) maintained by (1) the Company or (2) any corporation or other Person of which a majority of its voting power or its voting equity securities or equity interest is owned, directly or indirectly, by the Company (for purposes of this definition, a "Related Entity"), (b) the Company or any Related Entity, or (c) any Person in connection with a "Non-Control Transaction" (as hereinafter defined);

(ii) the individuals who, as of the Effective Time, are members of the Board (the "Incumbent Board"), cease for any reason to constitute at least a majority of the members of the Board or, following a Merger Event which results in a Parent Corporation, the board of directors of the ultimate Parent Corporation (as defined in paragraph (iii)(1)(A) below); *provided, however*, that if the election, or nomination for election by the Company's common stockholders, of any new director was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall, for purposes of this Agreement, be considered as a member of the Incumbent Board; *provided further, however*, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result of an actual or threatened solicitation of proxies or consents by or on behalf of a

Person other than the Board (a "Proxy Contest") including by reason of any agreement intended to avoid or settle a Proxy Contest; or

(iii) the consummation of:

(1) a merger, consolidation or reorganization with or into the Company or in which securities of the Company are issued (a "Merger Event"). unless such Merger Event is a "Non-Control Transaction." A "Non-Control Transaction" shall mean a Merger Event where:

(A) the stockholders of the Company, immediately before such Merger Event own directly or indirectly immediately following such Merger Event at least fifty percent (50%) of the combined voting power of the outstanding voting securities of (x) the corporation resulting from such Merger Event (the "Surviving Corporation") if fifty percent (50%) or more of the combined voting power of the then outstanding voting securities of the Surviving Corporation is not Beneficially Owned, directly or indirectly by another Person (a "Parent Corporation"), or (y) if there are one or more Parent Corporations, the ultimate Parent Corporation; and,

(B) the individuals who were members of the Incumbent Board immediately prior to the execution of the agreement providing for such Merger Event constitute at least a majority of the members of the board of directors of (x) the Surviving Corporation, if there are no Parent Corporation, or (y) if there are one or more Parent Corporations, the ultimate Parent Corporation; and

(C) no Person other than (1) the Company, (2) any Related Entity, (3) any employee benefit plan (or any trust forming a part thereof) that, immediately prior to such Merger Event was maintained by the Company or any Related Entity, or (4) any Person who, immediately prior to such Merger Event had Beneficial Ownership of fifty percent (50%) or more of the then outstanding Voting Securities or Shares, has Beneficial Ownership of fifty percent (50%) or more of the combined voting power of the outstanding voting securities or common stock of (x) the Surviving Corporation if there is no Parent Corporation, or (y) if there are one or more Parent Corporations, the ultimate Parent Corporation.

(2) a complete liquidation or dissolution of the Company; or

(3) the sale or other disposition of all or substantially all of the assets of the Company to any Person (other than a transfer to a Related Entity or under conditions that would constitute a Non-Control Transaction with the disposition of assets being regarded as a Merger Event for this purpose or the distribution to the Company's stockholders of the stock of a Related Entity or any other assets).

Notwithstanding the foregoing, a Change of Control shall not be deemed to occur solely because any Person (the "Subject Person") acquired Beneficial Ownership of more than the permitted amount of the then outstanding Shares or Voting Securities as a result of the acquisition of Shares or Voting Securities by the Company which, by reducing the number of Shares or Voting Securities then outstanding, increases the proportional number of shares Beneficially Owned by the Subject Persons, provided that if a Change of Control would occur (but for the operation of this sentence) as a result of the acquisition of Shares or Voting Securities by the Company, and after such share acquisition by the Company, the Subject Person becomes the Beneficial Owner of any additional Shares

or Voting Securities which increases the percentage of the then outstanding Shares or Voting Securities Beneficially Owned by the Subject Person, then a Change of Control shall occur.

In addition, a Change of Control shall not be deemed to occur unless the event(s) that causes such Change of Control also constitutes a "change in control event," as such term is defined in Code Section 409A.

(c) If an Employee's employment or service is terminated by the Company without Cause within six months prior to the date of a Change of Control but the Employee reasonably demonstrates that the termination (A) was at the request of a third party who has indicated an intention or taken steps reasonably calculated to effect a Change of Control or (B) otherwise arose in connection with, or in anticipation of, a Change of Control which has been threatened

or proposed, such termination shall be deemed to have occurred after a Change of Control for purposes of this Agreement provided a Change of Control shall actually have occurred.

5. Reduction of Payments.

(a) Notwithstanding anything in this Agreement to the contrary, in the event that it shall be determined that any payment, distribution, or other action by the Company to or for the benefit of Employee (whether paid or payable or distributed or distributable pursuant to the terms of the Agreement or otherwise (a "Payment")) would result in an "excess parachute payment" within the meaning of Section 280G(b)(i) of the Code (or any other similar provision hereafter enacted), and the value determined in accordance with Section 280G(d)(4) of the Code (or any other similar provision) of the Payments, net of all taxes imposed on Employee (the "Net After-Tax Amount"), that Employee would receive would be greater if the Payments (or some of them) were reduced than if such Payments were not reduced, then the Payments shall be reduced by an amount (the "Reduction Amount") so that the Net After-Tax Amount after such reduction is greatest. For purposes of determining the Net After-Tax Amount, Employee shall be deemed to (i) pay federal income taxes at the highest marginal rates of federal income taxation for the calendar year in which the Payment is to be made, and (ii) pay applicable state and local income taxes at the highest marginal rate of taxation for the calendar year in which the Payment is required to be made, net of the maximum reduction in federal income taxes which would be allowable as a deduction of such state and local taxes.

