# CITY OF HUNTINGTON PARK

## REQUEST FOR PROPOSAL

## SOLID WASTE FRANCHISE AGREEMENT

Submitted by:

REPUBLIC SERVICES

2531 E. 67th St.,Long Beach, CA 90805
James Castro, GM (562)347-4055

Date: May 22, 2014
Time: 2:00 p.m.

# Transmittal Letter

May 22, 2014

Mr. James A. Enriquez, P.E.
Director of Public Works/City Engineer
**City of Huntington Park**
6550 Miles Avenue
Huntington Park, California 90255

***Request for Proposals: Solid Waste Handling Services***

Dear Mr. Enriquez:

Consolidated Disposal Service, LLC d/b/a Republic Services (a wholly owned subsidiary of Republic Services, Inc.) is pleased to provide the City of Huntington Park with its response to the above referenced *Request for Proposals (RFP)*. Republic has thoroughly reviewed and considered the City's *RFP*, all attachments, exhibits, addenda and other documents relative to the *RFP*. Republic agrees to all terms and conditions presented in the *RFP* documents, even if not specifically stated in its response.

As indicated throughout its response, Republic is the current service provider for commercial collection services in Huntington Park, and is a known entity through its service history and proven track record of performance and safety in the service area. Republic has the infrastructure in place to allow it to continue providing the same excellent service Huntington Park businesses have come to expect from Republic and facilitate a smooth expansion of residential collection services.

By continuing to utilize Republic as its contractor, the City will eliminate considerable expense, risk, and customer inconvenience associated with transition to a new contractor. Resources can then be directed toward the expansion of commercial services and the implementation of residential services to continue to fully comply with all recycling legislation, including AB 32, AB 341, and AB 818. Most importantly, Republic will easily meet the City's start date with virtually no customer inconvenience.

Republic is confident in its ability to meet and/or exceed all requirements of the *Scope of Work* presented in the *RFP*. Republic has the financial assets and capability to procure equipment and provide all services as specified in the *RFP*. A copy of the most recent Annual Report and SEC 10K filing has been included with its response to the City's request for production of financial data, and as evidence of the Company's financial strength.

Upon execution of a contract, the company representative for the City will be Susanne Passantino, Sr. Area Municipal Services Manager; Susanne may be reached directly at 818-974-5136. The General Manager of the Long Beach Division is James Castro.

May 22, 2014
Mr. James A. Enriquez, P.E.
Page Two

We, at Republic appreciate the City's consideration of Republic's response and look forward to the opportunity to continue servicing Huntington Park.

I am authorized to make representations for Republic during the proposal process and am authorized to execute the impending franchise with the City on behalf of Republic.

Sincerely,

Ronald R. Krall
Area President

# CITY OF HUNTINGTON PARK
## ADDENDUM NO. 1

**ADDENDUM DATE:** APRIL 28, 2014
**TO:** ALL PROSPECTIVE PROPOSERS (SENT VIA EMAIL)
**FROM:** JAMES ENRIQUEZ, PUBLIC WORKS DIRECTOR/CITY ENGINEER
**PROJECT TITLE/DESCRIPTION:** **Request for Proposals for Solid Waste Handling Services**

**SUBJECT:** ADDENDUM NO. 1

This ADDENDUM NO. 1 relates to the above referenced **Request for Proposals for Solid Waste Handling Services** (hereinafter "the RFP") which will be undertaken by the City of Huntington Park. This Addendum No. 1 shall be considered part of the Proposal documents and provides the following revisions and/or information:

The following documents are attached to this Addendum No. 1:

A. Questions and Comments from Prospective Proposers - (14 pages)
B. Pre-proposal Meeting Attendance Sheet - (5 pages)
C. Attachments to Addendum No. 1
   1) **Attachment 1** - Revised RFP (without attachments) - (22 pages)
   2) **Attachment 2** - Revised pages for Attachment 1-A of the RFP (Current Service Data - Additional data included in Attachment 1-B, 1-D, 1-E and 1-F) - (5 pages)
   3) **Attachment 3** - Revised Attachment 1-A of the RFP (Rate, Supporting Cost, and Operating Data Proposal Forms) - (11 pages) **—(NOTE THAT THESE FORMS ARE ALSO ATTACHED TO THE EMAIL DISTRIBUTION FOR ADDENDUM NO. 1 IN EXCEL FORMAT)—**
   4) **Attachment 4** - Revised Draft Agreement - (89 pages)
   5) **Attachment 5** - Redline pages of RFP - (15 pages)
   6) **Attachment 6** - Redline pages of Draft Agreement - (27 pages)
D. Excel files (electronic) for the Revised Attachment 4 of the RFP

**NOTE: Proposers may submit follow-up questions to the answers presented in this addendum and the related revisions to the RFP and Draft Agreement within three (3) business days from the release of the addendum. The City retains its sole discretion to answer any follow-up questions received after the deadline or new questions and may choose to do so if it believes the response may significantly impact proposal responses.**

CITY OF HUNTINGTON PARK

JAMES ENRIQUEZ, P.E.
PUBLIC WORKS DIRECTOR/CITY ENGINEER

**END OF ADDENDUM NO. 1**

**Failure to include a copy of all addenda, each with the Proposer's signature acknowledging receipt of the addendum, in the Proposal submitted in response to this RFP will be considered sufficient reason for rejection of the Proposal.**

(SIGNATURE OF PROPOSER'S AUTHORIZED REPRESENTATIVE ACKNOWLEDGING RECEIPT OF ADDENDUM MUST BE SIGNED)

SIGNATURE: Ronald B. Krull — PRINT NAME — 5/14/2014 — DATE

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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 31,000 employees serving more than 13 million customers through 348 collection companies operating within a network of 145 business units in 40 states and Puerto Rico. Republic owns or operates 204 transfer stations, 193 active solid waste landfills, and 76 recycling facilities and operates 73 landfill gas and renewable energy projects including two solar landfill cover projects.

- ***Nationwide, Republic serves more than 12,000,000 residential and 1,000,000 commercial customers weekly and holds nearly 3,000 municipal contracts.***

### *Southern California Operations*

Republic has long-term exclusive solid waste collection contracts with 35 municipalities in Los Angeles, Orange and San Bernardino Counties. Republic is the largest holder of exclusive integrated waste management services contracts in Los Angeles and Orange Counties, possessing the financial, technical, and operational wherewithal to meet and exceed the City's *RFP* requirements.

In addition, Republic has non-exclusive contracts or permits for residential and/or commercial solid waste collection in twenty-one (21) jurisdictions in Los Angeles County, and approximately 34,000 open area commercial/industrial accounts in LA County, in the aggregate, making Republic the largest hauler in the region.

### *Benefits of Incumbency*

Republic has the honor of being Huntington Park's current commercial collection services provider. By selecting Republic as its continued partner, the City will avoid numerous, significant disruptions that are associated with transition to a new contractor. Primarily, Republic is a known entity through its service history and proven track record of exemplary performance and safety in Huntington Park.

## *Financial Strength*

*Republic has the highest credit ranking of the top ten largest waste services companies.*

Republic Services, Inc. is the leading solid 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 $8.4 billion and total assets of almost $20 billion.

## *Environmental Sustainability*

**Republic recycles more than 3.3 million tons of material annually.**

Republic is committed to partnering with its communities to create greater sustainability. Nationwide and locally, 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.

Republic's hauling experience throughout the Southern California region is augmented by a multimillion dollar material recovery facility located in Anaheim. Permitted to process 6,000 tons per day with a design capacity of 8,000 tons, Republic's Regional Recycling Complex is one of the largest processing facilities of its kind in the world. With a current average of 4,800 tons of materials passing through the facility each day, there is ample capacity to processes Huntington Park's single-stream materials now and throughout the term of the *Agreement*.

*Republic's Regional Recycling Complex – Anaheim, CA.*

At the facility, single stream recyclables are processed at the rate of 50 tons per hour with a 95 percent recovery rate. Republic's commitment to staying on the cutting edge of sustainability and continuous advancement in infrastructure is what sets Republic apart from its competitors. This commitment to being on the leading edge allows us to guarantee we will exceed the diversion requirements set forth in this Request for Proposal.

## *Value-Added Service*

Committed to quality service, Republic's experienced local management team maintains a hands-on approach both during and after the transition to ensure customer safety and satisfaction is kept at the forefront of everything we do.

Republic's proposal includes:

- A full service three-container automation collection program delivered through the use of clean energy vehicles.
- Republic will pilot a commercial food waste/organics collection and processing program to be put in place by the end of contract year one. The program will serve large sit-down restaurants and educational institutions; food waste from these establishments will be taken to a permitted food waste facility, which is permitted to accept all food wastes.
- The program features an annual compost giveaway program, which is a nice complement to Republic's comprehensive public education program.
- The addition of quarterly document shredding services.
- A huge benefit relating to public education is the fact that Republic Services is the service provider to the Los Angeles Unified School District. Because Huntington Park is under the LAUSD, the children of Huntington Park benefit greatly from the recycling education they receive through the Republic-LAUSD program. The education Huntington Park receive will complement, support, and sync nicely with Republic's curbside recycling program.
- Republic's honored *We're Looking Out for You* neighborhood watch program. Republic's drivers will work with local emergency response agencies to help keep Huntington Park neighborhoods safe.

As the City's environmental partner, Republic will engage in civic events to make the Huntington Park community a better place to live and work. In addition to the proposed waste and recycling services for city/community events, Republic enjoys being an active, engaged member of the community whether it is participating in a parade with Republic's 1951 vintage trash truck or showcasing Republic's talking and dancing recycle robot, MRFY.

## *Summary*

*Republic's financial strength, transparency, local transition experience, and local infrastructure brings tremendous reassurance to the City as it makes the very important decision of awarding a new contract for integrated solid waste management services. Republic looks forward to the post-proposal process and assisting the City in creating a world-class program for residents and businesses of Huntington Park.*

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# 1 Rate Schedule, Supporting Costs, Operating Data

## 1 Rate Schedule, Supporting Cost, Operating Data

## 1a Rate Schedule

The following rate- and cost-related forms are inserted following this page in the order they appear in *Attachment 4* of the City's *RFP*:

- Form 4-A: Proposed Estimated First Year Rate Revenue
- Form 4-B: Proposed Estimated First Year Residential Cart Service Revenue
- Form 4-C: Proposed Estimated First Year Bin and Commercial Cart – Proposed Rates
- Form 4-D: Proposed Estimated First Year Bin and Commercial - Service Count
- Form 4-E: Proposed Estimated First Year Bin and Commercial Cart – Rate Revenue
- Form 4-F: Proposed Estimated First Year Roll-Off Box and Temporary Bin Revenue
- Form 4-G: source Separated Commercial Recycling
- Form 4-H: Projected Revenue Requirement for First 12 Months of Franchise Agreement
- Form 4-I: Projected Routes and Hours
- Form 4-J: Tonnage Diversion Program

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## ATTACHMENT 4

## RATE, SUPPORTING COST, AND OPERATING DATA PROPOSAL FORMS

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| 4-A | Proposed Estimated First-Year Rate Revenue |
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| 4-G | Source Separated Commercial Recycling (if proposed) |
| 4-H | Projected Revenue Requirement for First Twelve Months of Franchise Agreement |
| 4-I | Projected Routes and Route Hours |
| 4-J | Tonnage Diversion Plan |

## PROPOSED ESTIMATED FIRST-YEAR RATE REVENUE

**Proposing Company:** **CONSOLIDATED DISPOSAL SERVICE,LLC dba REPUBLIC SERVICES**

Confirm that rate revenue is accurately reflected, based upon proposer's proposed rates.

| Row | Service Category | Proposed First Year Annual Rate Revenue[1] | Reference |
|---|---|---|---|
| 1 | **Residential Cart Service Revenue** | $ 1,226,700 | Attachment 4-B, Row 8 |
| 2 | **Bin and Commercial Cart Revenue** | $ 4,107,924 | Attachment 4-E, Row 24 |
| 3 | **Proposed Roll-off Box and Temporary Bin Rate Revenue** | $ 188,425 | Attachment 4-F, Row 10 |
| 4 | **Total Annual Estimated First-Year Rate Revenue** | $ 5,523,049 | |

(1) Inclusive of all City fees.

**Failure to complete and submit this form may deem the proposer's proposal non-responsive.**

## PROPOSED ESTIMATED FIRST YEAR RESIDENTIAL CART SERVICE REVENUE

**Proposing Company:** **LIDATED DISPOSAL SERVICE,LLC dba REPUBLIC SEF**

Instructions: Propose monthly rate in bolded boxes for standard service, additional refuse cart, and "non-disabled" walk-out service. Senior rate shall be 90% of proposed standard rate. Other rates are pre-set at $0.

| Row | Service Category | Monthly Rate | Billing Count | Monthly Revenue | Annual Revenue |
|---|---|---|---|---|---|
| 1 | Standard Rate Per Dwelling Unit | $ 16.50 | 6,126 billing units | $ 101,079 | $ 1,212,948 |
| 2 | Senior Rate | $ 14.85 | 7 billing units | $ 104 | $ 1,248 |
| 3 | Additional Refuse Cart | $9.74 | 107 carts | $ 1,042 | $ 12,504 |
| 4 | Additional Recycling Cart | $ - | | | |
| 5 | Additional Green Waste Cart | $7.09 | | | |
| 6 | Walkout Service - Disabled | $ 14.85 | | | |
| 7 | Walkout Service - Other/Paid | $ 18.98 | | | |
| 8 | Total Revenue | | | | **$ 1,226,700** |

**Failure to complete and submit this form may deem the proposer's proposal non-responsive.**

**PROPOSED ESTIMATED FIRST YEAR BIN AND COMMERCIAL CART - PROPOSED RATES**

**Proposing Company:** CONSOLIDATED DISPOSAL SERVICE,LLC dba REPUBLIC SERVICES

Instructions: Enter all proposed rates in bolded box.

**Proposed Rates**

| Row | Container Type/Size | Number of Collections per Week | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 1 | **Outside District 1** | | | | | | | |
| 2 | Refuse Cart - 96 gallon | $ 51.11 | | | | | | |
| 3 | Refuse Bin - 1 Cubic Yard | $ 112.63 | | | | | | |
| 4 | Refuse Bin - 1.5 Cubic Yard | $ 112.63 | $ 206.91 | $ 258.03 | $ 323.57 | $ 381.19 | $ 469.54 | $ 558.50 |
| 5 | Refuse Bin - 2 Cubic Yard | $ 132.30 | $ 225.00 | $ 276.30 | $ 344.70 | $ 430.20 | $ 515.70 | $ 607.56 |
| 6 | Refuse Bin - 3 Cubic Yard | $ 148.50 | $ 241.20 | $ 297.00 | $ 372.60 | $ 460.80 | $ 556.20 | $ 652.50 |
| 7 | Refuse Bin - 3 Cubic Yard w/Compactor | | | | | | | |
| 8 | Refuse Bin - 4 Cubic Yard | $ 173.48 | $ 263.49 | $ 324.24 | $ 404.70 | $ 498.66 | $ 600.07 | $ 701.52 |
| 9 | Refuse Bin - 4 Cubic Yard w/Compactor | | | | | | | |
| 10 | Refuse Bin - 6 Cubic Yard | $ 232.56 | $ 328.37 | $ 495.25 | $ 645.77 | $ 795.30 | $ 944.86 | $ 1,094.46 |
| 11 | Locking Lid Service | $ 4.00 | $ 4.00 | $ 4.00 | $ 4.00 | $ 4.00 | $ 4.00 | $ 4.00 |
| 12 | **District 1** | | | | | | | |
| 13 | Refuse Cart - 96 gallon | $ 51.11 | | | | | | |
| 14 | Refuse Bin - 1 Cubic Yard | $ 112.63 | | | | | | |
| 15 | Refuse Bin - 1.5 Cubic Yard | $ 112.63 | $ 206.91 | $ 258.03 | $ 323.57 | $ 381.19 | $ 469.54 | $ 558.50 |
| 16 | Refuse Bin - 2 Cubic Yard | $ 132.30 | $ 225.00 | $ 276.30 | $ 344.70 | $ 430.20 | $ 515.70 | $ 607.56 |
| 17 | Refuse Bin - 3 Cubic Yard | $ 148.50 | $ 241.20 | $ 297.00 | $ 372.60 | $ 460.80 | $ 556.20 | $ 652.50 |
| 18 | Refuse Bin - 3 Cubic Yard w/Compactor | | | | | | | |
| 19 | Refuse Bin - 4 Cubic Yard w/Compactor | $ 173.48 | $ 263.49 | $ 324.24 | $ 404.70 | $ 498.66 | $ 600.07 | $ 701.52 |
| 20 | Locking Lid Service | $ 4.00 | $ 4.00 | $ 4.00 | $ 4.00 | $ 4.00 | $ 4.00 | $ 4.00 |

**Failure to complete and submit this form may deem the proposer's proposal non-responsive.**

## PROPOSED ESTIMATED FIRST YEAR BIN AND COMMERCIAL CART - SERVICE COUNT

**Proposing Company:** CONSOLIDATED DISPOSAL SERVICE,LLC dba REPUBLIC SERVICES

### Service Count (1)

| Row | Container Type/Size | Number of Collections per Week | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 1 | **Outside District 1** | | | | | | | |
| 2 | Refuse Cart - 96 gallon | 360 | | | | | | |
| 3 | Refuse Bin - 1 Cubic Yard | 73 | 1 | | 1 | | | |
| 4 | Refuse Bin - 1.5 Cubic Yard | 124 | 4 | 1 | | | | |
| 5 | Refuse Bin - 2 Cubic Yard | 362 | 16 | 4 | 1 | 1 | 1 | |
| 6 | Refuse Bin - 3 Cubic Yard | 411 | 170 | 123 | 33 | 17 | 18 | |
| 7 | Refuse Bin - 3 Cubic Yard w/Compactor | | | | | | | |
| 8 | Refuse Bin - 4 Cubic Yard | 43 | 31 | 16 | 11 | 5 | 26 | 1 |
| 9 | Refuse Bin - 4 Cubic Yard w/Compactor | | | | | | | |
| 10 | Refuse Bin - 6 Cubic Yard | 6 | | 5 | | | | |
| 11 | Locking Lid Service | 156 | 32 | 14 | 1 | 3 | 7 | |
| 12 | **District 1** | | | | | | | |
| 13 | Refuse Cart - 96 gallon | 130 | | | | | | |
| 14 | Refuse Bin - 1 Cubic Yard | 14 | | | | | | |
| 15 | Refuse Bin - 1.5 Cubic Yard | 3 | | | | | | |
| 16 | Refuse Bin - 2 Cubic Yard | 18 | 1 | 1 | | | | |
| 17 | Refuse Bin - 3 Cubic Yard | 15 | 13 | 18 | 10 | 6 | 1 | |
| 18 | Refuse Bin - 3 Cubic Yard w/Compactor | | | | | | | |
| 19 | Refuse Bin - 4 Cubic Yard w/Compactor | | | | | | | |
| 20 | Locking Lid Service | 9 | 4 | 3 | 1 | | | |

(1) Hauler-provided estimated revenue-generating commercial cart and bin distribution. Scheduled City facility service deleted.