(b) Subject to the provisions of this Section 5(b), all determinations required to be made under this Section 5, including the Net After-Tax Amount, the Reduction Amount, and the Payment that is to be reduced pursuant to Section 5(a), and the assumptions to be utilized in arriving at such determinations, shall be made by a nationally recognized firm of independent public accountants selected by the Employee and approved by

the Company, which approval shall not be unreasonably withheld or delayed (the "Accounting Firm"). The Accounting Firm shall be instructed to provide detailed supporting calculations both to the Company and Employee within 15 business days of the date of termination, or such earlier time as is requested by the Company. The Accounting Firm's decision as to which Payments are to be reduced shall be made (i) only from Payments that the Accounting Firm determines reasonably may be characterized as "parachute payments" under Section 280G of the Code (or any other similar provision hereafter enacted); (ii) from Payments that are required to be made in cash before any non-cash payments are reduced; (iii) with respect to any amounts that are not subject to Section 409A before any amounts that are subject to Section 409A; and (iv) in reverse chronological order, to the extent that any Payments subject to reduction are made over time (e.g., in installments). In no event, however, shall any Payments be reduced if and to the extent such reduction would cause a violation of Section 409A or other applicable law. All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any determination by the Accounting Firm shall be binding upon the Company and Employee.

6. Successor To Company. The Company shall require any successor, whether direct or indirect, to all or substantially all of the business, properties and assets of the Company whether by purchase, merger, consolidation or otherwise, prior to or simultaneously with such purchase, merger, consolidation or other acquisition to execute and to deliver to Employee a written instrument in form and in substance reasonably satisfactory to Employee pursuant to which any such successor shall agree to assume and to timely perform or to cause to be timely performed all of the Company's covenants, agreements and obligations set forth in this Agreement (a "Successor Agreement"). The failure of the Company to cause any such successor to execute and deliver a Successor Agreement to Employee shall constitute a material breach of the provisions of this Agreement by the Company.

7. Restrictive Covenants. In consideration of his employment and the other benefits arising under this Agreement, Employee agrees that during the term of this Agreement, and for a period of two (2) years (three (3) years in the event Section 4(a) hereof is applicable) following the termination of this Agreement, Employee shall not directly or indirectly:

(a) alone or as a partner, joint venturer, officer, director, member, employee, consultant, agent, independent contractor or stockholder of, or lender to, any company or business, (i) engage in the business of solid waste collection, disposal or recycling (the "Solid Waste Services Business") in any market in which the Company or any of its subsidiaries or affiliates does business, or any other line of business which is entered into by the Company

or any of its subsidiaries or affiliates during the term of this Agreement, or (ii) compete with the Company or any of its subsidiaries or affiliates in acquiring or merging with any other business or acquiring the assets of such other business; or

(b) for any reason, (i) induce any customer of the Company or any of its subsidiaries or affiliates to patronize any business directly or indirectly in competition with the Solid Waste Services Business conducted by the Company or any of its subsidiaries or affiliates in any market in which the Company or any of its subsidiaries or affiliates does business: (ii) canvass, solicit or accept from any customer of the Company or any of its subsidiaries or affiliates any such competitive business: or (iii) request or advise any customer or vendor of the Company or any of its subsidiaries or affiliates to withdraw, curtail or cancel any such customer's or vendor's business with the Company or any of its subsidiaries or affiliates; or

(c) for any reason, employ, or knowingly permit any company or business directly or indirectly controlled by him, to employ, any person who was employed by the Company or any of its subsidiaries or affiliates at or within the prior six months, or in any manner seek to induce any such person to leave his or her employment.

Notwithstanding the foregoing, the beneficial ownership of less than five percent (5%) of the shares of stock of any corporation having a class of equity securities actively traded on a national securities exchange or over-the-counter market shall not be deemed, in and of itself, to violate the prohibitions of this Section.

8. **Confidentiality.** Employee agrees that at all times during the term of this Agreement and after the termination of employment for as long as such information remains non-public information, Employee shall (a) hold in confidence and refrain from disclosing to any other party all information, whether written or oral, tangible or intangible, of a private, secret, proprietary or confidential nature, of or concerning the Company or any of its subsidiaries or affiliates and their business and operations, and all files, letters, memoranda, reports, records, computer disks or other computer storage medium, data, models or any photographic or other tangible materials containing such information ("Confidential Information"), including without limitation, any sales, promotional or marketing plans, programs, techniques, practices or strategies, any expansion plans (including existing and entry into new geographic and/or product markets), and any customer lists, (b) use the Confidential Information solely in connection with his employment with the Company or any of its subsidiaries or affiliates and for no other purpose, (c) take all precautions necessary to ensure that the Confidential Information shall not be, or be permitted to be, shown, copied or disclosed to third parties, without the prior written consent of the Company or any of its subsidiaries or affiliates, and (d) observe all security policies implemented by the Company or any of its subsidiaries or affiliates from time to time with respect to the Confidential Information. In the event that Employee is ordered to disclose any Confidential Information, whether in a legal or regulatory proceeding or otherwise, Employee shall provide the Company or any of its subsidiaries or affiliates with prompt notice of such request or order so that the Company or any of its subsidiaries or affiliates may seek to prevent disclosure. In addition to the foregoing Employee shall not at any time libel, defame, ridicule or otherwise disparage the Company.

9. **Specific Performance; Injunction.** The parties agree and acknowledge that the restrictions contained in Sections 7 and 8 are reasonable in scope and duration and are necessary to protect the Company or any of its subsidiaries or affiliates. If any provision of Section 7 or 8 as applied to any party or to any circumstance is adjudged by a court to be invalid or unenforceable, the same shall in no way affect any other circumstance or the validity or enforceability of any other provision of this Agreement. If any such provision, or any part thereof, is held to be unenforceable because of the duration of such provision or the area covered thereby, the parties agree that the court making such determination shall have the power to reduce the duration and/or area of such provision, and/or to delete specific words or phrases, and in its reduced form, such provision shall then be enforceable and shall be enforced. Employee agrees and acknowledges that the breach of Section 7 or 8 will cause irreparable injury to the Company or any of its subsidiaries or affiliates and upon breach of any provision of such Sections, the Company or any of its subsidiaries or affiliates shall be entitled to injunctive relief, specific performance or other equitable relief, without being required to post a bond; provided, however, that, this shall in no way limit any other remedies which

the Company or any of its subsidiaries or affiliates may have (including, without limitation, the right to seek monetary damages).

10. Nondisparagement.

(a) The Employee shall not, at any time during his employment with the Company or thereafter, make any public or private statement to the news media, to any Company competitor or client, or to any other individual or entity, if such statement would disparage any of the Company, any of their respective businesses or any director or officer of any of them or such businesses or would have a deleterious effect upon the interests of any of such businesses or the stockholders or other owners of any of them; provided, however, that the Employee shall not be in breach of this restriction if such statements consist solely of (i) private statements made to any officers, directors or employees of any of the Company by the Employee in the course of carrying out his duties pursuant to this Agreement or, to the extent applicable, his duties as a director or officer, or (ii) private statements made to persons other than clients or competitors of any of the Company (or their representatives) or members of the press or the financial community that do not have a material adverse effect upon any of the Company; and provided that nothing contained in this paragraph or in any other provision of this Agreement shall preclude the Employee from making any statement in good faith that is required by law, regulation or order of any court or regulatory commission, department or agency.

(b) The Company shall not, at any time during the Employee's employment with the Company or thereafter, authorize any person to make, nor shall the Company condone the making of, any statement, publicly or privately, by its officers which would disparage the Employee; provided, however, that the Company shall not be in breach of this restriction if such statements consist solely of (i) private statements made to any officers, directors or employees of the Company or (ii) private statements made to persons other than clients or competitors of any of the Company (or their representatives) or members of the press or the financial community that do not have a material adverse effect upon the Employee; and provided, further, that nothing contained in this paragraph or in any other provision of this Agreement shall preclude any officer, director, employee, agent or other representative of any of the Company from making any statement in good faith which is required by any law, regulation or order of any court or regulatory commission, department or agency.

11. Future Cooperation. The Employee agrees to make himself reasonably available to the Company and its affiliates in connection with any claims, disputes, investigations, regulatory examinations or actions, lawsuits or administrative proceedings relating to matters in which the Employee was involved during the period in which he was Chief Operating Officer or Chief Executive Officer of the Company, and to provide information to the Company and otherwise cooperate with the Company and its affiliates in the investigation, defense or prosecution of such actions.

12. Payments Contingent on Employee's Release of Company. All of the payments and benefits to which the Employee would otherwise be entitled under Sections 3 and 4, except with respect to payments of accrued and unpaid Base Salary and vacation pay shall be contingent on the Employee's delivery to the Company of a signed and enforceable release of all claims against the Company, other than with respect to employee pension, health or medical benefit plans, rights to indemnification under the director and officer liability insurance policy, or under the bylaws or certificate of incorporation of the Company, within thirty (30) days of termination.

13. Notices. All notices, requests, demands, claims and other communications hereunder shall be in writing and shall be deemed given if delivered by hand delivery, by certified or registered mail (first class postage pre-paid), guaranteed overnight delivery or facsimile transmission if such transmission is confirmed by delivery by certified or registered mail (first class postage pre-paid) or guaranteed overnight delivery to the following addresses and telecopy numbers (or to such other addresses or telecopy numbers which such party shall designate in writing to the other parties): (a) if to the Company, at its principal executive offices, addressed to the Chief Financial Officer, with a copy to the General Counsel; and (b) if to Employee, at the address listed on the signature page hereto.

14. Amendment. This Agreement may not be modified, amended, or supplemented, except by written instrument executed by all parties. The rights and remedies of the parties under this Agreement are in addition to all other rights and remedies, at law or equity, that they may have against each other.

15. Assignment; Third Party Beneficiary. This Agreement, and Employee's rights and obligations hereunder, may not be assigned or delegated by him. The Company may assign its rights, and delegate its obligations, hereunder to any affiliate of the Company, or any successor to the Company or its Solid Waste Services Business,

specifically including the restrictive covenants set forth in Section 7 hereof. The rights and obligations of the Company under this Agreement shall inure to the benefit of and be binding upon its respective successors and assigns.

16. Severability; Survival. In the event that any provision of this Agreement is found to be void and unenforceable by a court of competent jurisdiction, then such unenforceable provision shall be deemed modified so as to be enforceable (or if not subject to modification then eliminated herefrom) to the extent necessary to permit the remaining provisions to be enforced in accordance with the parties intention. The provisions of Sections 7, 8, 9, 10 and 11 will survive the termination for any reason of Employee's relationship with the Company.

17. Indemnification. The Company agrees to indemnify Employee during the term and after termination of this Agreement in accordance with the provisions of the Company's certificate of incorporation and bylaws and

the Delaware General Corporation Law.

18. **Counterparts**. This Agreement may be signed in any number of counterparts, each of which shall be an original but all of which together shall constitute one and the same instrument.

19. **Governing Law**. This Agreement shall be construed in accordance with and governed for all purposes by the laws of the State of Arizona applicable to contracts executed and to be wholly performed within such State.

20. **Entire Agreement**. This Agreement contains the entire understanding of the parties in respect of its subject matter and supersedes all prior agreements and understandings (oral or written) between or among the parties with respect to such subject matter. Upon the execution of this Agreement the provisions of the 2012 Employment Agreement shall be superseded and shall be of no further force and effect.

21. **Headings**. The headings of Paragraphs and Sections are for convenience of reference and are not part of this Agreement and shall not affect the interpretation of any of its terms.