**Failure to complete and submit this form may deem the proposer's proposal non-responsive.**

## PROPOSED ESTIMAED FIRST YEAR BIN AND COMMERCIAL CART - RATE REVENUE

**Proposing Company:** CONSOLIDATED DISPOSAL SERVICE,LLC dba REPUBLIC SERVICES

Instructions: Rate Revenue should automatically calculate. Proposer should confirm calculations.

**Rate Revenue**

| Row | Container Type/Size | Number of Collections per Week | | | | | | | Estimated Annual Rate Revenue |
|---|---|---|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | |
| 1 | **Outside District 1** | | | | | | | | |
| 2 | Refuse Cart - 96 gallon | $ 18,400.00 | $ - | $ - | $ - | $ - | $ - | $ - | $ 18,400.00 |
| 3 | Refuse Bin - 1 Cubic Yard | $ 8,222.00 | $ - | $ - | $ - | $ - | $ - | $ - | $ 8,222.00 |
| 4 | Refuse Bin - 1.5 Cubic Yard | $ 13,966.00 | $ 828.00 | $ 258.00 | $ - | $ - | $ - | $ - | $ 15,052.00 |
| 5 | Refuse Bin - 2 Cubic Yard | $ 47,893.00 | $ 3,600.00 | $ 1,105.00 | $ 345.00 | $ 430.00 | $ 516.00 | $ - | $ 53,889.00 |
| 6 | Refuse Bin - 3 Cubic Yard | $ 61,034.00 | $ 41,004.00 | $ 36,531.00 | $ 12,296.00 | $ 7,834.00 | $ 10,012.00 | $ - | $ 168,711.00 |
| 7 | Refuse Bin - 3 Cubic Yard w/Compactor | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 8 | Refuse Bin - 4 Cubic Yard | $ 7,459.00 | $ 8,168.00 | $ 5,188.00 | $ 4,452.00 | $ 2,493.00 | $ 15,602.00 | $ 702.00 | $ 44,064.00 |
| 9 | Refuse Bin - 4 Cubic Yard w/Compactor | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 10 | Refuse Bin - 6 Cubic Yard | $ 1,395.00 | $ - | $ 2,476.00 | $ - | $ - | $ - | $ - | $ 3,871.00 |
| 11 | Locking Lid Service | $ 624.00 | $ 128.00 | $ 56.00 | $ 4.00 | $ 12.00 | $ 28.00 | $ - | $ 852.00 |
| 12 | **District 1** | | | | | | | | |
| 13 | Refuse Cart - 96 gallon | $ 6,644.00 | $ - | $ - | $ - | $ - | $ - | $ - | $ 6,644.00 |
| 14 | Refuse Bin - 1 Cubic Yard | $ 1,577.00 | $ - | $ - | $ - | $ - | $ - | $ - | $ 1,577.00 |
| 15 | Refuse Bin - 1.5 Cubic Yard | $ 338.00 | $ - | $ - | $ - | $ - | $ - | $ - | $ 338.00 |
| 16 | Refuse Bin - 2 Cubic Yard | $ 2,381.00 | $ 225.00 | $ 276.00 | $ - | $ - | $ - | $ - | $ 2,882.00 |
| 17 | Refuse Bin - 3 Cubic Yard | $ 2,228.00 | $ 3,136.00 | $ 5,346.00 | $ 3,726.00 | $ 2,765.00 | $ 556.00 | $ - | $ 17,757.00 |
| 18 | Refuse Bin - 3 Cubic Yard w/Compactor | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 19 | Refuse Bin - 4 Cubic Yard w/Compactor | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 20 | Locking Lid Service | $ 36.00 | $ 16.00 | $ 12.00 | $ 4.00 | $ - | $ - | $ - | $ 68.00 |
| 22 | Monthly Revenue | | | | | | | | $ 342,327.00 |
| 23 | x 12 months | | | | | | | | 12 |
| 24 | Estimated Annual Revenue | | | | | | | | **$ 4,107,924.00** |

**Failure to complete and submit this form will deem the proposer's proposal non-responsive.**

## PROPOSED ESTIMATED FIRST YEAR ROLL-OFF BOX AND TEMPORARY BIN REVENUE

**Proposing Company:** CONSOLIDATED DISPOSAL SERVICE,LLC dba REPUBLIC SERVICES

Instructions: Enter all proposed rates in the bolded boxes below.

| Row | Container/Service Type | Customer Rate | | Service Count | | Estimated Rate Revenue |
|---|---|---|---|---|---|---|
| 1 | **Roll-Off Service** | | | | | |
| 2 | Service Component - including 6 tons disposal/processing, delivery and seven day rental | | | | | |
| 3 | Standard Roll-Off Box | $559.43 | per pull | 208 | pulls | $ 116,361 |
| 4 | Low Boy Roll-Off Box | $559.43 | per pull | 40 | pulls | $ 22,377 |
| 5 | Compactor (all sizes) | $559.43 | per pull | 85 | pulls | $ 47,552 |
| 6 | Total Service Component | | | 333 | pulls | |
| 7 | Per ton over 6 tons | $ 50.00 | per ton | | | |
| 8 | **Total Estimated Roll-Off Rate Revenue** | | | | | **$ 186,290** |
| 9 | **Temporary Bin 3 Cubic Yard** | $ 142.30 | per dump | 15 | dumps | $ 2,135 |
| 15 | Other | | | | | |
| 16 | Other | | | | | |
| 17 | Other | | | | | |
| 18 | Other | | | | | |
| 19 | Other | | | | | |
| 10 | **Estimated Annual Rate Revenue** | | | | | **$ 188,425** |

## SOURCE SEPARATED COMMERCIAL RECYCLING (if proposed)

**Proposing Company: D DISPOSAL SERVICE,LLC dba REPU**

Instructions: Provide source separated commercial/multi-family recycling program estimates and attach supporting assumptions and computations for the following:

| | | | |
|---|---|---|---|
| 1 | # of Customers with Recycling Containers | 540 | customers |
| 2 | Total Number of Recycling Containers: | | |
| 3 | - Recycling Bins | 105 | bins |
| 4 | - Recycling Carts | 870 | carts |
| 5 | Total Yards per Week of Recycling Container Capacity (1) | 540.0 | yards/week |
| 6 | Estimated Reduction in Refuse Service Container Capacity | 540.0 | yards/week |
| 7 | Estimated Annual Recycling Rate Revenues (2) | $ 5,913 | per year |
| 8 | Estimated Annual Reduction in Refuse Service Rate Revenue | $ 11,826 | per year |
| 9 | Net Annual Rate Revenue Increase (Decrease) | $ (5,913) | per year |

(1) Conversion Factor: 201.98 gallons/yard

(2) Billed at 50% of refuse rate.

**If Proposing a Source Separated Commercial Recycling Program -**
**Failure to complete and submit this form may deem the proposer's proposal non-responsive.**

**PROJECTED REVENUE REQUIREMENT FOR THE FIRST TWELVE MONTHS OF FRANCHISE AGREEMENT**

**Proposing Company: ONSOLIDATED DISPOSAL SERVICE,LLC dba REPUBLIC SERVICE**

Instructions: Fill in boxes outlined in bold.

| Row | | Residential Cart Service | | | Bin Service | | Roll-Off Service | Bulky Item Pickup, Holiday Trees, Special Events, Clean-up Days, All Other | Total Annual Revenue Requirement |
|---|---|---|---|---|---|---|---|---|---|
| | | Refuse | Recyclables | Yard Waste | Refuse | Recyclables | | | |
| 1 | Operations | | | | | | | | |
| 2 | Truck Operating Costs (a) | $ 283,992 | $ 144,432 | $ 129,083 | $ 1,105,357 | $ 22,558 | $ 73,261 | $ 34,350 | $ 1,793,033 |
| 3 | Transfer Station, Transport, MRF costs | $ 173,320 | $ - | $ - | $ 244,233 | $ - | $ 62,774 | $ 531 | $ 480,858 |
| 4 | Green Waste Processing/Disposal Costs | $ - | $ - | $ 74,046 | $ - | $ - | $ 407 | $ - | $ 74,453 |
| 5 | Landfill Disposal Costs (b) | $ 239,678 | $ - | $ - | $ 695,685 | $ - | $ 86,740 | $ 729 | $ 1,022,831 |
| 6 | Transformation Costs (WTE, if applicable) | $ - | $ - | $ - | $ 409,375 | $ - | $ - | $ - | $ 409,375 |
| 7 | Container Depreciation/Amortization Costs | $ 40,631 | $ 37,790 | $ 37,790 | $ 81,464 | $ 2,868 | $ 5,125 | $ - | $ 205,669 |
| 8 | Less Recyclable Material Sales Revenues | $ - | $ (24,900) | $ - | $ - | $ (4,500) | $ - | $ - | $ (29,400) |
| 9 | **Subtotal: Operations Costs** | $ 737,621 | $ 157,322 | $ 240,919 | $ 2,536,114 | $ 20,926 | $ 228,308 | $ 35,610 | $ 3,956,820 |
| 10 | General, Administrative and Profit | | | | | | | | $ 600,743 |
| 11 | Annualized Administrative Fee | | | | | | | | $ 50,000 |
| 12 | Bulky/Abandoned Item Cost Reimbursement | | | | | | | | $ 25,000 |
| 13 | Annualized Auditing Fee (c) | | | | | | | | $ 20,000 |
| 14 | Amortized City Contracting Fee (d) | | | | | | | | $ 21,429 |
| 15 | Franchise Fee - 15% | | | | | | | | $ 828,457 |
| 16 | Other | | | | | | | | $ 20,600 |
| 17 | **TOTAL REVENUE REQUIREMENT** | | | | | | | | $ 5,523,049 |
| 18 | **Tons Collected** | 9,625 | 1,038 | 1,962 | 28,330 | 449 | 4,015 | 30 | 45,449 |
| 19 | **Operations Cost Per Ton Collected** | $ 76.63 | $ 151.56 | $ 122.79 | $ 89.52 | $ 46.61 | $ 56.87 | $ 1,187.00 | $ 87.06 |
| 20 | **Revenue Requirement per Ton Collected** | | | | | | | | $ 121.52 |

(a) Includes vehicle maintenance, vehicle insurance, fuel, uniforms and other route costs.

(b) Includes actual disposal costs at landfill, net of transfer, transport and processing to be included on Row 3.

(c) Biennial audits annualized assuming one $60,000 and two $40,000 audits during the term.

(d) $150,000 amortized over the seven-year base term of the agreement.

**Failure to complete and submit this form may deem the proposer's proposal non-responsive.**

**PROJECTED ROUTES AND ROUTE HOURS**

**Proposing Company:** **CONSOLIDATED DISPOSAL SERVICE,LLC dba REPUBLIC SERVICES**

Instructions: Fill in boxes outlined in bold.

| Row | Route Type | Routes Per Day | | | | | | | Total Route Days/Week | Hours per Route per Day (1) | Total Route Hours Per Week (2) | # of Crew on Route |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Mon | Tues | Wed | Thurs | Fri | Sat | Sun | | | | |
| 1 | Automated Refuse Routes | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | | | 6.5 | 10.0 | 65 | 1.3 |
| 2 | Automated Recycling Routes | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | | | 4.5 | 7.7 | 35 | 0.9 |
| 3 | Automated Green Waste Routes | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | | | 3.0 | 11.0 | 33 | 0.6 |
| 4 | Refuse Bin Routes | 3.8 | 3.8 | 3.8 | 3.8 | 3.8 | | | 19.0 | 11.6 | 220 | 6 |
| 5 | Recycling Bin Routes | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | | | 1.0 | 5.0 | 5 | 0.2 |
| 6 | Bulky Item Pickup Routes | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | | | 1.0 | 4.0 | 4 | 0.2 |
| 7 | Roll-Off Box Routes | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | | | 2.5 | 10.0 | 25 | 0.5 |
| 8 | Scout Vehicle Routes | | | | | | | | - | | - | |
| 9 | Other: _____ | | | | | | | | - | | - | |
| 10 | Other: _____ | | | | | | | | - | | - | |
| 11 | Total Routes | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 | - | - | 37.5 | | 387 | |

(1) For example, 8, 9 or 10 hours per day.

(2) Total Route Days/Week multiplied by Hours Per Route per Day.

**Failure to complete and submit this form may deem the proposer's proposal non-responsive.**

**TONNAGE DIVERSION PLAN**

**Proposing Company:** CONSOLIDATED DISPOSAL SERVICE,LLC dba REPUBLIC SERVICES

Instructions: Provide projected diversion. Fill in boxes outlined in bold. Confirm automatic calculations.

| Row | Waste Stream | Annual Tons Collected (from 4H, row 18) | Annual Tons Diverted | | | | | | | | Tons Diverted as % of Tons Collected |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Commingled Recycling | Greenwaste | C&D | Transformation | Mixed Waste Processing | Food Waste | Other (1) | Total Diverted | |
| 1 | Residential Cart Refuse | 9,625 | | | | | | | | - | 0% |
| 2 | Residential Cart Recyclables | 1,038 | 1,038 | | | | | | | 1,038 | 100% |
| 3 | Residential Cart Greenwaste | 1,962 | | 1,962 | | | | | | 1,962 | 100% |
| 4 | Bin Refuse | 28,330 | | | | 6,250 | 260 | | | 6,510 | 23% |
| 5 | Bin Recyclables | 449 | 449 | | | | | | | 449 | 100% |
| 6 | Roll-Off Service | 4,015 | 445 | | 300 | | | | | 745 | 19% |
| 7 | Bulky Item Pickup/ Holiday Trees/Special Events/Clean-up Days/ All Other | 30 | | 15 | | | | | | 15 | 50% |
| 8 | Total | 45,449 | 1,932 | 1,977 | 300 | 6,250 | 260 | - | - | 10,719 | 24% |
| 9 | Minimum Recovery Rate for Processing Mixed Refuse (refuse loads only, excluding all source separated loads): | | | | | | | | | | 29% |

(1) Describe "Other" programs below:

**Failure to complete and submit this form may deem the proposer's proposal non-responsive.**

ESTIMATED source seperated recycling program

| | | Yards |
|---|---|---|
| Customers with 1 yd recycling bin | 105 | 105 |
| Multi family with 2 recycling carts | 870 | 435 |
| | | 540 |

# 2 Exceptions to Draft Agreement Terms

Republic takes no exceptions to the terms of the draft *Agreement*.

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# 3 Proposer Business Information

## 3 Proposer Business Information

## 3a General Information

### *Legal Entity Name and Status*

Consolidated Disposal Service, LLC (d/b/a Republic Services) is the legal bidding entity, and is a Los Angeles County operating division and wholly owned subsidiary of Republic Services, Inc., the second largest solid waste services provider in the nation. Parent company Republic Services, Inc. is a publicly-held company (NYSE: RSG). Throughout this bid, the entity is generally referred to as Republic, except where noting legal distinctions expressly related to the bidding entity.

### *Corporate Guaranty*

Republic has noted that the City may seek a corporate guaranty from the parent company, Republic Services, Inc. The parent company is able and willing to give such a guaranty if such guaranty is deemed appropriate and necessary by both parties. The guaranty would be substantially in the form given in *Attachment 6 – Corporate Guaranty.*

### *Shareholders with More than Five Percent Interest*

Cascade Investments, LLC owns approximately 14.8 percent of the parent company's equity as of December 31, 2010.

### *Officers of Consolidated Disposal Service, LLC*

Officers of Consolidated Disposal Service are shown in the chart on the following page.