22. **Construction**. Capitalized terms not defined herein shall have the meanings as defined under the Company incentive or other plan, and awards thereunder, as the context requires. This Agreement shall be construed as a whole according to its fair meaning and not strictly for or against any party. The parties acknowledge that each of them has reviewed this Agreement and has had the opportunity to have it reviewed by their respective attorneys and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement. Words of one gender shall be interpreted to mean words of another gender when necessary to construe this Agreement, and in like manner words in singular may be interpreted to be in the plural, and vice versa.

23. **Withholding**. All payments made to Employee shall be made net of any applicable withholding for income taxes, Excise Tax and Employee's share of FICA, FUTA or other taxes. The Company shall withhold such amounts from such payments to the extent required by applicable law and remit such amounts to the applicable governmental authorities in accordance with applicable law.

24. **Retirement Eligibility**. Upon Employee's retirement, in lieu of payments under Sections 3 and 4 (but not 25), the Company shall pay to Employee all of Employee's accrued but unpaid Base Salary through the date of retirement. In addition, for all stock option or restricted stock or restricted stock unit awards ("Equity Awards") and all monetary awards (including Annual Awards and Long Term Awards pursuant to the Executive Incentive Plan and any retirement contributions to the deferred compensation program) ("Monetary Awards"), in each case granted to Employee prior to July 26, 2006 ("Prior Awards"), such Employee shall be eligible to retire for purposes of the Prior Awards, and such Prior Awards shall fully vest in the event of such retirement, upon attaining either (a) the age of fifty-five (55) and having completed six (6) years of service with the Company or Allied Waste Industries, Inc. or (b) the age of sixty-five (65) without regard to years of service with the Company (the "Original Retirement Policy"). For all Equity Awards and/or Monetary Awards granted to Employee following July 26, 2006 ("Prospective Awards"), the Original Retirement Policy shall apply, and such Prospective Awards shall fully vest in the event of such retirement, provided, and only to the extent that, Employee shall provide the Company with not less than twelve (12) months prior

written notice of Employee's intent to retire. Failure by Employee to provide such written notice shall cause the Revised Retirement Policy (as hereinafter defined) to apply with respect to the vesting of Prospective Awards, but such failure shall have no effect whatsoever on the Prior Awards, all of which shall continue to be subject to the Original Retirement Policy. For purposes of this Agreement, (i) "Revised Retirement Policy" shall mean Employee has attained the age of (x) sixty (60) and has completed fifteen (15) years of continuous service with the Company or Allied Waste Industries, Inc. or (y) sixty-five (65) with five (5) years of continuous service with the Company or Allied Waste Industries, Inc. and (ii) all Annual Awards and all Long Term Awards shall vest and be paid on a prorated basis in an amount equal to the Annual Awards and Long Term Awards payment that the Compensation Committee of the Board of Directors determines would have been paid to Employee pursuant to the Executive Incentive Plan had Employee's employment continued to the end of the Performance Period multiplied by a fraction, the numerator of which is the number of completed months of employment during such Performance Period and the denominator of which is the total number of months in the Performance Period, within sixty (60) days after the end of the Company's Fiscal Year in which the Performance Period ends.

25. Supplemental Retirement Benefit

(a) If the Employee has a termination of employment for any reason, the Company shall pay the Employee a cash lump sum supplemental retirement benefit within thirty (30) days (or, if necessary to comply with Code Section 409A, six (6) months) following the date of termination equal to \$2,287,972 increased from December 5, 2008 until the date of termination based upon an annual interest rate of six percent (6%), compounded annually.

(b) If the Employee has a termination of employment for any reason, other than due to Cause hereunder, the Company shall continue providing medical, dental, and/or vision coverage to the Employee and/or the Employee's family, at least equal to that which would have been provided to the Employee if the Employee's employment had not terminated, until the earlier of (1) the date the Employee becomes eligible for any comparable medical, dental, or vision coverage provided by any other employer, or (2) the date the Employee becomes eligible for Medicare or any government-sponsored or provided health care program that provides benefits similar to Medicare (whether or not such coverage is equivalent to that provided by the Company). If Employee terminates employment due to Employee's actions or omissions that constitute Cause hereunder, he shall not be entitled to the benefits set forth in this Section 25(b).

26. Code Section 409A

(a) General. It is the intention of both the Company and Employee that the benefits and rights to which Employee could be entitled pursuant to this Agreement comply with Code Section 409A, to the extent that the requirements of Code Section 409A are applicable thereto, and the provisions of this Agreement shall be construed in a manner consistent with that intention. If Employee or the Company believes, at any time, that any such benefit or right that is subject to Code Section 409A does not so comply, it shall promptly advise the other and shall

negotiate reasonably and in good faith to amend the terms of such benefits and rights such that they comply with Code Section 409A (with the most limited possible economic effect on Employee and on the Company).

(b) Distributions on Account of Separation from Service. If and to the extent required to comply with Code Section 409A, any payment or benefit required to be paid under this Agreement on account of termination of Employee's employment shall be made upon Employee incurring a "separation of service" within the meaning of Code Section 409A.

(c) Timing of Severance Payments. Notwithstanding anything in this Agreement to the contrary, if Employee is deemed to be a "specified employee" for purposes of Code Section 409A, no Severance Payment or other payments pursuant to, or contemplated by, this Agreement shall be made to Employee by the Company before the date that is six months after the Employee's "separation from service" (or, if earlier, the date of Employee's death) if and to the extent that such payment or benefit constitutes deferred compensation (or may be nonqualified deferred compensation) under Code Section 409A. Any payment or benefit delayed by reason of the prior sentence shall be paid out or provided in a single lump sum at the end of such required delay period in order to catch up to the original payment schedule.