# Corporate Data Sheet Report

As of May 12, 2014

## Consolidated Disposal Service, L.L.C.

**Incorporated in Delaware on 06/15/1998**

**Status:** Current
**Entity Type:** Limited Liability Company
**Federal ID #:** 65-0644469 **Internal #:** 2R
**Domicile:**

### Primary Address

18500 North Allied Way
Phoenix, Arizona 85054

### Officers

| | Title |
|---|---|
| Jeffrey D. Andrews | President |
| Steven Heath Eddleblute | Executive Vice President |
| Brian A. Bales | Vice President |
| Tim M. Benter | Vice President |
| Brian M. DelGhiaccio | Vice President |
| W. T. Eggleston, Jr. | Vice President |
| Ronald R. Krall | Vice President |
| James H. Olson | Vice President |
| Michael P. Rissman | Vice President |
| Andrew J. Sweet | Vice President |
| Lawrence Focazio | Vice President, Tax |
| Eileen B. Schuler | Secretary |
| Tim M. Benter | Assistant Secretary |
| W. T. Eggleston, Jr. | Assistant Secretary |
| Michael P. Rissman | Assistant Secretary |
| Charles F. Serianni | Assistant Secretary |
| Andrew J. Sweet | Assistant Secretary |
| Edward A. Lang, III | Treasurer |
| Marsha A. Lacy | Assistant Treasurer |

### Direct Owners

| | Registered in | %Ownership |
|---|---|---|
| Republic Services, Inc. | Delaware | 100.0000 % |

### Registrations

| | | Charter No. | Tax ID No. | Date | End Date |
|---|---|---|---|---|---|
| **California** | Qualification | 199817510088 | | 06/24/1998 | |
| **Delaware** | Incorporation | 2907615 | | 06/15/1998 | |

## *Consolidated Disposal Service, LLC – Length of Time in Business*

The bidding entity, Consolidated Disposal Service, LLC DBA Republic Services has been in business since 1998.

## *Office Locations*

The following office/headquarters locations are pertinent to this contract. The hauling division from which Republic's collection crews are dispatched daily is located less than ten miles from Huntington Park. The Area office, which provides oversight of all contracts in the Los Angeles marketplace, as well additional support and resources, is located in Santa Fe Springs.

| Republic Services<br>Long Beach Hauling Division | Republic Services<br>Area Office | Republic Services<br>Corporate Headquarters |
|---|---|---|
| 2531 E. 67th St.<br>Long Beach, CA 90805 | 12949 Telegraph Road<br>Santa Fe Spring, CA 90670 | 18500 N. Allied Way<br>Phoenix, AZ 85054 |

As required by the new *Agreement*, Republic will establish a customer service center in the City during the days and hours, including Saturday, established in the *RFP*. Preliminarily, Republic has arranged to rent desk space from the Chamber of Commerce. However, Republic would like to share its experience that these well-intentioned positions generally are highly underutilized. As an alternate consideration, Republic will offer the City the salary for that position to use however it sees fit in connection with the program; for instance, as an offset to residential rates.

# 3 Proposer Business Information

## 3b Legal Actions

City of Huntington Park RFP Disclosure for Section 3.1.c.ii (Legal Actions) of the Addendum No. 1
Proposer: Consolidated Disposal Service, L.L.C.

**PROPOSER:**

| Matter Name | Description | Court OR County | Case No. | Date Resolved | Description of Resolution | Filing or Start Date |
|---|---|---|---|---|---|---|
| Casmalia Disposal Site / BFI Medical Waste Systems of California, Inc. Allied Waste Industries, Inc., BFI Waste Systems of North America, Inc.<br><br>Add: Consolidated Disposal Service, L.L.C. successor to Briggeman Disposal Services, Inc.<br><br>Ann: Republic Waste Services of Southern California, LLC aka Tammind Industries, LLC | The Site encompasses the former Casmalia Resources Hazardous Waste Management Facility, an inactive commercial hazardous waste facility, which operated from 1973 to 1989. Located on a 252 acre parcel in Santa Barbara County, California, the facility consists of six landfills, numerous surface impoundments, disposal trenches, injection wells, waste spreading areas and tank treatment systems.<br><br>Complaint for Recovery of Response Costs and Declaratory Relief Pursuant to CERCLA filed on 8/29/11 | U.S. District Court, Central District of California | CV11-07061 | | In Litig. Consent Decree entered into with the Casmalia Steering Committee (does not include the Company). USEPA is working on de minimis settlements for the sale Republic Waste Services of Southern California, LLC agreed to a cash-out settlement offer in the amount of $1,960 which was paid in November 2011. Still pending as to Consolidated Disposal Service L.L.C. | 10/14/1994 |
| Operating Industries Superfund Site Los Angeles, California / Ledbetter Waste Systems, Inc. Allied Waste Systems, Inc.<br><br>Added Party as of 3/17/2010: Consolidated Disposal Service, Inc. | The Operating Industries site is located near the Pomona Freeway in Los Angeles. It operated from 1948-1984, when it was closed and subsequently made the subject of a CERCLA action by EPA in 1988 against some 60 generators, and was settled by partial consent agreements pursuant to which the generators committed to pay $61,000,000 and $170,000,000 respectively. The generators brought an action in 1990 against 29 municipalities, which then brought action against various haulers, including Ledbetter. The Company is party to a de minimis party billing agreement effective thru October 14, 2012.<br><br>On 3/17/2010, the United States Environmental Protection Agency - Region IX - issued an "Operating Industries, Inc., Site De Maximis Settlement Offer" to Consolidated Disposal Service, Inc. | United States Environmental Protection Agency | | Mar-11 | De minimis settlement $33,152 for Allied Waste Systems, Inc. and $145,071 for Consolidated Disposal Service, L.L.C. | 05/01/1994 |

**PROPOSER:**

| Matter Name | Description | Court OR County | Case No. | Date Resolved | Description of Resolution | Filing or Start Date |
|---|---|---|---|---|---|---|
| BMWK Apex Waste vs. Board of Education of the City of Los Angeles as the Governing Board of the Los Angeles Unified School District<br><br>Real Party In Interest: Consolidated Disposal Service, L.L.C. | Petition for a writ of mandate to rescind an award of contract filed against the Board of Education of the City of Los Angeles who awarded a contract for rubbish collection and recycling services to Consolidated Disposal Service, L.L.C. on 12/6/11 | California Superior Court, County of Los Angeles | BS133263 | 12/21/2012 | Settled. Petition and Amended Petition dismissed with prejudice. Contract unaffected. The Company paid a small amount to LAUSD to be applied to the amount paid by LAUSD to Apex. | 12/27/2011 |
| Citizens For A Fair Trash Contract Citizens of Los Alamitos v. City of Los Alamitos, Consolidated Disposal Service, LLC, Marilynn Poe, a Los Alamitos City Council member, Kenneth Stephens, a Los Alamitos City Council member and Troy Edgar, a Los Alamitos City Council member | Plaintiff sought an order rescinding and or declaring void the Los Alamitos trash collection contract awarded by the City Council to Consolidated Disposal Service, L.L.C. ("CDS") and executed on or about July 1, 2010. The Plaintiff alleged, among other things, that Los Alamitos city Council failed to follow the competitive public bidding process when it started the process of selecting a new trash collection and disposal contract. | Superior Court of the State of California, Orange County, Central Justice Center | 00120414 | 09/22/2012 | Settled and case dismissed. | 10/27/2010 |
| Consolidated Disposal Service, LLC v. Key Disposal, Inc., John Kalangian and Cross Complaint Key Disposal, Inc. v. Consolidated Disposal Service, LLC, Republic Services, Inc., Kurt Bratton | Cross-Complaint for: Breach of Written Agreement, Interference with Contract, etc. | Superior Court of California, County of Los Angeles-Central | BC499931 | | Pending | 05/03/2013 |

PROPOSER:

| Matter Name | Description | Court OR County | Case No. | Date Resolved | Description of Resolution | Filing or Start Date |
|---|---|---|---|---|---|---|
| Riad Alkoud, a/k/a Ray Alkoud, Steven Acevedo, Western Loan & Jewelry, LLC, and Shahram Moussavi, as individuals and on behalf of all similarly situated "PERSONS" of Unincorporated Los Angeles County v. Consolidated Disposal Service, LLC, Republic Services, Inc., Allied Waste Services of North America, LLC, Allied Waste Transfer Services of California, LLC, et al.<br><br>Class Action | Plaintiffs allege, among other things, fraud, negligent misrepresentation and violation of unfair competition law in connection with charges for garbage collection and disposal to businesses in one of the seven garbage disposal districts within the unincorporated County of Los Angeles. | California Superior Court, County of Los Angeles, Central District | BC464116 | | Pending | 05/22/2011 |
| OSHA Violation - Gardena Hauling/Consolidated Disposal Service, LLC | Alleged "Serious" violation because the Company allegedly did not effectively implement an operative injury and illness prevention program in connection with employees hand position during container handling. On December 1, 2010, an employee sustained a serious injury when he aligned the side channel of the container to the fork of the truck.<br><br>Inspection Sites: Alley of 334 Arena St., El Segundo, CA (location of employee's injury) and 14005 S. San Pedro St., Gardena, CA 90247 (location of employee's place of employment) | California Division of Occupational Safety and Health | 314958432 | 04/23/2012 | Settled. Order regarding the settlement and resolution of the case entered on 4/23/12. Final penalty reduced to $975 and categorized as a "General" violation. | 12/09/2010 |

# 3 Proposer Business Information

## 3c Financial Statements

Republic Services, Inc. files consolidated tax returns on behalf of itself and all of its subsidiaries, including Consolidated Disposal Service, LLC. The 2013 *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 Huntington Park 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 2013 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 can 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)

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|
| **Revenue** | $8,417.2 | $8,118.3 | $8,192.9 | $8,106.6 | $8,199.1 |
| **Operating income** | $1,210.3 | $1,320.6 | $1,552.7 | $1,539.1 | $1,589.8 |
| **Net income** | $588.9 | $571.8 | $589.2 | $506.5 | $495.0 |
| **Total assets** | $19,949.2 | $19,616.9 | $19,551.5 | $19,461.9 | $19,540.3 |
| **Stockholders' equity** | $7,906.1 | $7,705.7 | $7,683.4 | $7,848.9 | $7,567.1 |

Republic Services, Inc. and its affiliates represent the second largest integrated waste management company in the United States by revenue, and one of the strongest financially among the major publicly-held solid waste management companies in the nation, with annual revenue of approximately $8.4 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. Republic's strong financial base serves to lend more value.

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.

Should the City award a contract to Republic, the Company is willing and prepared to execute a parent company guaranty as indicated in the *RFP*.

## 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 |

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 other fair gain/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

# 3 Proposer Business Information

## 3d Key Employees

Republic employs approximately 1,100 men and women throughout Los Angeles County. Of this, Republic's Long Beach Operating Facility—the operations base for the City of Huntington Park, employs approximately 300 men and women. Republic's labor force has organized and operates under a *Collective Bargaining Agreement*. Because the Republic employees named in the preceding organization chart are considered key to operations, as required in the *RFP* documents their résumés are included in biography format on the following pages of this proposal. Their current positions are named on both the organization chart, and on their individual résumés. Each of these individuals are highly qualified to hold their positions, possessing a significant amount of industry experience, and most have been employed in the local area for several years. All are focused on safely providing excellent service with the highest levels of professionalism and pride.

This local management team possesses excellent operations experience. This team's unique combination of traditional solid waste collection experience, recycling expertise, innovative management systems, and knowledge of new technological advances in the solid waste industry places Republic in the best position to expand on any new contract requirements or value added programs in Huntington Park.

Additionally, Republic's in-house training, personnel advancement and recruitment programs—arguably the most comprehensive in the industry—enable Republic to attract and retain the most highly qualified, dedicated, and experienced professionals in the business today. ***Because of Republic's contracts with numerous municipalities in the Los Angeles marketplace, and because Republic is a current service provider in Huntington Park, Republic has the distinct advantage of having all personnel and infrastructure in place, as well as complete familiarity with Huntington Park.***

To underscore the Company's commitment to serve the County of Los Angeles, *Area President* **Ron Krall** and *Senior Area Municipal Services Manager* **Susanne Passantino**

together with Division General Manager **James Castro** will have the general oversight of the Huntington Park contract. The following additional employees, referenced by *Area* and *Division* will oversee the various operational and administrative components of the continuance of services.

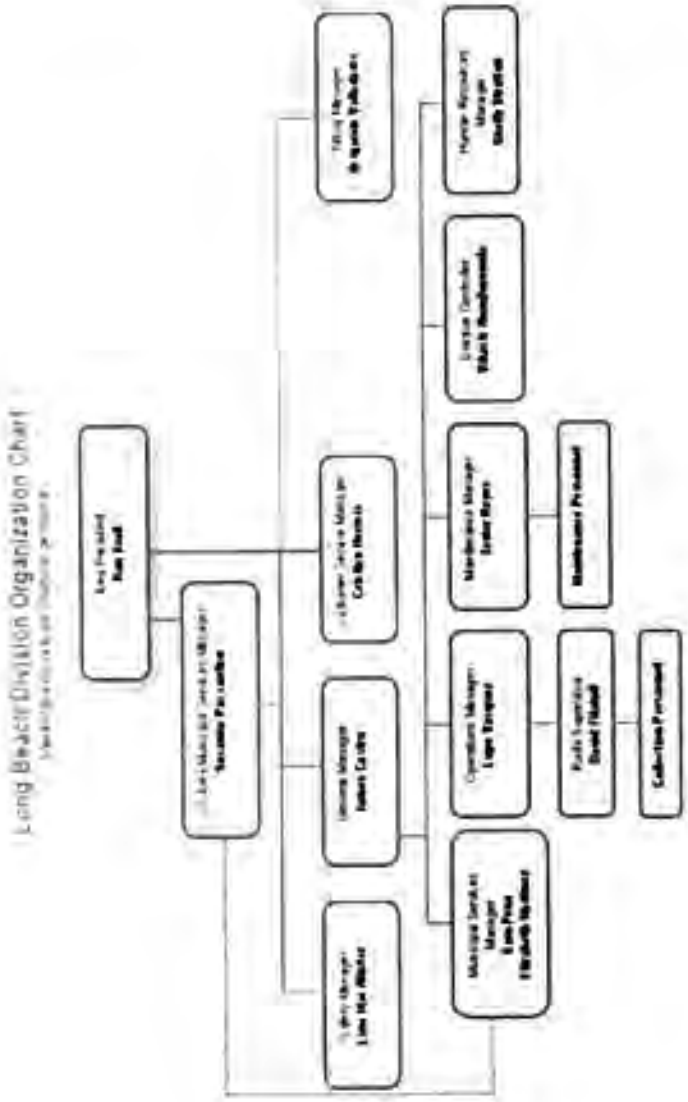
*Area Personnel*

**Ron Krall** (President)
**Susanne Passantino** (Municipal Services Manager)
**Lane MacAllister** (Safety)
**Cristian Herrera** (Customer Service Manager)
**Ben Valladares** (Billing Manager)

*Division Personnel*

**James Castro** (General Manager)
**Sam Pena** (Municipal Relationship Manager)
**Elizabeth Martinez** (Municipal Relationship Manager)
**Lupe Vasquez** (Operations Manager)
**David Filatoff** (Route Supervisor)
**Javier Reyes** (Maintenance Manager)
**Vikash Jhunjhunwala** (Controller)
**Shelly Stratton** (Human Resources Manager)

On-going, daily management and operation of the contract will be overseen by General Manager James Castro and Operations Manager Lupe Vasquez, in conjunction with other key local management team members and complemented by the ongoing supervision of Area President Ron Krall.


Long Beach Division Organization Chart

## Area Personnel

### Ron Krall, Area President

*Resume*

Ron graduated from Canisius College with a B.S. in Accounting in 1984 and has been employed in positions of significant responsibility with affiliates of Republic Services since 1986. Ron began his career with Browning Ferris Industries (BFI) as an Accounting Manager for in New York and was later promoted to General Manager. Ron was promoted several times at BFI, eventually relocating to Michigan as an Area Vice President overseeing services for America's automotive industry.

In April 1999, Ron joined Republic as Vice President of Sales and Marketing, and was subsequently promoted to Vice President, General Manager, prior to accepting the role of Area President in October 2000. In 2003, Ron was promoted to Regional Vice President of Republic's East Region, leading 68 operating divisions in eight states with annual revenue of more than $800 million. In 2008, Ron was promoted to Senior Vice President of the East Region, leading 9,800 employees in 228 divisions across 14 states with total annual revenue of $2.3 billion. Ron relocated back to California in 2012 to manage Republic's Los Angeles-Orange County Area.

Ron is one of the most well respected leaders in our industry, possessing a unique cross section of experience and management skills that helps to set Republic apart from the competition. His hands-on approach and dedication to managing Republic's operations is reflected in the superior service that we provide to our municipalities as well as our unparalleled contract retention rate.

*Responsibilities*

Ron will be responsible for the overall success of the Huntington Park program and compliance with the contract and program objectives in conjunction with the General Manager. He will maintain communication with the City either through direct contact or supervision of the local Republic staff members and is responsible for a successful transition to and implementation of new programs. Above all, he is responsible for seeing that employees in the Los Angeles Area are motivated, excited about the program, and provides excellent customer service.

## Area Personnel

### Susanne Passantino, Sr. Municipal Services Manager

*Resume*

Susanne serves as Republic's Area Municipal Services Manager for the Los Angeles Area. Susanne is the County's primary point of contact during the post proposal process. Susanne has over 19 years of experience in the Waste Industry and has a combined tenure with both Allied Waste and Republic Services of 15 years. Susanne served as Division Sales Manager for the San Fernando Valley and Ventura divisions of Allied/Republic until she was promoted to Division Municipal Services Manager in 2005. In June 2011, Susanne was promoted to Senior Area Municipal Services Manager for the LA Area. Susanne holds a Bachelor's degree from UC-Irvine.

*Responsibilities*

Susanne 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.

## Area Personnel

## Lane MacAllister, Safety Manager

### *Resume*

Lane joined Republic Services in February of 2009 as the Area Safety Manager for the Southern California Area. Shortly after serving in the Area role, Lane was promoted to West Region Safety Director, responsible for safety at Republic's sites spanning over 8 states. Lane served as a police officer for 16 years, with expertise in traffic accident investigation/reconstruction, as well as Commercial vehicle enforcement. Lane has spent approximately ten years consulting in the waste industry, teaching defensive driving, accident investigation, as well as drug and alcohol reasonable suspicion. Lane also spent 4 years in the television and radio industry, all in the greater Los Angeles market place. Lane has over 14 years of operations and safety experience in the Solid Waste and Transportation Industries, with extensive training in OSHA, Cal OSHA and Department of Transportation Standards.

### *Responsibilities*

- Implements and ensures compliance with policies, procedures, and regulations relating to safety programs and risk management.
- Responsible for training programs and related continuing education, supervising and mentoring Safety Representatives, Claims Administrators, and Driver Trainers at each of Republic's Los Angeles Area Divisions, in conjunction with the Area Human Resources Manager, General Managers, Division Safety Managers, Operations Managers, Route Supervisors, and Maintenance Managers.
- Recognizes, evaluates, recommends, and implements policies and procedures to assure awareness of and compliance with all regulatory and safety requirements of the organization.
- Works with and provides direction to all employees regards to regulatory and safety requirements.
- Responsible for establishing and enforcing compliance with all applicable local, state, and federal regulations pertaining to safety.
- Assess hazards, drives to root causes and implements containment and controls to prevent incident. Creates and administers formal safety review processes - focusing on not only unsafe conditions but also unsafe acts.
- Reviews incident trends and adjusts programs' focus accordingly. Drives all actions to timely completion and final closure.

- Generates all necessary internal and external reports, as needed.
- Develops and provides basic safety training that is compliant with all regulations.
- Promotes communication programs to increase employee awareness of all safety issues.
- Responsible for communicating, providing training, and enforcing safety initiatives.

## Area Personnel

### Cristian Herrera, Customer Service Manager

*Resume*

Cristian Herrera is the Los Angeles Area Call Center Sr. Manager overseeing the Santa Fe Springs and Anaheim Call Centers. Over his career Cristian has accumulated more than fifteen years of experience in customer service and call centers management. Cristian joined Republic Services in June of 2007 as a Call Center Analyst. In this role Cristian managed the call center workforce, forecasted call volume, and developed key performance metrics reporting. In February of 2013, Cristian was promoted to Customer Service Manager of the Anaheim Division. Then in early 2014, Cristian was promoted to Area Call Center Sr. Manager. In this new role Cristian works closely with the Republic Services Area, Region, and Corporate Offices to implement standardized initiates and strategies to drive customer experience. As an Area Manager Cristian has incorporated Republic Services' culture of establishing a company where the best people come to work, devoted to meeting the needs of our customers every day on every interaction.

***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 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.

- Ensures the most efficient use of labor while balancing quality levels of customer service based on current and historical data.
- 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 as needed.

## Area Personnel

### Benjamin Valladeres, Billing Manager

*Resume*

Ben has 10 years of Healthcare industry experience in accounting, finance, business analytics, project management, System implementations and information technology. Ben is a Certified Lean Six Sigma belt (project management certification). Ben recently has joined the Republic team and has held several management positions with Medtronic, and Quest Diagnostics. Ben has directed and implemented 5 program system launches which include IDX, SAP and the EPIC billing system. Most recently Ben was responsible for all Southern California Laboratory billing for Quest Diagnostics which also included all CA prison laboratory billing. Ben is also a Microsoft Certified Expert in Excel, PowerPoint, Word and Access. Ben is currently managing the LA Area Info-Pro billing, TRUX billing and the City Reporting teams.

*Responsibilities*

- Provides administrative support to the Division.
- Supervises and coordinates the effective and timely preparation of monthly invoices, accurate monthly billing adjustments, and the handling of billing questions and discrepancies.
- 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 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 and 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.

## Area Personnel

### Kennetha Jespers, Recycling Manager

Republic's Los Angeles Area Recycling Manager, Kennetha oversees all recycling and community outreach administration for the LA area, while reporting to the Sr. Area Municipal Service Manager.

*Resume*

Kennetha has over nine years of waste management industry experience in recycling, community involvement, and community outreach. Kennetha was the Recycling Coordinator for the Sun Valley division of BFI and Allied Waste Services before merging with Republic Services. After the merger, she took on the additional roll of Community Outreach Specialist becoming more involved with the contract communities with recycling education and contract compliance. In 2011, Kennetha was promoted to Area Recycling Manager for the entire LA area.

*Responsibilities*

Kennetha is responsible for developing and implementing recycling outreach and education programs to meet the contract requirements of Republic contracts within the Los Angeles area. This includes the following:

- Creator, layout and writer of collateral materials describing Republic programs
- Development of customer instructional materials for all generator types
- Coordination of mailings, such as newsletters, informative brochures and billing inserts, ensuring they meet contract specifications
- Responsible for collaborating with jurisdictions and getting approvals in advance of printing and distribution
- Works with Republic's outreach and education specialists to ensure programs are refreshed and effective

## Division Personnel

### James Castro, General Manager

*Resume*

James has 30 years of experience in the solid waste management and transportation industries, most of which have been in division and site management positions. Prior to joining Republic, James served in various management capacities for Waste Management, Inc. Before entering the solid waste management arena, James served in a variety of management and supervisory capacities for United Parcel Service covering a 20-year time span. James' extensive experience with UPS, combined with his experience in the solid waste industry, gives him a unique blend and cross section of management experience and organizational discipline in a multitude of 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. James has also been the recipient of several industry awards and recognitions including the Gold Certification Service Machine Award (in 2002).

*Responsibilities*

- James will be responsible for all Huntington Park contract operations, including collection customer service, fleet maintenance, contract administration, and compliance.
- In conjunction with the management staff, James reviews and signs off daily on all departmental reports to monitor adherence to program objectives and department performance goals.
- James will have the authority to enact changes needed to assure continuity of service in any situation. He will be available as needed to assist City staff with any Huntington Park sponsored programs or service issues.
- James ensures that Republic's employees adhere to corporate policies and any Huntington Park policies and procedures unique to the program. A key responsibility is to ensure that each employee feels that she/he is a vibrant part of the Republic family and supports the corporate philosophy of "our customers come first."
- Builds and maintains strong and effective relations with relevant government, community and environmental groups.

## Division Personnel

### Sam Pena, Municipal Relationship Manager

*Resume*

Sam joined Republic in April 2008. Prior to his appointment, Sam served in numerous elected and appointed positions for the City of Maywood over a span of 22 years. Sam was a five-time Mayor, two-time Mayor Pro-Tem, City Council member, and two-time Chairman of the Maywood Redevelopment Agency.

Sam became one of the youngest Mayors in the history of the City of Maywood and, at the time, one of the youngest Mayors in the nation in 1999. Sam was appointed as the Chairman of the Maywood Planning Commission at the age of 18, elected City Clerk for the City of Maywood at the age of 23 and President of the Maywood Lions Club at the age of 25.

*Responsibilities*

- Sam will also manage Republic's community affairs and relations activity in the District and will work closely with the Area Recycling Manager to develop effective public education methods and collateral materials.
- Meets regularly with key decision-makers within assigned municipalities to continuously bring value-added services to the relationship.
- Conducts on-site client reviews continually to ensure that quality service is effectively delivered and 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.

## Division Personnel

## Elizabeth Martinez, Municipal Relationship Manager

*Resume*

Elizabeth has 16 years of experience in the solid waste industry, having worked for Republic as an Account Manager since 2004. Elizabeth has extensive experience overseeing commercial accounts, school districts and other contract services and is very knowledgeable in local and state disposal policies. Elizabeth has been a prestigious Republic Services Chairman Awards winner nearly every year since 2007 and a nominee since 2005. Elizabeth attended Cal State University, Los Angeles. Additionally, Elizabeth grew up in El Monte and graduated from Rosemead High School. She has three children; her oldest son attends La Salle High School in Pasadena.

*Responsibilities*

Elizabeth is responsible for the development and implementation of the division strategy for contract 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:

- Attends bid conferences as necessary. Prepares and delivers responses to RFPs and bids, as well as, sales presentations and follows up directly with key decision-makers.
- 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.

## Division Personnel

### Lupe Vasquez, Operations Manager

*Resume*

Lupe has over 25 years of experience working in the waste industries. Beginning with BFI Waste Industries in 1985, started working as a bin repair welder for the Gardena Division. Lupe repaired bins and drove bin delivery and scout trucks. After working in that department for ten years, Lupe worked his way up to operations in 1995 as a Roll off dispatcher. During his time in Dispatch he had the opportunity to work with operations personnel and learned from them. After four years Lupe was promoted to a route supervisor and started working in franchised cities and the Los Angeles County area. Lupe has hands-on experience in all aspects of waste hauling operations as well as knowledge of all City service areas. Lupe has rolled out the residential automated trash, recycling, and green waste collection services in numerous cities throughout Los Angeles County.

*Responsibilities*

- Manages daily operations of the Long Beach hauling Division. 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.

## Division Personnel

### David Filatoff, Field Route Supervisor

*Resume*

David has worked locally in the solid waste industry for over 20 years, beginning as a driver helper in 1988. He moved into the position of dispatcher after 7 years of driving and soon thereafter he was promoted to Route Supervisor. David has maintained his commercial driver license and he is always eager to lend a helping hand to divisions in need. David currently oversees the solid waste collection services to several of our municipalities.

### *Responsibilities*

- Supervises employees performing collection services, including development and evaluation of routing (in conjunction with the Operations Manager), training and oversight of drivers, and implementation and enforcement of safety procedures.
- Anticipates and organizes work to meet operational needs. Plans routes and other operational activities to ensure efficient daily staffing levels.
- Serve as the Company's field Service Liaison and will be available to the City at all times.
- Maintains open communications with Division departments to ensure fluid and effective operations. This includes coordinating with dispatch, customer services, and accounting, as well as working closely with the maintenance shop concerning vehicle repairs and maintenance.
- Audits the level of service provided to customer accounts and conducts employee observations to ensure safety and productivity procedures are followed. Identifies training opportunities and as necessary documents issues and discusses constructively with employees to correct behaviors.
- Investigates accidents, incidents, and injuries or property damage claims.
- Monitors, assesses, and controls the department's operational performance and takes action to redirect activities as appropriate. Reports on the department's performance for the Division leadership's review, making recommendations for process or programmatic changes were opportunities for improvement exist.
- Helps manage the preventative maintenance procedures of all equipment in fleet.
- Assists Operations Supervisor in daily tasks associated with servicing the customers.

## Division Personnel

### Javier Reyes, Maintenance Manager

*Resume*

Javier has been a maintenance professional in the solid waste industry for over 20 years, starting his career at BFI's Gardena Division in 1985 as a floor mechanic. He worked his way up from Mechanic to Maintenance Lead, to Shop Supervisor and to Maintenance Manager in 1994 for BFI. Javier transferred to Republic's Long Beach Division in February 2009, holding the same position.

*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.

## Division Personnel

### Enrique Flores, Operations Supervisor

*Resume*

Enrique has worked locally in the solid waste industry for over 8 years, beginning as a route auditor in 2006. During his time as a Route auditor he had the opportunity to work with operations personnel from driver to route supervisors and learned from them. He then moved into the position of Route Supervisor after a year. Enrique has hands-on experience in all aspects of waste hauling operations as well as knowledge of all County and city service areas. Enrique currently oversees the solid waste collection services to the city of Huntington Park and several other surrounding cities.

*Responsibilities*

- Supervises employees performing collection services, including development and evaluation of routing (in conjunction with the Operations Manager), training and oversight of drivers, and implementation and enforcement of safety procedures.
- Anticipates and organizes work to meet operational needs. Plans routes and other operational activities to ensure efficient daily staffing levels.
- Maintains open communications with Division departments to ensure fluid and effective operations. This includes coordinating with dispatch, customer services, and accounting, as well as working closely with the maintenance shop concerning vehicle repairs and maintenance.
- Audits the level of service provided to customer accounts and conducts employee observations to ensure safety and productivity procedures are followed.
- Investigates accidents, incidents, and injuries or property damage claims.
- Helps manage the preventative maintenance procedures of all equipment in fleet.
- Provides excellent customer service to all Republic customers.

## Division Personnel

### Vikash Jhunjhunwala, Controller

*Resume*

Vikash has over eight years of work experience in accounting and business analyst fields, including three years in the waste management industry. Vikash joined Republic in 2011 as an Assistant Controller, responsible for month-end closings, financial review and balance sheet reconciliations for the Long Beach division. He was promoted to City Reporting Manager wherein he and his team were responsible to oversee the City reporting for the Los Angeles Area. Immediately prior to joining Republic, Vikash served as a Controller for Aramark Uniforms, for their Riverside and San Diego divisions. Vikash holds a Bachelor in Finance and Business Administration (emphasis in Accounting) from India.

*Responsibilities*

- Provides the General Manager with financial analytics to support sound and profitable business decisions. Supports and provides financial expertise to the General Manager during the annual budget and interim forecasting process. Manages workflow, timeliness and analytical review of all budget and forecast data
- Responsible for full cycle accounting including preparation and review of journal entries, financial reporting, budget and forecasting , general ledger reconciliation and balance sheet reconciliation. Plans, directs and organizes accurate and timely reporting of weekly and monthly financial reporting.
- Supervises accounting personnel and provides direction to the different accounting functional areas (month-end close, journal entries, statistical data, and payroll.)
- Responds to staff questions concerning systems operation, software, program changes and operator issues, and he is responsible for reports, queries and communications related to franchise billing functions and rate adjustments.
- Ensures that all internal and external reporting deadlines are met.
- 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 accounting direction and analytical support to all departments, as required, within the division. (General management, sales, operations, maintenance, customer service, etc.)
- Assists in completion and submission of financial filings and returns required by contractual agreements and government entities (e.g., tax filings, franchise, host and royalty fees).

## Division Personnel

### Shelly Stratton, Human Resource Manager

*Resume*

Shelly is a Human Resource Manage with over 10 years' experience in large domestic and international firms. She currently works with two Republic Divisions in Los Angeles for over 600 employees delivering core HR functions as employee relations, talent management, training and development, legal compliance, benefits, compensation and recruitment. Shelly works with Republic's line management and area corporate services to achieve our business goals. Shelly provides human resources advice and consultation to management including coaching and counseling on performance management issues, conflict management, and employee engagement and retention.

*Responsibilities*

- Provides effective employees relations support. Counsels employees. Assists and guides managers with disciplinary matters, evaluates and determines corrective action.
- Coordinates the Employee Survey process and development of related action plans.
- Recruits and screens qualified applicants; consults with hiring managers during the interview and decision making process.
- Organizes, coordinates, and maintains new employment opportunities through utilizing job posting and recruiting programs.
- Ensures consistent application of company policies and implementation of company programs and ensures area staffing requirements are achieved.
- Maintains federal, state, and local compliance reporting and tracking requirements.
- Ensures compliance with all company operating policies and procedures.
- Assures HR processes are implemented effectively, fairly, and equitably throughout the organization.
- Ensures pertinent business and employee relations information is provided to employees.
- Supports and oversees the performance management system that fosters feedback and continuous improvement.
- Reviews all personnel changes and makes recommendations to managers.
- Plans and conducts new hire orientation to foster a positive attitude toward organizational objectives.
- Develops and conducts supervisor/manager leadership skills training.

## Division Personnel
### Luis Aguirre, Driver

*Resume*
Luis Aguirre has been working for Republic Services for 5 years and has serviced Huntington Park for the past 2 years.

## Division Personnel
### Bernie Estrada, Driver

*Resume*
Bernie Estrada has been working for Republic Services for 7 years and has serviced Huntington Park throughout that time.

## Division Personnel
### Gerardo Gomez, Driver

*Resume*
Gerardo Gomez has been with Republic Services for 23 years and all those years he has been servicing the City of Huntington Park.

## Division Personnel
### Jesus Hernandez, Driver

*Resume*
Jesus Hernandez has been servicing the City of Hunting Park for 14 years, as a helper to the commercial route

## Division Personnel
### Oscar Ramirez, Driver

*Resume*
Oscar Ramirez has been working for Republic Services for 11 years with 4 years servicing the City of Huntington Park.

## Division Personnel
### Oscar Ramirez, Driver

*Resume*
Arnoldo Romos has been with Republic Services for 19 years and has been servicing Huntington Park for 2 years.

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# 4 Container Specifications

## 4 Container Specifications

## 4a Residential and Commercial Carts

The proposed residential carts Republic intends to use to meet the City's criteria listed in *Exhibit B* of the *Draft Agreement* are manufactured in the U.S. by Otto Industries. Republic will, if awarded the residential collection contract carefully manage the initial delivery of carts as well as the ongoing exchange of carts as it currently does. These carts will also be used for commercial recycling collection as appropriate. Commercial cart customers will be blended in with residential routes for optimal efficiency.

Republic maintains a minimum of five percent cart inventory at all times. Carts will be stored securely and maintained at Republic's operations base in Long Beach.

Otto is a Republic trade partner. Republic has standing orders with Otto that which allows for very short lead times and expediency for larger orders. All carts utilized for this contract will be constructed of 25 percent post-consumer recycled content. Proposed cart colors are universal:

| | Trash | Recyclables | Green Waste |
|---|---|---|---|
| Color | **Black** | **Blue** | **Green** |
| Default Size | 96-g | 96-g | 96-g |
| Optional Sizes Available | **64- and 32-g** ***Additional Cost*** | **64- and 32-g** ***No Additional Cost*** | **64- and 32-g** ***No Additional Cost*** |

When a new container is delivered, customers will receive a flyer conveying proper usage. As the commercial franchisee, Republic has the distinct advantage of familiarity with the City.

Cart specifications are included on the following pages. Additional information, such as on testing, is available from the manufacturer if needed.

To ease routing efficiency and address commercial customer space constraints while still providing an adequate level of recycling, there are currently many carts in use in Huntington Park's commercial sector.