(d) No Acceleration of Payments. Neither the Company nor Employee, individually or in combination, may accelerate any payment or benefit that is subject to Code Section 409A, except in compliance with Code Section 409A and the provisions of this Agreement, and no amount that is subject to Code Section 409A shall be paid prior to the earliest date on which it may be paid without violating Code Section 409A.

(e) Treatment of Each Installment as a Separate Payment. For purposes of applying the provisions of Code Section 409A to this Agreement, each separately identified amount to which Employee is entitled under this Agreement shall be treated as a separate payment. In addition, to the extent permissible under Code Section 409A, any series of installment payments under this Agreement shall be treated as a right to a series of separate payments.

(f) Reimbursements. Notwithstanding anything in this Agreement to the contrary, any payment, to the extent such payment constitutes deferral of compensation under Code Section 409A, to reimburse the Employee in an amount equal to all or a designated portion of the Federal, state, local, or foreign taxes imposed upon Employee as a result of compensation paid or made available to Employee by the Company, including the amount of additional taxes imposed upon Employee due to the Company's payment of the initial taxes on such compensation, or for other reimbursements, shall be made no later than the end of Employee's taxable year next following Employee's taxable year in which Employee remits the related taxes or incurs such expense.

(g) Continued Health Benefits. In the event that Employee receives continued health benefits pursuant to Section 3, 4 or 25 of this Agreement, such expense or reimbursement shall meet the following requirements: (i) the amount of expenses eligible for reimbursement provided to Employee during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to Employee in any other calendar year, (ii) the reimbursements for expenses for which Employee is entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred, and (iii) the right to payment or reimbursement on in-kind benefits hereunder may not be liquidated or exchanged for any other benefit.

27. Beneficiary. If the Employee dies before receiving any payments due to him under Sections 3 or 4, or under Section 25 in the case of his death after terminating employment, the remaining payments will be paid to his beneficiary.

28. Arbitration. Except with respect to the remedies set forth in Section 9 hereof, if in the event of any controversy or claim between the Company or any of its affiliates and the Employee arising out of or relating to this Agreement, either party delivers to the other party a written demand for arbitration of a controversy or claim then such claim or controversy shall be submitted to binding arbitration. The binding arbitration shall be administered by the American Arbitration Association under its Commercial Arbitration Rules. The arbitration shall take place in Maricopa County, Arizona. Each of the Company and the Employee shall appoint one person to act as an arbitrator, and a third arbitrator shall be chosen by the first two arbitrators (such three arbitrators, the "Panel"). The Panel shall have no authority to award punitive damages against the Company or the Employee. The arbitrator shall have no authority to add to, alter, amend or refuse to enforce any portion of the disputed agreements. The Company and the Employee each waive any right to a jury trial or to petition for stay in any action or proceeding of any kind arising out of or relating to this Agreement.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date first above written.

REPUBLIC SERVICES, INC., a Delaware

corporation

By: _____

EMPLOYEE:

Donald W. Slager

Address for Notices: Address shown on the payroll records of the Company

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Exhibit 10.2

**NON-COMPETITION, NON-SOLICITATION, CONFIDENTIALITY
AND ARBITRATION AGREEMENT**

Republic Services, Inc. ("Company") and Michael Rissman ("Executive") enter into this Non-Competition, Non-Solicitation, Confidentiality and Arbitration Agreement ("Agreement"), effective October 30, 2013 ("Effective Date"). Company and Executive are collectively referred to as the "Parties" in this Agreement. The Parties agree as follows:

1. **Consideration Executive Will Receive Under This Agreement.** The Parties recognize that in order for Executive to perform duties on behalf of Company, Executive needs to manage, use or otherwise have access to Confidential Information (as defined below). Accordingly, Company agrees to provide Executive with access to Confidential Information, subject to the terms and conditions of this Agreement. Executive agrees that, in exchange for Company providing Executive with access to Confidential Information, Executive's eligibility to participate in Company's Executive Separation Policy or any successor or similar policy maintained by Company for the benefit of similarly situated employees, and Company's agreement to employ Executive on an at-will basis, Executive accepts all of the terms and conditions contained in this Agreement.

2. **General Duties.** Executive will be entrusted with significant responsibility for managing aspects of Company's business. Executive also acknowledges that, due to the confidential nature of Executive's job responsibilities, Executive will be entrusted with significant responsibility for managing, using and otherwise

handling Confidential Information (as defined below). Accordingly, Executive owes a fiduciary duty of loyalty, fidelity and allegiance to act at all times in the best interests of Company and to refrain from doing or saying anything to a third party or subordinate that injures Company.

3. Confidentiality Obligations.

3.1 For purposes of this Agreement, "Confidential Information" means Company's proprietary information which includes, but is not limited to: information that would qualify as a trade secret; customer lists and agreements; customer service information; names of customer contacts and the identities of decision-makers; marketing plans; development plans; formulas; price data; cost data; price and fee amounts; pricing and billing policies; quoting procedures; marketing techniques; forecasts and forecast assumptions and volumes; non-public information regarding Company's actual or potential customers, suppliers or other vendors; non-public information about Company's routes, territories or target markets; Company's internal personnel and financial information, including purchasing and internal cost information and information about the profitability of particular operations; internal sales, service and operational manuals, policies and procedures; non-public information regarding the manner and methods of conducting Company's business; non-public information about Company's future plans, potential acquisition, divestiture and other strategies; non-public information about Company's landfill development plans, landfill capacities, special projects and the status of any permitting process or investigation; non-public information that gives Company some competitive business advantage, or the opportunity of obtaining such an advantage, or the disclosure of which could be detrimental to Company's interests; and other information that is not generally known outside Company.