Classic
otto
Residential Cart for All Types of Waste

# Edge

# Edge

## Versatility For Today's Collection Needs

- Unique, contoured body is optimized for automated lifting equipment
- Patented molded-in feature at sides of cart for added gripping power
- Contoured lid reduces warp and water entrapment
- Lift lip across front and around front corners increases opening convenience
- Durable "double-pinned" lid attachment
- Large comfortable handles with extra clearance provide ease when handling cart

### Features

### Wheel Options

### Customize Your Cart

### Cart Specifications

| MODEL | HEIGHT | WIDTH | DEPTH | LOAD RATING* |
|---|---|---|---|---|
| MSD-95 E | 45 ¾" | 27 ¾" | 33 ½" | 335 LBS |
| MSD-65 E | 42 ¾" | 25 ¾" | 29 ½" | 230 LBS. |

### Available Colors

### Shipping Information

| MODEL | ASSEMBLY WEIGHT | STACKING | LTL STACKING | T/L QTY (53' TRUCK) |
|---|---|---|---|---|
| MSD-95 E | 40 LBS | 8 HIGH | 7 HIGH | 456 |
| MSD-65 E | 35 LBS | 9 HIGH | 8 HIGH | 720 |

**Otto Environmental Systems North America, Inc.**
12700 General Drive, Charlotte, North Carolina 28273
800-765-OTTO (6886) • info@otto-usa.com • otto-usa.com

PRODUCT SPECIFICATION

**MSD-65E "Edge" Container**

The Otto Multi-System Design MSD-65E "Edge" rollout container consists of injection-molded, high density polyethylene plastic body, hinged lid, two (2) hinge pins, two (2) plastic wheel assemblies, and a solid steel axle.

The MSD-65E rollout refuse container is compatible with fully automated arm lifter systems and standard, semi-automated bar lifter systems.

This container complies with ANSI Z245.30-2008 and ANSI Z245.60-2008 standards for Container Safety and Compatibility Requirements.

**VOLUME CAPACITY:**

The total actual volume of the Otto MSD-65E container is 66.7 gallons (per ANSI Z245.30-2008, Appendix A, Volumetric Loading Capacity).
Base: 64.8 gal. Lid: 1.9 gal.

**LOAD RATING:**

Per the ANSI Z245.30-2008 Standard, the Otto MSD-65E rollout refuse container is capable of accommodating a load of 230 lbs.

**WEIGHT:**

The completed assembly weight of the Otto MSD-65E container is 29.35 lbs when equipped with Otto's 10" injection molded wheels. Other wheel options are also available.

**DIMENSIONS:**

Overall Height: 42.3"
Loading Height: 39.1"
Overall Width: 25.125"
Overall Depth: 29.5"
Minimum Grip Diameter: 24.0"

PRODUCT SPECIFICATION

**CONTAINER BODY:**

The Otto MSD-65E Container Body is injection-molded from High Density Polyethylene (HDPE). The container body has smooth surfaces both on the interior and exterior. The interior is free of crevices and recesses where refuse could become trapped, in order to allow complete emptying. The average wall thickness is 0.14" on the container sidewalls and 0.14" on the bottom section. The high-density polyethylene has a density of 0.945 to 0.954 grams cm3. The Melt Index (MI) of the HDPE is 3.5 to 6.0.

The top of the container body is reinforced with a rim around its entire perimeter. This feature adds structure and stability to the Otto MSD-65E container and provides a flat surface for the lid to close on. The top of the rim has a rain lip to prevent water from entering the container with the lid closed. The handles are integrally molded into the container body at the top rim. The underside of the rim is reinforced with a total of thirty-one (31) integrally molded-in gussets/ribs spaced around the entire circumference of the container.

The front of the container has a molded recess that provides for the front "catch," or lower lift, bar. The Otto MSD-65E container is offered with either an integrally molded plastic front catch bar or a 1" rotating steel catch bar. Both the steel bar and plastic bar versions are nestable with this feature fully installed/integrated. The plastic lower catch bar is integrally molded into the container base in the front recess. Plastic bar containers have no openings into the container bodies.

The clip-style metal catch bar is freely rotating, 1" OD (outside diameter) roll-formed steel with formed ends for added strength. The wall thickness of this bar is .050", hot rolled steel with an iron zinc clear chromate top coat shielding for corrosion protection. The clip-style metal catch bar allows for speedy installation of the bar from the outside of the container without requiring the use of any hand tools. Metal spring clips are compressed during installation and spring back once inside the container for a solid stop once installed.

The bottom of the container has molded-in wear ridges that extend around its perimeter. The wear ridges provide additional protection against abrasive wear if the container is slid on asphalt or pavement and improve impact resistance of the bottom of the container. There is a recessed area molded above the middle of the axle which allows a person's foot to be placed directly upon the axle to allow the container to be easily tilted, even with a full load.

The inside bottom of the container has a cylindrical-shaped energy absorbing detail, approximately 4.5" in diameter, integrally molded into its floor. This detail has been engineered to protect the floor of an empty container from impact when being loaded with heavy objects.

PRODUCT SPECIFICATION

The Otto MSD-65E rollout container has an integrally molded front 'pouch' to facilitate semi-automated lifting. The front wall of the pouch has eleven (11) corrugations in order to support the lifting platform under maximum load lifting forces. This upper pouch is reinforced with a pattern of eight (8) internal ribs. These ribs add strength and structure to the lifting pouch and front of the container.

Otto containers are designed for nesting and easy stacking for shipment and storage. Stacking ribs are molded onto the exterior of the top rim to prevent containers from becoming wedged together during shipment.

The weight of the container body is approximately 19.3 lbs. This weight does not include any other components.

**LID:**

The Otto MSD-65E container Lid is injection- molded from HDPE and is attached to the container body using two HDPE snap-lock hinge pins. The lid rotates freely about the hinge a full 270 degrees. The lid, when closed, rests on the top rim of the container body, providing a secure, tight fit around the entire perimeter between the lid and base. This prevents rain, insects and vermin from entering the container, as well as preventing the escape of most odors when the lid is closed.

The lid is molded with a hand-hold lip that extends across the full width of the front of the lid, and wraps around both corners. This allows the lid to be easily opened from three sides without contact with refuse or residue.

The Otto MSD-65E lid attachments are cylindrical-shaped and double-ribbed, creating an extremely robust attachment to the container body. The locking mechanism for the lid hinge pin, which is inserted into the attachments, is retained beneath a molded-in step feature within the lid.

The minimum material thickness in the lid is 0.10".

The weight of the lid is approximately 2.9 lbs.

**HINGE PIN:**

The Otto MSD-65E lid Hinge Pins are injection-molded from HDPE. The hinge pins secure the lid to the integrally molded lid hinge and handle detail. Two (2) hinge pins are used to secure the lid. The hinge pins are installed at the factory using a rubber mallet. At installation, the truncated conical center portion of the hinge pin compresses and snaps into the open slot in each side of the handle detail. This prevents vandalism and securely fastens the lid to the container base. The hinge pins can be removed with a special tool available from Otto.

PRODUCT SPECIFICATION

| | | | | | |
|---|---|---|---|---|---|
| | 1.8 lbs. (12") | 1.96 lbs. (12") | 2.15 lbs. (12") | 4.02 lbs. (12") | |

**MARKINGS:**

All Otto MSD-65E carts are hot stamped with a unique sequenced serial number to facilitate distribution and control. The customer's name or logo can be hot stamped on the container's body or lid. The containers are permanently marked with the month and year of production, mold number, material identification, patent number, model, and manufacture's insignia.

**WORKMANSHIP:**

The Otto MSD-65E plastic material — high-density polyethylene — is manufactured from virgin raw materials by major petrochemical companies, (e.g., Exxon, Chevron-Philips, Quantum) and includes no recycled or regenerated plastic or foreign material. Up to 50% recycled material (PCR) content may be available upon request on particular colors, where suitable feedstock is available.

**COLOR:**

Otto's standard colors are Dark Blue, Light Blue, Green, Forest Green, Dark Gray, Light Gray, Brown, and Black. Other colors are available to special order.

All injection-molded parts are specifically prepared to be colorfast so that the plastic material does not alter appreciably in normal use. Due to the use of UV (ultraviolet) stable pigment and injection molding process, Otto containers have excellent color fastness.

**UV LIGHT STABILIZATION:**

The Otto MSD-65E container is stabilized against ultraviolet degradation with not less than 0.3% UV additives. This is a state-of-the-art package that meets or exceeds older systems requiring 0.5% UV additive by weight, and provides product viability for a minimum of 10 years of outdoor exposure.

**RECYCLABILITY:**

The Otto MSD-65E container is produced with a fully recyclable thermoplastic High Density Polyethylene (HDPE) resin. This allows the material to be recycled and reused after the useful life of the container.

PRODUCT SPECIFICATION

**QUALITY ASSURANCE PROCEDURES AND PERFORMANCE TESTING:**

The Otto MSD-65E Container is designed to withstand the following series of performance tests. The performance test requirements were designed to simulate the type of situations encountered in actual use. The severity of some tests was scaled to anticipate an expected 10-year life.

| Test Description | Test Requirements |
|---|---|
| Semi-Automated Lifter Life Cycle | ANSI Z245.30-2008 |
| Fully-Automated Lifter Life Cycle | ANSI Z245.30-2008 |
| Drop Test (200 Lb. @ 12 Feet) | 10 Drops without Damage |
| Wind Test | See 3rd party wind resistance testing |
| Axle Durability (Bend) Test | ANSI Z245.30-2008 |
| Durability During Pulling Test | ANSI Z245.30-2008 |

The following Quality Assurance tests are performed according to ASTM procedures.

Material Testing

1. Melt Flow Index Test: To check that the polymer batch matches the supplier certification. This is testing procedure ASTM D1238
2. Colorant Color Match: Compare lot based color chips to the color chip master to ensure consistency.

In-Process Quality Tests

1. Drop Test: Cart is raised 12" under load and dropped 4 consecutive times. This provides that there is not a processing issue
   a. 65 gallon- 200lbs
2. Bib Pull Test: Bib pulled to failure to evaluate brittleness. Bib should break tensile.
3. Bar Pull Test: Bar pulled to failure. Determines if there is weakness at knit line at center of plastic bar. Bar should break off center
4. Fit Checks: Mating components (axle, lift bar, lid) installed onto carts after cooled to ensure proper fit, form & function
5. Weight & Thickness Checks: Evaluates molding process

# 4 Container Specifications

## 4b Commercial Bins and Roll-Off Boxes

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.

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 Huntington Park. 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.

Republic promptly removes graffiti once observed and/or reported through drivers or City personnel. Republic notes the existing graffiti issues experienced in the City's business district. To aggressively combat the problem, Republic will do a monthly sweep through the business district on a Saturday and take the following actions to remove graffiti identified:

- Small amount of graffiti: Republic will paint over small amounts of graffiti on the spot.
- Moderate+ amount of graffiti. Republic will bring a truck load of containers in common sizes and will exchange the container at that time, bringing the vandalized containers back to Republic's operations base to repaint/refurbish as required prior to returning the containers to inventory.

After the sweep is performed, Republic will put together a report listing the bins identified with graffiti and action taken.

Also, as described more fully in *Sections 5* and *6*, Republic is rolling out a brand new feature to assist Huntington Park businesses and multi-family managers: a web portal and self-service tool called *My Resource*. Customers can easily request container repairs/exchanges using the program, which will archive all transactions. See the screen shot below.

Schedule Repair Container

*Request to Repair a Container*

1. To request a container repair or replacement, a customer can click "Repair Container" on the "Home" or "Services" tab.

See the following page for bin specifications.

WASTEQUIP

Toter Galbreath Accurate Hectar Tarp Pioneer CUSCO Parts Place

# Steel Front End Load (FEL) Containers

Wastequip Front End Load Containers (FELs) are engineered using heavy gauge steel to withstand the stress of continued use. Standard models feature 12 gauge sides and 10 gauge bottoms, high density polyethylene lids and fully welded in-seams. Our heavy duty models have 10 gauge sides and 7 gauge bottoms for added strength and durability. Containers are primed inside and outside to reduce corrosion. Wastequip containers meet ANSI safety specifications and dimensional standards for haulers. With locations throughout North America, Wastequip can meet your container needs quickly.

**Styles**: Flat, slant, hatchback and nestable (slant and flat)
**Sizes**: 2, 3, 4, 6, 8, and 10 cubic yards

*Wastequip's standard steel FEL models feature 12 gauge sides and 10 gauge bottoms, high density polyethylene lids and fully welded in-seams.*

## FEATURES

**1) FORK POCKETS:**

- 3-way flared fork pockets protect from damage by the trucks forks and easily guides forks into the pockets
- Taco 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

**2) 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

**2) CONSTRUCTION (CONT'D):**

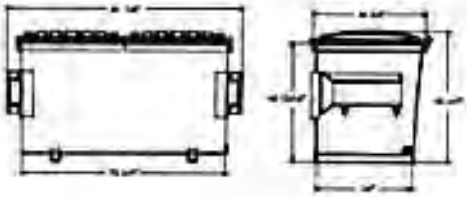
- Fully welded no-step gusset across the top of the fork pocket provides added safety and support
- Top edges are rounded and smooth for added safety during customer loading
- Interlocking top channel frame provides added strength
- Primed inside and outside to reduce corrosion
- Painted in one of several standard colors
- Nestable 2, 3 & 4 yard containers reduce shipping costs and required storage space

**3) LIDS:**

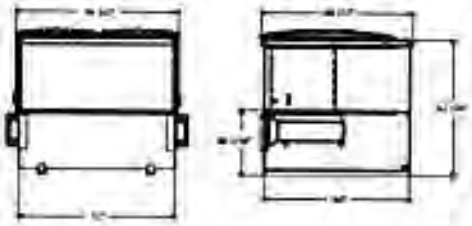
- Single wall, double lip lids ensure durability
- Optional lids upon request

## FRONT END LOAD CONTAINERS // FLAT TOP

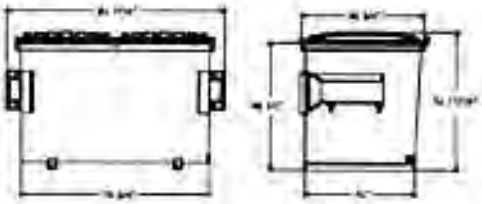
### 2 YARD FLAT NESTABLE



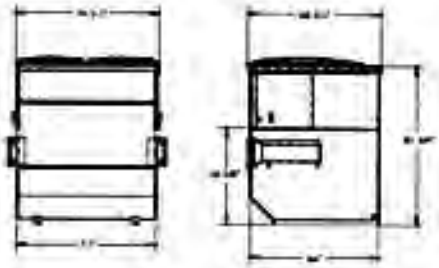
### 6 YARD FLAT



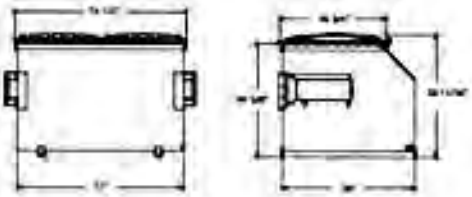
### 3 YARD FLAT NESTABLE



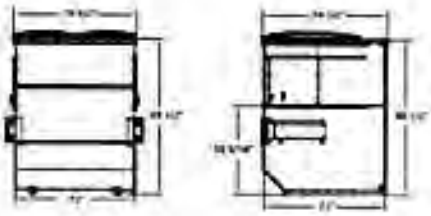
### 8 YARD FLAT



### 4 YARD FLAT



### 10 YARD FLAT

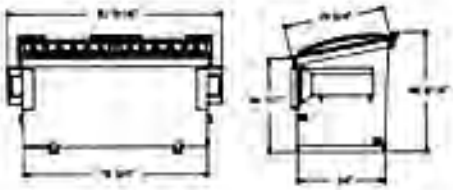


| | 2 YARD* | 3 YARD* | 4 YARD | 6 YARD | 8 YARD | 10 YARD |
|---|---|---|---|---|---|---|
| 48 ft. trailer flat / drop | 42 / 52 | 28 / 36 | 18 / 18 | 8 / 14 | 8 / 8 | 7 / 7 |
| 53 ft. trailer flat / drop | 45 / 57 | 32 / 42 | 20 / 20 | 9 / 16 | 9 / 9 | 8 / 8 |
| Plastic lid standard | 37" x 41" single wall | 37" x 48" single wall | 37" x 48" single wall | 37" x 50" single wall | 37" x 50" single wall | 37" x 50" single wall |
| Sides | 12 gauge | 12 gauge | 12 gauge | 12 gauge | 12 gauge | 12 gauge |
| Bottom | 10 gauge | 10 gauge | 10 gauge | 10 gauge | 10 gauge | 10 gauge |
| Weight | 505 lbs. | 602 lbs. | 732 lbs. | 971 lbs. | 1,110 lbs. | 1,343 lbs. |

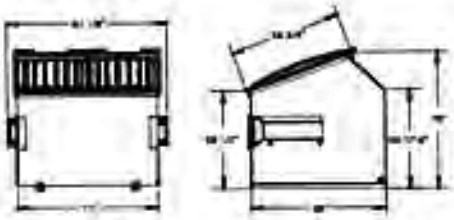
* Nestable

# FRONT END LOAD CONTAINERS // SLANT TOP

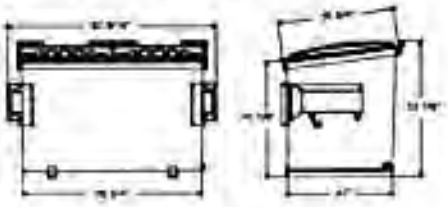
## 2 YARD SLANT NESTABLE



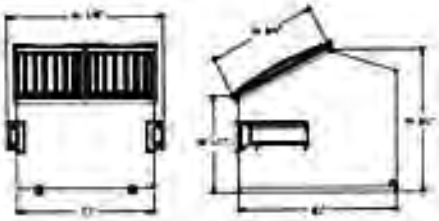
## 6 YARD SLANT



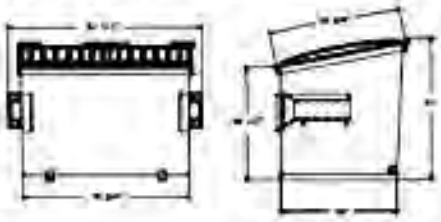
## 3 YARD SLANT NESTABLE



## 8 YARD SLANT



## 4 YARD SLANT NESTABLE



| | 2 YARD* | 3 YARD* | 4 YARD* | 6 YARD | 8 YARD |
|---|---|---|---|---|---|
| 48 ft. trailer flat / drop | 42 / 52 | 24 / 33 | 20 / 29 | 6 / 14 | 7 / 7 |
| 53 ft. trailer flat / drop | 46 / 60 | 26 / 36 | 22 / 31 | 9 / 16 | 8 / 8 |
| Plastic lid standard | 37" x 41" single wall | 37" x 48" single wall | 37" x 56" single wall | 37" x 56" single wall | 37" x 56" single wall |
| Sides | 12 gauge | 12 gauge | 12 gauge | 12 gauge | 12 gauge |
| Bottom | 10 gauge | 10 gauge | 10 gauge | 10 gauge | 10 gauge |
| Weight | 504 lbs. | 604 lbs. | 709 lbs. | 971 lbs. | 1,123 lbs. |

* [illegible]

WASTEQUIP 877-468-9278 | wastequip.com

# 5 Multi-Family Dwelling Program

## Program Summary

Republic's multi-family dwelling program is designed to increase diversion and comply with AB 939 and AB 818 – the Renter's Right to Recycle Act, while at the same time providing property managers/landlords with choice and flexibility. Republic's approach includes two 96-gallon recycling carts to every multi-family dwelling at no charge, which ensures a baseline of diversion for all multi-family customers and compliance with AB 341. All multi-family customers will receive direct notification of their ability to participate in single stream recycling at least annually.

In addition to providing a high level of excellent customer service, Republic's single-stream recycling program includes a combination of site visits/recycling opportunity assessments, customer education and outreach, and Republic's *My Resource* web portal tool—which will enable landlords to more easily and efficiently manage their services.

### Recycling Opportunity Assessments

Republic will conduct site visits to assess recycling opportunities with these generators with the distinct objective of implementing, developing, and maintaining recycling participation. At these site visits, Republic will identify the quantities and sizes of all carts and/or dumpster/roll-off receptacles utilized by customers and make any recommendations to add and/or adjust the sizes or quantities of any containers to accommodate customized service needs and address optimized recycling participation.

The data collected as part of the audit will include the following: date of site visit; site address and type of facility; quantities and sizes of all carts/bins/roll-off receptacles utilized on site at the time of the visit; and any recommendations to enhance recycling and waste diversion at the site. In addition, Republic will distribute promotional and educational materials/newsletters to promote recycling and waste diversion services to all multi-family residences the City as needed.

Republic will enhance the diversion of multi-family recyclables by employing the following methods:

## Customer Education and Outreach

The objective of Republic's ongoing education plan for multi-family customers is to maximize diversion and motivate Huntington Park residents to do the right thing for the environment, thus contributing a more sustainable community. The plan is straightforward because Republic has found that a clearly-stated, simple and concise message repeated consistently and through a number of effective media outlets produces the best results. Sample outreach materials are included in *Section 16*.

All promotional and outreach materials will be presented to the City for approval prior to printing, distributing, or mailing of the materials.

A heavy emphasis will be placed on recyclable materials service guidelines, including unpermitted wastes. It has been Republic's experience that customers want program information relayed to them graphically—such as by cart color—and that also succinctly relays what does and what does not, go into each container. Customers will receive a brochure conveying concise, graphically depicted guidelines.

- Collection Point Signage

  Educating multi-family customers at the collection point is most effective due to the transitory nature of multi-family tenants. Complex/property managers have indicated this is also the most desirable and effective manner of outreach. Republic will make collection point recycling posters available free to complex managers.

- Multi-Family Tote Bags

  Multi-family complexes will be offered sufficient quantities of the recycling tote bag to residents/tenants that request them. The purpose of the bag is to provide a space-saving container to collect recyclable materials inside units that is easy to carry to recycling containers positioned at collection points for emptying. The bag serves a dual purpose since it is imprinted with recycling guidelines and when new will include an instructional postcard similar to the one shown below.

- <u>Container Labels</u>

  Recycling containers are clearly distinguishable from Republic's waste containers and are clearly labeled as to permitted contents.

- <u>Contamination Audits/Non-collection Notice</u>

  Contaminations audits together with the use of non-collection notices and follow up play a critical role in accomplishing and maintaining diversion rates and are a basic component of public education and outreach. Republic has reviewed and understands the elements of the non-collection notice to be used in the City. Non-collection notices will be utilized during regular collection and periodic contamination audits and spot checks. They will also be used whenever a driver observes contaminants in any waste stream, including the presence of recyclable materials in trash containers.

- **On-Site Workshops**

  Republic will host free on-site workshops for multi-family complexes and homeowner's associations upon request throughout the term of the *Agreement*. Friendly, interactive sessions will focus on hands-on guidelines for proper sorting and disposal of materials and the benefits of doing so.

  The ideas outlined in this section represent the minimum annual outreach efforts Republic will employ in Huntington Park. However, keeping in mind that higher diversion is always the goal, community participation in the recycling program and specific recycling behaviors will determine whether additional outreach is necessary. The Company believes a collaborative outreach effort with the City will ensure the best results.

**Fully Functioning Website and Web Portal – My Resource**

Republic will ensure Huntington Park multi-family and commercial customers 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 Huntington Park, Republic will also 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.

*My Resource* empowers customers to manage their own accounts in general as well. New data shows that within a few years nearly 70 percent of all people in the U.S. will be on line. As that number grows demand for web-based resources will grow; Republic has responded through the provision of *My Resource*.

## Split Containers

Republic believes additional recycling opportunities could be implemented for multi-family customers where space constraints, traffic flow and other logistical challenges have impeded recycling efforts. Republic's solution to these challenges is to offer a split body container that will prevent materials in each compartment from becoming commingled during collections.

Republic proposes providing 3 to 6 yard containers for the City. The rate structure is the equivalent of the rate for the trash capacity plus the recycling capacity. For example, the rate for a 3-cubic yard split bin equals the rate for 1.5 cubic yards of trash plus the rate for 1.5 cubic yards of recycling.

The advantages of a split container for customers are numerous and include:

- Avoid the need for two containers yet receive the same capacity;
- Each side can be routed separately to accommodate separate volume needs (i.e. waste side could be routed for service two days per week and the recycling side could be routed one day per week.)
- Diversion opportunities are greater as customer only needs to use one clearly marked container to separate materials.

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# 6 Commercial Recycling Program

## 6 Commercial Recycling Program
## Program Summary

Republic guarantees that the plans outlined in this section will enable the City to continue to meet or exceed it' diversion goals according to the *draft Agreement* and to the per capita disposal based method of calculating diversion as mandated by SB 1016. Republic also commits to ensuring that AB 32, AB 341, and AB 818 are facilitated and promoted through these plans.

The primary objective of Republic's commercial recycling program is to increase commercial recycling and assist the City in meeting AB 939 mandates, as well as AB 341 and AB 32 requirements for education, monitoring, and reporting. Additional objectives include elevating the awareness of Huntington Park businesses of recycling opportunities available to them through Republic's recycling collection programs and of proper handling of materials not accepted through Republic's programs, as well as general resource conservation and steps to creating a more sustainable community.

Huntington Park's city-wide diversion rate of 62 percent already exceeds State-mandated diversion. Republic's specific approach for commercial recycling will continue to strongly emphasize single-stream recycling.

As indicated throughout this section, Republic will use a variety of means to inform commercial customers of their ability to recycle and encourage them to do so.

Commercial customers who opt to recycle will have their services right-sized to maximize diversion, minimize waste, and decrease costs. Republic will work with these customers to ensure services match their waste generation rates and waste stream composition. The result of Republic's approach guarantees compliance with legislation and provides the opportunity for increased diversion over the term of the *Agreement* with Huntington Park.

As a last resort, and only if needed, Republic will provide mixed waste processing (MRFing) of some commercial and multi-family loads to meet City wide diversion goals.

The following information applies to all commercial customers.

## *Approach to Increasing Commercial Diversion*

Republic brings together its local and nationwide experience when it develops, designs, and implements each city's diversion program and complimentary public education and outreach program. Republic's comprehensive *Commercial Recycling Program* is comprised of the following components in addition to excellent and reliable collection services:

- Commercial recycling technical assistance.
- Ongoing education and outreach.

Commercial generators are more receptive to recycling programs when two elements are present: a) the opportunity to save money; and b) when the program is easy to use, such that staff time to manage wastes is not increased. Knowing this, Republic auditors will emphasize these points during Republic's initial outreach efforts.

### Commercial Recycling Opportunity Assessments and Technical Assistance

Republic's goal for its commercial customers is to maximize tons diverted and customer participation while minimizing materials contamination for any source separated recyclable materials. Other goals include right-sizing services to eliminate excess solid waste capacity, and simultaneously moving recoverable materials to recycling containers. During the first year of the new contract, Republic will make personal contact with each Huntington Park business by direct mail to offer each business a free recycling opportunity assessment, during which the following topics will be covered:

- Estimated cost savings from improved recycling.
- Tips on increasing recycling and preventing waste.
- Recommendations for right-sizing collection services to increase diversion and save money.

During assessments Republic will also provide free resources such as recycling posters for collection points. Based on interaction with the business and observations about recycling potential, Republic will recommend new or adjusted services, as appropriate. Businesses will be provided with the opportunity to make service changes while Republic's representative is on site. Republic will also capture 3rd party diversion from customers, to comply with AB341 reporting requirements.

*Ongoing Education and Outreach*

- Informational Flyers
  Republic has a variety of commercial outreach materials that are geared toward specific generator types. The information highlights the availability of recycling opportunity assessments and on-site technical assistance that Republic provides free upon request to commercial customers.

- Service Agreement and Rate Matrix
  For the convenience of Huntington Park businesses, a rate matrix will continue to be used depicting the published rates for commercial refuse and recycling based on container size and frequency of service. During any audit process, trash and recycling options will be presented, with heavy emphasis on recycling. Rates will be reviewed, and a starting service level selected.

- Container Labels
  FEL bins or commercial carts will be appropriately labeled with materials accepted and standard warnings.

- Recycling Workshops
  On-site recycling workshops will be offered to those businesses with a need for or that request such a service. These will be conducted free of charge. Workshops will be geared appropriately by business type. If the customer requires a language other than English, Republic can usually accommodate the customer.

- 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 has a library of materials that can be distributed upon request by the customer. Generally, if is within the Company's power to produce an item that will make recycling programs success, Republic will produce it to meet the customer's need.

- My Resource
  Commercial customers will have access to Republic's *My Resource* web portal as briefly described in the previous section. This tool is designed to allow customers to request services such as an extra pick up, view/change service levels, pay their invoices, view their account histories, and much more.

2. The customer selects the container they want to schedule an extra pickup for. *Note: If the customer has more than one location they will first see a screen to select a location.

   **If the user selects a residential container, the portal will go to a cFirst form rather than the "Schedule a Pickup" form to create an automatic UR.

3. The customer then selects a service date from the pop-up calendar.

4. Customer completes the blank fields.

5. Clicks "Request Service." *Note: If the customer selects one of their regular pickup days from the calendar widget, the screen will warn them that they may already have service on this day, but still allow them to schedule. The calendar widget reflects dates based on service commitment and reflects corporate holidays, just as the InfoPro calendar does to schedule service. The pickup rate is an estimated rate and does not include taxes and fees.

## Split Containers

Republic believes additional recycling opportunities could be implemented for Huntington Park commercial customers, especially in the downtown business district where space constraints, traffic flow and other logistical challenges have impeded recycling efforts. Republic's solution to these challenges is to offer a split body container that will prevent materials in each compartment from becoming commingled during collections.

Republic proposes providing 3 to 6 yard containers for the City. The rate structure is the equivalent of the rate for the trash capacity plus the recycling capacity. For example, the rate for a three-cubic yard split bin equals the rate for 1.5 cubic yards of trash plus the rate for 1.5 cubic yards of recycling.

The advantages of a split container for customers are numerous and include:

- Avoid the need for two containers yet receive the same capacity;
- Each side can be routed separately to accommodate separate volume needs (i.e. waste side could be routed for service two days per week and the recycling side could be routed one day per week.)
- Diversion opportunities are greater as customer only needs to use one clearly marked container to separate materials.

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# 7 Disposal or Diversion Facilities

## Operating Facilities

All facilities listed for processing and disposal of materials generated in Huntington Park are Republic-owned. Republic has the most extensive network of company-owned transfer facilities in Los Angeles County and can therefore guarantee capacity throughout the term of the *Agreement*. Utilizing Company-owned facilities is a key factor in Republic's ability not only to guarantee processing and disposal capacity for the term of the *Agreement*, but to also guarantee the stabilization of the processing/disposal cost components.

In addition to guaranteed processing or disposal capacity through the term of the *Agreement* and rate stabilization, other benefits of the utilization of Republic-owned facilities include:

- *Substantive protection from environmental liabilities (CERCLA indemnification);*
- *Quick off-route turn-around time;*
- *Additional materials recovery and hazardous waste monitoring and screening at Republic facilities; and*
- *Complete and accurate tonnage and diversion reporting due to Republic's ability to maintain control over the flow of materials through its disposal and processing infrastructure.*

The Republic-owned facilities listed will be utilized for processing and disposing of materials collected from Huntington Park. These facilities were chosen based strictly upon:

1) Efficiency/miles driven: Republic always seeks to minimize its carbon footprint.
2) Diversion: In keeping with parent company Republic Services drive to be environmentally responsible and to leave a smaller carbon footprint. Collection, transportation, and processing system design revolve primarily around generating optimal diversion.

The following facilities will be used for this contract. Again, all facilities listed are owned and operated by Republic.

| Transfer Facility | Landfill |
|---|---|
| Bel Art Transfer Station<br>2495 E 68th St<br>Los Angeles, CA 90805<br><br>Or<br><br>Innovative Waste Control Transfer Station<br>4133 Bandini Blvd.<br>Vernon, CA 90023 | Sunshine Canyon Landfill<br>14747 San Fernando Road<br>Sylmar, California 91342<br>www.sunshinecanyonlandfill.com |

Recyclable Materials

| Processing Facility | Notes |
|---|---|
| CVT Regional Material Recovery Facility<br>1131 N. Blue Gum Street<br>Anaheim, CA 92806 | Accepts, processes, and markets all curbside recyclable materials. Throughput is 4,800 tons per month. Residual waste is hauled to Brea Olinda Landfill and is below 15%. |

Green Waste

| Pre-Processing/Transfer Facility | Processor |
|---|---|
| Falcon Transfer Station<br>3031 E I St<br>Wilmington CA, 90744 | Green Waste material is processed for beneficial reuse by Ecology which processes and markets organic waste received at the Falcon facility. Materials qualify as landfill diversion credits to meet mandates of the Integrated Waste Management Act of 1989, as amended (AB 939) and to comply with the local agency recycling requirements. |

## *CVT – Additional Information*

CVT is located in Anaheim and open seven days per week and is situated on 35 acres, with 250,000 square feet under roof, 40,000 square feet of that dedicated to transfer operations and 210,000 square feet dedicated to recycling operations, maintenance facilities, and administrative offices. In order to maximize diversion of all materials until customer education begins to result in increased diversion, the Company will, through periodic waste audits, identify and transfer commodities-rich trash loads to CVT for mixed waste processing in order to recover as much recyclable material as possible. This ensures that recoverable materials that would otherwise be landfilled are recycled while Republic's educational, outreach, and program initiatives begin to shift materials from the trash to recycling and organics waste streams.

Following the materials information listed below, reviewers will find additional facts about CVT and its system upgrades which are being installed now, and will nearly increase throughput capacity to 50 tons per hour.

A list of acceptable materials follows.

## Recyclable Materials Processed at CVT

| | | |
|---|---|---|
| Aerosol cans | Glass Bottles/jars | Plastic Containers 1-7 |
| Aluminum cans | Juice Cartons | Tin Cans |
| Aluminum foil | Junk Mail/Coupons | Carpet and Carpet Pad |
| Bottle caps | Laundry Bottles | Cement |
| Brochures | Ledger Paper | Plastic Toys/Rigid Plastics |
| Cardboard | Magazines | Grass/Yard Waste |
| Cereal Boxes | Metal | Leaves |
| Computer Paper | Milk Cartons | Prunings |
| Drink Boxes | Newspaper | Wood |
| Egg Cartons (cardboard/foam) | Paper Tubes | Electronic Waste |
| Frozen Food Boxes | Pizza Boxes | Universal Waste |

## CVT Regional MRF

# CVT REGIONAL MATERIAL RECOVERY FACILITY

## ADVANCED TECHNOLOGY

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

- The new single stream system with patented in-line disc technology, adjustable screens and optical sorting technology is designed to improve recovery and boost capacity from 20 tons per hour to 50 tons per hour.
- Highly automated controls package with Supervisory Control and Data Acquisition (SCADA) reporting system to continually monitor the system and optimize results.
- BHS/NRT optical sorting technology to maximize recovery of all #1 through #7 polymers including PET, HDPE, and mixed plastics.
- Completely automated fiber and container storage and baling system to eliminate double handling of finished commodities.
- The Eco Center will help educate stakeholders, giving them a front line view of what happens to their waste.