3.2 As a direct consequence of Executive's access to Confidential Information, Executive agrees to the following restrictions and further agrees that such restrictions are reasonable:

(a) During Executive's employment with Company and after Executive's employment ends, Executive will not disclose Confidential Information to any person or entity either inside or outside of Company within the United States or any other territory, province or location in which Company conducts business other than as necessary in carrying out Executive's duties and responsibilities for Company, nor will Executive use, copy or transfer Confidential Information other than as necessary in carrying out Executive's duties and responsibilities for Company, without first obtaining Company's prior written consent. Nothing in this Agreement prohibits Executive from providing information to any administrative or governmental agency, or from testifying under the power of a subpoena issued from a court of competent jurisdiction. In the event a court concludes that the above post-employment restriction is unreasonable, Executive's obligations under this Section 3.2(a) will expire five (5) years after Executive's employment with Company ends.

(b) During Executive's employment with Company, Executive agrees not to use or disclose any previously obtained trade secret, proprietary or confidential information that Executive received from a

prior employer or another third party.

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(c) Executive agrees that all patents, trademarks or any other type of intellectual property right, wholly or partially, conceived, made, developed or created, solely or with any third party, in the course of Executive's employment with Company or using Company's resources, that relates in any manner to the actual or reasonably anticipated business, research or development of Company, or that is suggested by Company, or results from matters of which Executive is aware of as a result of Executive's employment with Company, or from any task assigned to Executive or work performed by Executive for or on behalf of Company, is the sole and exclusive property of Company. In order to further protect Company, Executive assigns and transfers to Company, and Company's legal representatives, successors and assigns, all of Executive's right, title and interest in any and all inventions, discoveries, developments, improvements, techniques, designs, data, processes, systems, works of authorship and all other work products, including, but not limited to, the right to possess all patents, trademarks, copyrights or other intellectual property rights (everywhere in the world) that Executive, either solely or jointly with others, conceives, makes, acquires, suggests, reduces to practice, or otherwise creates during Executive's employment with Company (or within six months later provided Executive's work product was a result solely of that employment) or using Company's resources. In addition, both during and after Executive's employment with Company ends, Executive agrees to reasonably cooperate, execute and deliver all documents to obtain, maintain and enforce any of the intellectual property rights described above or to carry out the intent of this Agreement.

(d) When Executive's employment with Company ends, or at the earlier request of Company, Executive agrees to immediately return to Company all Company property in Executive's possession, custody or control, including anything containing Confidential Information, such as books, notes, plans, documents, records, drawings, specifications, blueprints, reports, studies, notebooks, computers, drives, files, discs, video, photographs, audio recordings, PDAs, tablets, Blackberry, iPhone and Android devices, mobile telephones or other devices used to store electronic data (including any and all copies) whether made by Executive or which came into Executive's possession concerning the business or affairs of Company. Upon Company's request, Executive agrees to provide Company with a written acknowledgment confirming that Executive has returned all Company property and Confidential Information.

4. Non-Competition and Non-Solicitation Obligations.

4.1 *Definitions.*

(a) "Non-hazardous Solid Waste Management" means the collection, hauling, disposal or recycling of non-hazardous refuse, and any other services or products offered, conducted, authorized or provided by Company during the last two (2) years of Executive's employment.

(b) "Principal Competitor" means: (1) Waste Management, Inc.; (2) Waste Connections, Inc.; (3) Progressive Waste Solutions, Ltd.; (4) Advanced Disposal Services, Inc.; (5) Casella Waste Systems, Inc.; or (6) any other public or private business (including their predecessors, successors, parents, subsidiaries, or affiliate operations) conducting Non-hazardous Solid Waste Management in three (3) or more states, territories or provinces in which Company conducts business.

(c) "Competitor" means any public or private business that provides Non-hazardous Solid Waste Management in any state, territory, province or other location in which Company conducts business.

(d) "Render Services" means any of the following activities, whether done directly or through others, whether done in person or through telephonic, electronic, or some other means of communication, and whether done as a principal, owner, director, officer, agent, employee, partner, member, contractor or consultant: (1) performing any kind of services, functions, duties or actions (including, but not limited to, sales, marketing, brokering, supervision and/or management) related to Non-hazardous Solid Waste Management; (2) developing, managing, analyzing, processing or otherwise handling data or information related to Non-hazardous Solid Waste Management; (3) developing, managing, analyzing, processing or otherwise handling data or information related to the potential or actual acquisition of businesses that engage in Non-hazardous Solid Waste Management, or participating in any decision, or developing, or implementing any strategy, to acquire such businesses; (4) conducting, participating in, or otherwise assisting any review of the prices/rates charged by Company, whether in connection with an initial contract bid, a contract extension or a request for a price/rate increase; (5) soliciting, requesting, reviewing, analyzing or otherwise handling Confidential Information about the costs (including SG&A or operational), revenues or profit margins of Company; (6) determining, advising or recommending whether to award a contract to Company, extend a contract with Company or whether, and to what extent, Company may increase its

prices/rates; or (7) performing any activities that are the same as, or substantially similar to, the duties and functions Executive performed for Company at any time during the last two (2) years of Executive's employment.

(e) "Solicit" means any direct or indirect interaction between Executive and another person or entity that takes place in an effort to develop or further a business relationship.

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(f) "Material Contact" exists with any customers or potential customers of Company with whom Executive dealt, whose dealings with Company were coordinated or supervised by Executive, about whom Executive obtained Confidential Information, or who received Non-hazardous Solid Waste Management services or products from Company and for which Executive received compensation, commission or earnings during the last two (2) years of Executive's employment.

(g) "Facility" means the physical location at which Company owns, leases or operates: (1) an office, workplace or other location where Company conducts business; (2) a collection operation; or (3) a post-collection operation (including, but not limited to, landfills, transfer stations, material recovery facilities, recycling facilities and compost facilities).