## ABOUT CVT . . .

A pioneer in the industry, CVT Regional Material Recovery Facility (MRF) emerged as one of the first waste processing facilities of its kind. In 2011, more than two decades later, CVT is embarking on a multi-year modernization project. The improvements are designed to increase speed of operation and improve recovery.

Republic Services acquired the original facility from Taormina Industries in 1998. Permitted to process 6,000 tons per day, CVT is one of the largest MRFs by volume in North America. The state-of-the-art facility, located on a 35-acre campus, encompasses 250,000 square feet under roof.

Today, CVT serves more than two and half million commercial and residential customers. On an average, 4,800 tons of materials are processed through the MRF each day, traveling along automated and manual sorting systems which separate recyclables by commodity.

The waste stream processed at the CVT Regional Material Recovery Facility is primarily gathered from Republic's collection companies via exclusive municipal contracts with cities throughout Orange County as well as from other Southern California municipalities, commercial haulers and public customers.

Always a visionary, CVT is committed to being a leader in the industry and will continue to develop cost effective and environmentally friendly methods of recycling, consolidating and managing waste. Phase II of the improvements, which are planned for completion by the end of 2013, will feature a sophisticated and highly automated municipal solid waste (MSW) sorting system.

REPUBLIC SERVICES

## ENHANCEMENTS SPAN MORE THAN TWO DECADES

| 1987 | 1992 | 1994 | 2004 | 2011 | 2012 |
|---|---|---|---|---|---|
| Transfer Station | MRF Phase I Single-Stream System | MRF Phase II Commercial System | Green Waste Facility | Modernization Phase I Single-Stream & Eco-Center | Modernization Phase II MSW |

## SUSTAINABILITY

- The new single stream system have more than 180 high efficiency drives, and where appropriate, variable frequency drive (VFD) motors which are shown to reduce energy consumption by 20 to 30 percent. The use of VFDs on processing equipment not only saves energy, but also, by precisely controlling the motor's speed, ensures smooth conveyor operation and improves the material sorting process.
- The SCADA package on the controls system constantly monitors and tracks the various drives in the system so management can optimize the efficiency and energy consumption.
- The automated storage bunkers eliminate the need for loaders to push material into the balers reducing emissions.
- Skylights provide natural light, reducing the need for artificial lighting.

## EMPLOYEES and SAFETY

- **Employees** - The MRF employs nearly 300 people.
- **Shifts** - The MRF runs two shifts, five days a week.
- **Health and Safety** - Safety is our number one priority. The facility is planned carefully with safety taken into account in every aspect.
  - Safety programs ensure the safety of our employees and our customers.
  - Workers and visitors are provided with personal protective equipment (PPE).
  - Persons working near and around the balers are required to wear a safety device that will shut off the balers in the event of a safety concern. This safety feature is operated by radio frequency.

## TYPES OF WASTE PROCESSED

- **Municipal Solid Waste (MSW)** - More commonly known as trash or garbage - MSW consists of everyday items we use and then throw away, such as product packaging, grass clippings, furniture, clothing, bottles, food scraps, newspapers, appliances, paint and batteries. This comes from our homes, schools, hospitals and businesses.
- **Single-Stream** - Mixed recyclable materials, e.g., paper, bottles, cans, etc. CVT began processing single-stream waste in 1989, when we implemented our first automated curbside collection programs.
- **C&D** - Construction and demolition debris is made up of building materials such as rock, bricks, metal, concrete and wood, damaged or unused for various reasons during construction.
- **Green Waste** - Green waste is made of things that grow and comes from homes and businesses. Green waste is screened and grounded on site for alternative daily cover, biofuel and compost.
- **White Goods** - Discarded major appliances, such as refrigerators and ranges are brought to us from our collections divisions and the public disposal center. Once at the collection facility, white goods are separated and prepared for safe shipment to a recycling facility.
- **E-waste** - Discarded electrical devices, once at the collection facility are separated and prepared for safe shipment to a recycling facility.

REPUBLIC SERVICES

## INTERESTING FACTS ABOUT OUR FACILITY

- **Tipping Floors** - Incoming materials are dumped on a tipping floor. There are two main tipping floors identified as north - municipal solid waste (MSW) and south - single stream.
- **Load Inspectors** - Deck load inspectors continuously inspect loads and reject any waste containing hazardous or toxic waste.
- **Traffic Control** - In addition to personnel located on the ground, video cameras located on the south deck enable us to better control traffic in the yard.
- **Balers** - We operate three Enterprise balers. Finished bales weighing an average of 1,500 pounds are sent to the loading dock for shipment.
- **Loading Dock** - Baled materials are staged at the loading dock before being shipped out in overseas containers or van trailers. Each commodity is loaded into separate containers. The average container holds 23 tons of materials. An average bale weighs 1,500 pounds. On average, materials coming into the facility are processed and shipped out within 24 hours.
- **Transfer Station** - Non-recyclable waste is consolidated at CVT's 40,000 square foot waste transfer center to reduce travel to local landfills. Utilizing maximum volume transfer trucks decreases the amount of round trips, saving vehicle use and fuel. The main component of the waste transfer center is the compaction pit, where non-recyclable waste materials are immediately deposited, consolidated into transfer trailers and transported to landfills.
- **Odor Control** - A state-of-the-art air filtration system controls odor and dust. An onsite weather station provides greater control based on current weather conditions.

- **Public Disposal Center** - CVT is open to the public seven days a week.
- **Public Recycling** - The public buy back center accepts all types of recyclables and is open seven days a week.
- **Clean-Burning Fuel** - Nearly half of the Company's fleet of 100 trucks operates on liquefied natural gas (LNG).
- **Commitment to our Neighbors** - As a good neighbor, CVT provides the most sanitary conditions, deploying sweepers in and around our facility to collect fallen debris and report concerns.

REPUBLIC SERVICES

## AWARDS

**2009** - Most Shareholder Friendly Company - Institutional Investor Magazine named Republic Services the most shareholder friendly company in the environmental services category for the 4th consecutive year.

**2009** - Best CFO - Institutional Investor Magazine named Republic CFO, Tod Holmes, Best CFO for the 6th consecutive year.

**2008** - America's 400 Best Big Companies - Fortune.com named Republic Services one of America's 400 Best Big Companies. Republic placed #275.

**2006** - Republic Services made the list of Forbes Magazine Platinum 400 - The Best Big Companies in America.

**2005** - The Integrated Waste Management Board awarded all nine of our franchise cities with the Resources For The Future Award in recognition of achieving the mandated 50 percent diversion rate.

**2004** - Awarded America's Best Managed Companies by Forbes.

**2003 & 2004** - Awarded the Western Regional Best Safety Performance Record.

**1999** - The Integrated Waste Management Board awarded six of our franchise cities, Anaheim, Brea, Garden Grove, Placentia, Villa Park and Yorba Linda the Certificate of Achievement for implementing programs which met Assembly Bill 939 mandates for waste diversion.

**1993** - Awarded the SWANA Excellence in Recycling Award.

**1992** - CVT Regional Material Recovery Facility received the California Resource Recovery Award for Outstanding Achievement for Material Recovery Facility.

## 2011 PROJECT MANAGEMENT

- RVT Design & Construction (RVT)
  125 Bayles Road, Melville, New York Tel: 631-756-1060
- Blue Mountain Systems (BMS)
  3597 West 5th Avenue, Eugene, OR Tel: 541-485-0999

## CONTACT US

CVT REGIONAL MATERIAL RECOVERY FACILITY
1131 N. Blue Gum Street, Anaheim, CA 92806
Tel: 714-238-3300 disposalservices.net
Brenda McGuire mcguire@republicservices.com

REPUBLIC SERVICES

## *Sunshine Canyon Landfill – Additional Information*

Sunshine Canyon is a state-of-the-art, Class III landfill. The total permitted acreage is 1,036 acres, 363 of which are dedicated to disposal. Sunshine Canyon's operating hours are Monday through Friday 6 am to 6 pm, and Saturdays 8 am to 2 pm, although permitted hours allow for landfill operations until 9 pm and on-site equipment maintenance commencing as early as 4 am Monday through Saturday. Sunshine Canyon is in total compliance with Federal, State, and Local environmental laws and regulations, including Subtitle D (of RCRA). Sunshine Canyon has environmental control systems that can guarantee that waste entering the site is screened for hazardous wastes (including the use of hazardous waste detectors that screen incoming loads for hazardous materials) and that all acceptable waste is placed only on a composite landfill liner.

Additional information on Sunshine Canyon Landfill, including permit information, is included on the following page.

**SUNSHINE CANYON**
*Landfill*

About Us
History
Safety
Environment
Community Relations
Community Advisory Committee
Economic and Infrastructure Benefits
Learning Center

At Sunshine Canyon Landfill, we are pleased to provide **economic and infrastructure benefits** to our community, including:

- **Low-Cost Disposal:** Because we will provide an in-county waste disposal option until the year 2037, County businesses and residents will pay much less than they would for other available options—and it's environmentally safe.
- **Revenue Sharing for City of LA/County of LA:**
  - The County receives a share of the revenue collected from operation on either side of the joint City/County Landfill, as determined by the Revenue-sharing Agreement between the two jurisdictions.
  - The City will receive more than $150 million in franchise fees over the life of the City/County landfill.
  - Los Angeles County Public Works receives more than $100,000 annually in support of hazardous waste roundups.
  - The replacement Conditional Use Permit for a combined City/County Landfill did not expand the landfill's footprint, but it allowed Sunshine Canyon to fully use all capacity within the footprint, which will maximize and stabilize revenues to the County and City.
- **Long-Term Disposal and Recycling:** We assist the cities in Los Angeles County in meeting their AB939 requirements by offering long-term disposal capacity and on-site recycling of a variety of items.
- **Traffic Improvements:** To lessen the impact of trucks on commuter traffic, we made traffic improvements at seven sites along the San Fernando Road corridor and Roxford Street. We restriped to provide additional turn lanes, widened roads, relocated power poles, and installed traffic signals, street lights, and installed a sidewalk for pedestrian safety.

Sunshine Canyon Landfill
14747 San Fernando Road
Sylmar, CA 91342
24 Hour Hotline: (800) 926-0807
General Information: (818) 833-6500
E-Mail: info@sunshinecanyonlandfill.com

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REPUBLIC SERVICES

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# 8 | Confirming use of Disposal or Diversion Facilities

## 8 Confirming Use of Disposal or Diversion Facilities Documentation

All facilities proposed in *Section 7* are owned and operated by Republic. Republic hereby confirms that these all listed facilities will accept all Huntington Park materials Republic collects as per the scope of work contained in the *Draft Agreement* for the contract term.

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# 9 Implementation Plan

## 9 Implementation Plan

### Overview

The objective of this subsection is to convey how Republic will expand and roll-out new services in Huntington Park per the City's requirements outlined in its *RFP* for commercial and residential collection services. The advantage for the City is that Republic has in depth knowledge of the service area, and has already implemented some of the services the City seeks to implement with the issuance of its new *Franchise Agreement*, which also will result in the elimination of disruptions for commercial customers.

Being the current commercial services provider will allow the City and Republic to focus strictly on the expansion of commercial and multi-family recycling, continuing to resolve the graffiti challenge in the business district, as well as on the implementation of residential collection services—all without disruption to the commercial customer base. With continuing collaboration between Republic and City staff, the Company will continue to render and expand excellent service to the City of Huntington Park.

### *Benefits of Incumbency*

Republic has the honor of being Huntington Park's current commercial collection services provider. By selecting Republic as its continued partner, the City will avoid numerous, significant disruptions that are associated with transition to a new contractor. Primarily, Republic is a known entity through its service history and proven track record of exemplary performance and safety in Huntington Park.

Republic has all the personnel, systems, equipment—infrastructure—in place to allow it to continue providing the same excellent service the City has come to expect from Republic. Republic also has the capital and resources to grow with the City.

*It is noteworthy that the selection of a new contractor for commercial services is a significant undertaking due to the many variables associated with frequency, service days, and unique service requirements. By the City choosing Republic for this contract, those challenging implementation issues are completely eliminated.*

By continuing to utilize Republic, the City of Huntington Park will eliminate all the risk, expense, and customer

inconvenience associated with transition to a new contractor. Resources can then be directed toward enhancing programs, customer experience, and recycling participation. A clean, sustainable Huntington Park is attractive to new businesses and residents.

Republic has an intimate working knowledge and complete familiarity with Huntington Park's service conditions and requirements, including:

- Huntington Park's commercial customer base, current collection days and routes (collection schedule—which has multiple variables for commercial customers), and the resultant optimal level of efficiency and minimal service disruptions to customers when new programs are implemented or routes added;
- Container needs, including set-out requirements and special collection needs of commercial customers.
- Street and traffic patterns in Huntington Park and collection time frames relative to safety-sensitive areas such as schools, community centers and parks, libraries, and business districts.
- An existing customer service and work order system, including a history of customer requests, service notes, special service needs and customer requirements.
- An existing and highly efficient operations infrastructure.
- Equipment in place that is tailored to the needs of Huntington Park commercial customers and programs, as well as equipment ready for deployment for residential collection services.

When taken in the aggregate, these elements and many more have significant value to the City of Huntington Park and customers. Individuals who work and live in Huntington Park experience a sense of safety and familiarity with Republic due to the presence of Republic trucks on their streets already. It would take considerable time and effort for another contractor to match Republic's level of service and extensive working knowledge of the service area, as well as establish the excellent relationship the Company has with the community that Republic has achieved.

As a result of Republic's experience as Huntington Park's current commercial services provider for this contract and the fact the Company has an existing program and operations in place, Republic's efforts can be focused on new initiatives and strategies, including enhancements in recycling participation as well as implementation of the residential program.

In contrast, the primary focus of a new service provider will necessarily be on basic transitional elements of new commercial services contract start-up and initial service delivery, including equipment procurement and delivery, establishment of routes and customer accounts, and getting basic service elements and systems in place.

*It is noteworthy that the selection of a new contractor for commercial services is a significant undertaking due to the many variables associated with frequency, service days, and unique service requirements. By the City choosing Republic for this contract, those challenging implementation issues are completely eliminated.*

Republic is a partner the City can count on, and looks forward to working with the City in the implementation of another successful contract.

## *Diversion Plan*

Republic is committed to working with the City to ensure compliance with diversion objectives and guarantees the City will meet all State mandated regulations: AB 341, AB 32 and AB 818. Implementing and operating programs with strong diversion components are integral to Republic's success with City contracts.

Republic will augment its existing diversion strategies in the new *Agreement* for all customers. In addition to utilizing processing of mixed-waste refuse as necessary to meet overall city wide diversion goals, Republic has offered reduced rate recycling, free recycling carts for multifamily customers, and split bin containers, to promote recycling and ensure the City's compliance with AB 341. Republic commits to ensuring the City meets its overall diversion objectives through the use of the various facilities and the outreach methods described throughout this proposal.

Also, Republic notes that in *Attachment 4 – Tonnage Diversion Plan Form* included in *Section 1* of this proposal, Republic currently provides commercial customers in Huntington Park the option of utilizing carts rather than bins for commercial refuse and commingled recycling collection. This option addresses the need for smaller containers due to space constraints and customer preference, as well as lowering waste/recycling collection costs for customers.

As indicated in *Sections 5* ,all multi-family customers will receive two 96-gallon recycling carts which will be serviced at no charge to ensure all these customers have baseline recycling services.

Please see *Section 15* for more information on Republic's comprehensive diversion plan.

## *Implementation*

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. In the years 2008 through 2012, Republic won and implemented over 120 collection contracts in the West Region, and many more nationwide. 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 oversees the operations of the existing contracts serviced through Republic's local division—will ensure each task/subtask is completed within the specified timeframe and to contract specifications and the satisfaction of the City.

There are two parts to the draft transition plan, which are presented on the following pages:

1) Master Implementation Schedule: This is a visual representation of the approximate time/timeframes necessary to complete each key implementation task and major subtasks. The chart indicates approximate total elapsed time per key task.
2) Key Tasks: These are brief descriptions of each major task that, based on Republic implementation experience, should be addressed in a bit more detail.

The City should note that the plan is preliminary and will change based on collaboration with and input from the City. The plan will also deepen as City preferences and decisions inform subtasks.

Republic's primary objective is to implement the City's chosen programs and initiatives without disruption to the customer. Again, this process is greatly simplified due to Republic's incumbent status as the City's commercial services provider.