4.2 *Prohibition Against Competition.* During Executive's employment with Company, and for two (2) years after Executive's employment ends, Executive will not Render Services on behalf of any Principal Competitor, or any Competitor, within any state, territory, province or other location in which Company conducts business. In the event a court concludes that the above post-employment restriction is unreasonable, Executive agrees that, for eighteen (18) months after Executive's employment ends, Executive will not Render Services on behalf of any Principal Competitor, or any Competitor, within fifty (50) miles of any Facility.

4.3 *Prohibition Against Solicitation.*

(a) During Executive's employment with Company, and for two (2) years after Executive's employment ends, Executive will not Solicit on behalf of any Principal Competitor, or any Competitor, any customers or potential customers of Company with whom Executive had Material Contact. In the event a court

concludes that the above post-employment restriction is unreasonable, Executive will not Solicit on behalf of any Principal Competitor, or any Competitor, any customers or potential customers of Company with whom Executive had Material Contact for eighteen (18) months after Executive's employment with Company ends.

(b) During Executive's employment with Company, and for two (2) years after Executive's employment ends, Executive will not Solicit any employee, consultant, agent or independent contractor of Company to obtain employment with or perform services for another person or entity including, but not limited to, a Principal Competitor or a Competitor, to the detriment of Company. This restriction is limited to any employee, consultant, agent or independent contractor of Company that Executive had contact with during Executive's employment or with whom Executive had knowledge of by virtue of Executive's access to Confidential Information. In the event a court concludes that the above post-employment restriction is unreasonable, Executive will not Solicit any employee, consultant, agent or independent contractor of Company to obtain employment with or perform services for another person or entity including, but not limited to, a Principal Competitor or a Competitor, to the detriment of Company for eighteen (18) months after Executive's employment with Company ends.

4.4 *Practice of Law.* Company and Executive acknowledge that nothing in this Section 4 restricts Executive, in any way, from engaging in the practice of law other than that already imposed on Executive by the applicable ethical rules of professional conduct.

5. **Obligation to Avoid Conflicts of Interest.** During Executive's employment with Company, Executive agrees to abide by Company's Conflicts of Interests policy, which includes not becoming involved, directly or indirectly, in a situation that a reasonable person would recognize to be a conflict of interest with Company. If Executive discovers, or is informed by Company, that Executive has become involved in a situation that is an actual or likely conflict of interest. Executive will take immediate action to eliminate the conflict. Company's determination as to whether or not a conflict of interest exists will be conclusive.

6. **Notice to New Employers.** During Executive's employment with Company, and for two (2) years after Executive's employment ends, Executive will provide a copy of this Agreement to any prospective employer before accepting any offer of employment, or Rendering Services on behalf of any Principal Competitor or any Competitor.

7. **Judicial Modification.** If a court determines that any of the provisions in Sections 2, 3, 4, 5 or 6 of this Agreement are overbroad or unenforceable, the Parties expressly authorize the court to modify or strike the provision and impose the broadest restrictions permissible under the law, without affecting any other provision of this Agreement.

8. **Certain Definitions and Understandings.** The Parties expect that some or all of the duties or responsibilities of Company under this Agreement may be satisfied by its parent, subsidiary, related or successor companies ("Affiliates"). Accordingly, Executive acknowledges that the discharge of any duty or responsibility of Company under this Agreement by one or more of its Affiliates discharges Company's duty or responsibility in that regard. Executive further acknowledges that Executive's obligations under this Agreement will be owed to Company and its Affiliates (collectively referred to as "Company" in this Agreement).

9. **Injunctive Relief.** The Parties agree that, if Executive breaches any of the provisions in Sections 2, 3, 4, 5 or 6 of this Agreement, Company will suffer immediate and irreparable harm and that, in the event of such breach, Company will have, in addition to any and all remedies of law, the right to an injunction, specific performance and other equitable relief. Additionally, to provide Company with the protections it has bargained for in this Agreement, any period of time in which Executive has been in breach will extend, by that same amount of time, the time for which Executive should be prevented from further breaching the promises Executive made in Sections 2, 3, 4, 5 and 6 of this Agreement.

10. **Assignment.** Company may assign this Agreement upon written notice to Executive. Executive's rights and obligations under this Agreement are personal to Executive and may not be assigned.

11. **Waiver of Breach.** The waiver by any Party of a breach of any provision of this Agreement will neither operate nor be construed as a waiver of any subsequent breach.

12. **Attorneys' Fees.** The Parties agree that, if Executive is found to have breached any term, provision or section of this Agreement, Company will be entitled to recover the attorneys' fees and costs it incurred in enforcing this Agreement.

13. **Governing Law, Jurisdiction and Venue.** This Agreement shall be governed and interpreted in accordance with the laws of the State of Arizona. Additionally, the Parties agree that the courts situated in Maricopa County, Arizona will have personal jurisdiction over them to hear all disputes arising under, or related to, this Agreement and that venue will be proper only in Maricopa County, Arizona.

14. **Arbitration.** With the sole exception of any breach by Executive of the obligations Executive assumed under Sections 2, 3, 4, 5 and 6 of this Agreement (the breach of which permits Company to obtain judicial relief due to the exigent circumstances presented by such a breach), all other alleged breaches of this Agreement, or any other dispute between the Parties arising out of or in connection with Executive's employment with Company will be settled by binding arbitration to the fullest extent permitted by law. This Agreement to arbitrate applies to any claim for relief of any nature, including, but not limited to, claims of wrongful discharge under statutory or common law; employment discrimination based on federal, state or local statute, ordinance or governmental regulations, including, but not limited to, discrimination prohibited by Title VII of the Civil Rights Act, the Age Discrimination in Employment Act, the Americans with Disabilities Act, the Family Medical Leave Act, and the Fair Labor Standards Act; claims of retaliatory discharge or other acts of retaliation; compensation disputes; tortious conduct; contractual violations; ERISA violations; and other statutory and common law claims and disputes, regardless of whether the statute was enacted or whether the common law doctrine was recognized at the time this Agreement was signed.

The Parties understand that they are agreeing to substitute one legitimate dispute resolution forum (arbitration) for another (litigation) because of the mutual advantages this forum offers, and are waiving their right to have their disputes (except as to alleged breaches of Sections 2, 3, 4, 5 and 6 of this Agreement) resolved in court. This substitution involves no surrender, by either Party, of any substantive, statutory or common law benefit, protection or defense.

The Parties agree that the arbitration proceeding will be conducted in Maricopa County, Arizona in accordance with the National Rules for the Resolution of Employment Disputes (National Rules) of the American Arbitration Association (AAA) in effect at the time a demand for arbitration is made. One arbitrator shall be used and he or she shall be chosen by mutual agreement of the Parties. If the Parties cannot agree on the selection of an arbitrator after thirty (30) days, an arbitrator shall be chosen by the AAA pursuant to its National Rules. The arbitrator shall coordinate and, as appropriate, limit all pre-arbitration discovery. However, the Parties shall have the right to obtain discovery through appropriate document requests, information requests, and depositions. The arbitrator shall issue a written decision and award, stating the reasons for the award. The decision and award shall be exclusive, final, and binding on the Parties, their heirs, executors, administrators, successors, and assigns.

Company will pay all costs and expenses associated with the arbitration, except for the filing fees and costs that would have been required had the proceeding been initiated and maintained in a state or federal court located in Maricopa County, Arizona, which fees and costs Executive agrees to pay. Each Party agrees to pay their own respective attorneys' fees and expenses throughout the arbitration proceeding. The arbitrator may award the

successful Party its attorneys' fees and expenses at the conclusion of the arbitration and any other relief provided by law.

15. **Entire Agreement, No Oral Amendments.** This Agreement replaces and merges all previous agreements and discussions relating to the subjects addressed in this Agreement and it constitutes the entire agreement between the Parties in that regard. This Agreement may not be modified except by a written agreement signed by Executive, or Executive's representative, and an authorized representative of Company.

The Parties, intending to be bound, execute this Agreement as of the Effective Date.

EXECUTIVE COMPANY

_____ By _____
Title _____

Exhibit 10.3

**AMENDMENT NO. 3 TO
REPUBLIC SERVICES, INC. DEFERRED COMPENSATION PLAN
AS AMENDED AND RESTATED EFFECTIVE JANUARY 1, 2010**

WHEREAS, Republic Services, Inc. (the "Company") maintains the Republic Services, Inc. Deferred

Compensation Plan (the "Plan");

WHEREAS, the Plan was most recently amended and restated effective as of January 1, 2010 and further amended by Amendment No. 1 and Amendment No. 2 thereto; and

WHEREAS, the Company desires to further amend the Plan to limit the effect of Amendment No. 2 to those participants who retire on or before October 29, 2013.

NOW THEREFORE, the Plan is hereby amended, effective as of October 29, 2013 as follows:

I.

Section 3.9(c)(v) is hereby amended in its entirety to read as follows:

(v) A Participant who Retires on or before October 29, 2013 and is eligible to receive Retirements Benefits in accordance with Article VI may (x) elect at any time following the six (6) month anniversary of the date of the Participant's Retirement to reallocate part or all of the portion of the Participant's Account Balance that is allocated to the Republic Services Stock Unit Fund to one or more of the Measurement Funds (as described in Section 3.9(a) above) and to thereafter reallocate such amounts among the Measurement Funds in accordance with the provisions contained in Section 3.9 and (y) elect to receive, at such time or times that such amounts are otherwise payable under the Plan, part or all of the portion of the Participant's Account Balance that is allocated to the Republic Services Stock Unit Fund in cash (rather than shares of Stock) equal to the fair market value of the shares of Stock equal in number to the number of the Participant's Units under the Plan that are being distributed in cash. The number of Units credited to a Participant's Account Balance shall be reduced if and to the extent the Participant elects to reallocate amounts allocated to the Stock Unit Fund to the Measurement Funds or the Participant elects a distribution of cash for amounts allocated to the Stock Unit Fund. The Committee may, in its discretion, establish rules and procedures setting forth the method and timing of making any election described in this Section 3.9(c)(v) and the date on which such election shall become effective.

IN WITNESS WHEREOF, the Company has caused the Plan to be amended as set forth herein as of October 29, 2013.

REPUBLIC SERVICES, INC.

By: _____

Name: Michael P. Rissman

Title: Executive Vice President and

General Counsel

EXHIBIT 31.1

CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a),

AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Donald W. Slager, certify that:

I. I have reviewed this quarterly report on Form 10-Q of Republic Services, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report:
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared:
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles:
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Donald W. Slager

Donald W. Slager
President and Chief Executive Officer
(Principal Executive Officer)

Date: October 31, 2013

EXHIBIT 31.2

CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a),

AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Glenn A. Culpepper, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Republic Services, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the

registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

- b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Glenn A. Culpepper

Glenn A. Culpepper

Executive Vice President and

Chief Financial Officer

(Principal Financial Officer)

Date: October 31, 2013

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Republic Services, Inc. (the Company) for the period ended September 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Donald W. Slager, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Donald W. Slager

Donald W. Slager
President and Chief Executive Officer
(Principal Executive Officer)

Date: October 31, 2013

AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Republic Services, Inc. (the Company) for the period ended September 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Glenn A. Culpepper, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Glenn A. Culpepper

Glenn A. Culpepper
Executive Vice President and Chief
Financial Officer
(Principal Financial Officer)

Date: October 31, 2013