## Implementation Schedule - General

*Dates are approximate*

| ID | Task | Start Date | End Date | Notes |
|---|---|---|---|---|
| 1 | **Contract Negotiations** | 08-18-14 | 08-22-14 | |
| | Negotiations Completed/Award | | 08-18-14 | |
| *Related Task* | Develop Coordination Meeting Schedule and Implementation Progress Reporting Formats | 08-18-14 | 08-22-14 | |
| | Total Elapsed Time | 1 week | | |

## Implementation Schedule – Employee Hiring/Training

*Dates are approximate*

| ID | Task | Start Date | End Date | Notes |
|---|---|---|---|---|
| 2 | **Employee Hiring and Training (Residential)** | 12-15-14 | | |
| | Offer job interviews for any displaced workers. | 12-15-14 | 12-19-14 | |
| 2.1 | **Extend/Finalize Job Offers to Displaced Workers – Drivers** | 12-31-14 | - | |
| 2.2 | Notification, All Drivers: Update and Tentative Training Schedule | 12-31-14 | - | " |
| 2.3 | **Driver Training** | 1-12-15 | 1-23-15 | Two paid Saturday sessions. |
| 2.4 | CSR Contract Updates | 1-12-15 | 1-23-15 | " |
| | **Total Elapsed Time** | **≈5 weeks** | | |

## Implementation Schedule – Equipment Procurement

*Dates are approximate.*

| ID | Task | Start Date | End Date | Notes |
|---|---|---|---|---|
| 3 | **Equipment Procurement and Distribution** | 8-18-14 | 12-19-14 | |
| 3.1 | Initial Frontloader Bin Orders Placed | N/A | N/A | Commercial containers are in place. |
| 3.2 | Initial Cart Orders Placed | 8-18-14 | 12-1-14 | Cart manufacturers noticed. |
| 4 | **Residential Cart Distribution** | 12-08-14 | 12-19-14 | |
| 5 | **Vehicle Procurement** | 8-18-14 | 12-1-14 | All new frontline CNG vehicles |
| | **Total Elapsed Time** | **≈14 weeks** | | |

## Implementation Schedule – Systems/Database/Routing Development

*Dates are approximate. The following tasks relating to systems development apply only to residential customers.*

| ID | Task | Start Date | End Date | Notes |
|---|---|---|---|---|
| 6 | **Systems Development – Accounting and Customer Service/Database Management** | 9-1-14 | 10-31-14 | All tasks in this section apply to residential accounts only. |
| | *Tracks with Routing/Mapping.* | | | |
| | **Total Elapsed Time** | **≈2 months** | | |
| 7 | Systems Development – Routing/ Mapping | 10-6-14 | 11-7-14 | Begin routing/mapping on a rolling basis as customer accounts are confirmed. |
| | *Tracks with Accounting/Customer Service/ Database Management, above.* | | | |
| | **Total Elapsed Time** | **1 month** | | |
| 8 | Recycling Opportunity Assessments | Ongoing | | |
| | Total Elapsed Time | N/A | | |
| 9 | **Public Education and Outreach** | 9-1-14 | 9-26-14 | |
| | *Initial Program/Pre-Planning* | | | |
| 9.1 | Public Education Plan – Refine/Finalize | 10-6-14 | 10-31-14 | |
| 9.2 | Develop Website/ | 10-6-14 | 11-15-14 | |

| | | | | |
|---|---|---|---|---|
| 9.3 | My Resource<br>Customer Contact Begins | 11-17-14 | Ongoing | *Focus is on residential customer transition and My Resource portal.* |
| | **Total Elapsed Time** | | | |

## *Key Task: Container Operations*

Republic will work with the outgoing contractor and the City to obtain existing service level information by account, and will build its new customer database from this information, if available. Should this exchange of information not be possible for any reason, the following approach will be taken:

- **Residential Customers**
  *If the account database is not obtained through the outgoing hauler, Republic will work with utility billing personnel to obtain contact/address information for each account.*

No customer will ever be without a container during this process, and Republic will work tirelessly to ensure all customers receive their containers on time. Service guidelines will be distribute in tandem with containers.

<u>Commercial Customer Containers – Additional Information</u>
Commercial containers are in place. Republic will survey the condition of each commercial container and develop a refurbishment/replacement plan to occur within the first year of service. Republic will, during this process, right-size commercial services to improve efficiency and help businesses save money.

The following containers will be supplied to commercial customers:

- Metal frontloader bins for commercial solid waste and recycling collection services are standard, as are roll-off containers for larger generators and temporary accounts, and carts for small commercial generators.
- Commercial container types and capacity will meet the needs of individual businesses, and services will be right-sized to eliminate excess capacity, accommodate peak period waste generation rates, and shift recoverable materials to recycling containers. Carts will be offered to commercial customers for trash and recycling collection services with limited waste/recycling generation and/or space constraints.

<u>Residential Customer Containers – Additional Information</u>
Residential carts will be delivered on collection day. Republic will follow existing routes, delivering new containers at each address. Routes will be checked for completion prior to the end of each delivery day.

***Republic will appoint a dedicated individual to manage container procurement and fulfillment during transition to ensure container delivery goes off without a hitch. This person will keep open communications between container suppliers, operations personnel, customer service, customers, and each jurisdiction.***

## *Key Task: Approach to Conducting Initial Recycling Opportunity Assessments*

Republic will provide recycling opportunity assessments, follow-up, troubleshooting, monitoring, data collection, and program evaluation services for commercial customers during the first year of operations. Providing such services on the premises of customers is referred to as recycling technical assistance.

### Goals

Republic will focus on increasing the diversion of recyclable materials from customers. Republic's aim is to maximize tons diverted and level of participation while minimizing materials contamination. Other goals include right-sizing services to eliminate excess solid waste capacity, and simultaneously moving recoverable materials to recycling containers.

### 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 Cities, County health inspectors, customers of all types and their staff—ranging from top managers to custodians.
- Sensitivity to the varied cultures, languages, and organizational structures found within businesses, institutions, and multi-family dwellings.
- Close working relationships between all stakeholders.
- Strong knowledge of recyclable material specifications, and of reusable, recyclable, or compostable substitutes for commonly-disposed products.
- Strong problem-solving, analytical, and communication skills.
- High ethical and professional service standards.

## *Key Task: Driver Training*

Republic will only employ qualified personnel to perform collection services. In order to deliver superior performance, drivers will be properly trained. Properly trained drivers increase the likelihood that services are performed correctly the first time, and that accidents and incidents will be avoided. If drivers from the outgoing residential collection services contractor are displaced due to the transition and interested in staying in the area Republic will interview them for any open position for which they are qualified.

### *Key Task: Routing*

This task applies only to residential collection. 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 especially helpful for building new 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

Supervisors 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.

Routes will then be mapped and turned over to the City for review and approval. Republic intends to maintain the current route boundaries and collection days for all customers.

*Key Task: Public Education*

The objective of this section is to:

- Convey to the City of Huntington Park 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.

Sam Pena and Elizabeth Martinez, Republic's Municipal Services Manager will provide public education and outreach support to the City of Huntington Park. Sam and Elizabeth's resumes is included in *Section 4*.

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. Please see subsection *9c* and *Section 16* for more information and to see sample materials for each generator type.

During the residential collection services transition, 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 also include visits to all service clubs or other organizations the city believes are important to ensure a smooth transition.

***A huge benefit relating to public education is the fact that Republic Services is the service provider to the Los Angeles Unified School District. The program features a robust recycling element. Because Huntington Park is under the LAUSD, the children of Huntington Park benefit greatly from the recycling education they receive through the Republic-LAUSD program. It is proven that children have great influence over a family's recycling behavior. The education Huntington Park receive will complement, support, and sync nicely with Republic's curbside recycling program, should the City award a contract to Republic.***

Information on the success of the Republic-LAUSD partnership is excerpted from a recent presentation follows. The City should note that information relative to the right-sizing Republic did for the LAUSD is also comparable to the recycling opportunity assessments Republic proposes to perform during the first contract year for commercial businesses in Huntington Park.

## OPERATIONS

### Trash & Recycle Collection

- Collection of approximately 1,000 facilities
- Covering 710 square miles
- 2nd Largest School District in USA
  - 564k students
- Meals served per day = 650,000

REPUBLIC SERVICES

## SCHOLARSHIP PROGRAM

REPUBLIC SERVICES

# EXPANDED RECYCLING PROGRAM

"Keys to Success"

- Eight full-time recycle trainers
  - Right-sizing identify opportunities, process implementation and service resolution
- Office & classroom recycling
  - over 50k in-classroom delivered
- Lunch-time recycling
  - 35%-40% reduction of trash
  - Offsetting of BIC
- Kitchen recycling
- Student Training
- Community Outreach
- Teacher Workshops
- YTD # of Trainings 220,000
- FOLLOW UP
  - Fundamental of Recycling Audits Results

REPUBLIC SERVICES

recycle reinvent resource republic

REPUBLIC SERVICES

HIGHLIGHTS FOR THE LAUSD RUBISH AND RECYCLING INCLUDING THE FURNISHING AND MAINTANCE OF CONTAINERS

Approximately **1,000** LAUSD FACILITIES

8 DEDICATED LAUSD RECYCLE TRAINERS

Customer Calls answered LOCALLY

Year To Date RECYCLING Trainings

220,000

"This year, DIHS reduced approximately $2.4 million in General Fund dollar expenditures through improvements in the District's waste disposal program. Key improvements were achieved through site based waste analysis, which identified potential enhanced recycling opportunities.

The success is an integrated team effort, led by DIHS, with the District's contracted waste hauling vendor, Republic Services, Facilities Services Division's Sustainability Initiatives Unit, and Maintenance and Operations Branch, as well as the Food Services Division, Procurement Services Division, and the Office of the COO.

• DIHS the Chief Office of the Chief Operations Officer

**$80,000** INCENTIVE PROGRAM

Recycle Bin **INCREASE** **112 %**

Added 2,464 **RECYCLE BINS**

RECYCLE MORE TAKE MORE

Trash Bin DECREASE **15 %**

Removed 927 TRASH BINS

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# 9 Implementation Plan

## 9a Container Ordering and Delivery

This task is greatly simplified since Republic is the current commercial collection services provider in Huntington Park. All containers are currently in place and commercial customers will have their services right-sized during the initial year of the new contract as detailed in *Section 6* in order to promote recycling. All containers needed for expanding the commercial program and for any necessary exchanges during transition and beyond are currently in inventory and will be deployed as scheduled between Republic and the customer. This will allow Republic and the City to focus on residential cart ordering and deployment. Please see the previous subsection for more detailed information relative to acquiring residential account information.

<u>Container Deployment and Management Plan</u>

To smooth implementation for residential customers, Republic will notice its container manufacturers of projected numbers and sizes of containers based on current service. Orders will be refined on a rolling basis during the initial assessment phase. From the customer's perspective, the entire operation will be seamless.

Due to Republic's size and ongoing equipment needs for the dozens of contracts it holds in Southern California, it has standing orders with its equipment trade partners, and has already noticed its container suppliers to guarantee the supply and delivery of new containers throughout the City as per the *Implementation Schedule*, relevant items copied from the previous subsection, below.

Implementation Schedule – Residential Cart Procurement – Delivery
*Dates are approximate*

| ID | Task | Start Date | End Date | Notes |
|---|---|---|---|---|
| 3.2 | Initial Cart Orders Placed | 8-18-14 | 12-1-14 | *Cart manufacturers noticed.* |
| 4 | Residential Cart Distribution | 12-08-14 | 12-19-14 | |

Residential carts will be delivered on collection day. Republic will follow existing routes, delivering new containers at each address. Routes will be checked for completion prior to the end of each delivery day.

***Republic will appoint a dedicated individual to manage container procurement and fulfillment during transition to ensure container delivery goes off without a hitch. This person will keep open communications between container suppliers, operations personnel, customer service, customers, and each jurisdiction.***

# 9 Implementation Plan

## 9b Collection Vehicles

The following equipment will be utilized for residential collection services and the continuance and expansion of commercial collection services in Huntington Park. A detailed list is provided on the following page.

REPUBLIC SERVICES

Vehicles
*Featuring LNG-Power*

*Legend:*
*ASL = Automated Sideloader;*
*FEL = Frontloader*

ASL - Carts

Vehicle Specifications:
Autocar ACX 64 Chassis
Cummins ISLG, 320 HP
Heil Body, 30 CY capacity

Automated Cart Collection Applications:
- Residential Refuse, recycling, and green waste collection.
- Commercial recycling collection.

FEL - Bins

Vehicle Specifications:
Autocar ACX 64 Chassis
Cummins ISLG, 320 HP
Heil Body, 33 CY capacity

Commercial/Multi-Family Bin Collection
- Bins of 1 to 8 CY. Capacity may be utilized for MFD and commercial customers that cannot accommodate curbside cart collection.
- Application based on generation rate and site parameters, and size of premises.

Containers:

Company provided
Company-provided carts in the default size of 96-g for all waste streams.
64- and 32-g refuse carts available for an extra charge.
64- and 32-g recycling and green waste carts available at no additional charge upon customer request.
*All carts manufactured by Otto.*

Company provided
1 – 8 cubic yard 10 -gauge metal bins.

## *Benefits of Republic's Automated Cart Collection Equipment*

### EQUIPMENT LIST

| Line of Business | No. of Units | Vehicle Type | Make | Model | Engine | Body Model | Year |
|---|---|---|---|---|---|---|---|
| **Residential/Cart Customers** | | | | | | | |
| Trash | 3 | ASL | Autocar | Xpeditor | Cummings ISL-G (CNG) | Heil 30 Cu. Yard | 2014 |
| Recyclables | | | | | | | |
| Organics | | | | | | | |
| **Commercial/MFD Bin Customers** | | | | | | | |
| Trash | 4 | Standard FEL | Autocar | Xpeditor | Cummings ISL-G (CNG) | Heil 33 Cu. Yard | 2014 |
| Recyclables | | | | | | | |
| Organics/ Food Waste | | | | | | | |
| **Industrial** | | | | | | | |
| Roll-Off* | 1 | Roll-Off Truck | Autocar | Xpeditor | Cummings ISL-G (CNG) | Amrep | 2014 |
| **Special Services** | | | | | | | |
| Bulky Item Collection | 1 | Stake Bed Truck | Ford | F750 | Cummins ISP | Stake Bed | 2010 |
| **Auxiliary** | | | | | | | |
| Supervisory | 1 | Pickup Truck | Ford | F150 | V8 | Truck | 2010 |
| Scout | | | | | | | |

*Note: Republic maintains a spare fleet of approximately 17 percent*

*Automated Sideloaders*

- Standardization. Standardization of the fleet in the manner described produces maintenance economies of scale and promotes greater safety, since most drivers will use like equipment. Standardizing the fleet lowers the cost associated with stocking parts for various manufacturers; it also allows maintenance personnel to work more efficiently.
- Flexibility. This model accommodates cart collections, with the highest proven level of efficiency.
- Lighter Weight. In reviewing tonnage, productivity assumptions, and proximity to the transfer station, recycling, and green waste processing facilities it became clear that a lighter weight collection vehicle could easily do the job. Republic has specified its ASLs with lighter weight (aluminum) features where possible and practical, and has specified a lower torque transmission, removing 1,000 pounds of weight from the drive train. The benefit to the County and residents is less wear and tear to County and private roads, greater fuel efficiency, and the ability to increase payloads when necessary to limit the number of routes.
- 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.
- Automated Arm: This arm has the ability to be operated from either side of the cab from the driver's position: right side or left side. In the automated mode the driver simply moves the arm using an ergonomically positioned joy stick: the arm can move out to nearly five feet from the body of the hopper to allow for incorrectly positioned carts. The claws grab the can and it is returned to the truck and emptied into the hopper. If necessary, the driver can also perform this operation from a safe position outside the cab, if the situation warrants itself.
- Quiet: LNG or CNG vehicles produce <u>less</u> noise while idling than a diesel collection vehicle idling.

**Collection Carts**

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.

As always, outreach materials will continually educate residential customers about proper cart placement such that:

- Collections are unobstructed by vehicles.
- Sidewalks and walkways are unimpeded for pedestrian use.

## *Driver Activity Sequencing: Automated Cart Collection*

The driver activity sequence for automated can/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 utilizes two controls to make the collection: 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.

4) The driver then returns to use of the first control to lift, empty, and return the cart to its original position. As the cart is being emptied, the driver checks cart contents for hazardous/unpermitted waste via a hopper camera.
5) After the cart is replaced, the driver checks the serviced area (mirrors and cameras) 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.

Once the truck has reached capacity or the driver has concluded the route, the driver drives directly to Republic's transfer station where the material is screened, accounted for and transferred for disposal (garbage) or processing/recycling (recyclable and green waste).

For recyclable materials set-outs, Republic drivers or supervisors will also utilize the opportunity to do a periodic visual contamination check of the cart contents.

If contamination is visible the cart will be tagged with a *Corrective Action Notice* and not emptied until the correction has been made, in accordance with the draft *Agreement*. As with all *Corrective Action Notices* and other route events and incidents, this information will be logged into Republic's customer database.

## *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.
- All new collection vehicles have an automatic shut-down feature after five minutes of idling to mitigate vehicle noise.

### 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 12 months of the contract start date.

## *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.

# 9 Implementation Plan

## 9c Public Education Steps

The draft *Agreement* indicates the implementation of a public education campaign to promote collection services throughout the City. Republic has tremendous experience working with its municipal clients to implement new programs, which necessarily requires collaboration between all parties. Some examples of public education materials are included in *Section 16*.

Public education components, as specified in the *Draft Agreement* include:

### *Written Program Materials*

Republic will work with the City to develop/revise promotional and educational materials as per the finalized *Agreement* and to the City's preferences. All materials will include messaging to increase recycling participation. All materials will be printed in prevalent languages spoken in the City.

Initial written program materials for residential customers will include this information, at least:

- Republic Contact Information/Public Works Contact Information
- Regular and Special Collection Services Available (including bulky item collection service) and Service Guidelines
- Route Boundary Map
- Collection Schedule/Holiday Collection Schedule
- Included Services and Services Provided for an Extra Charge
- Other Pertinent Information

### *Community Meetings*

Over and above the City's requirement, prior to contract commencement, Republic will conduct at least two community meetings to inform all customers—residents, multi-family residents, and businesses—of the City's collection services. Two weeks prior to the community meetings Republic will publish meeting information by written notice.

Meetings may be with individuals, property owners, businesses, multi-family complexes, property managers, community organizations, homeowner's associations, town councils, and others at the direction of the Director/Designee.

### *Annual Notices*

As per the *Draft Agreement* and as is standard for Republic customers, Republic will produce and distribute, collaboratively with the City, a customer brochure which provides the following pertinent information at least:

- Availability of all services
- Collection schedule
- Holiday collection schedule
- Mandatory commercial recycling and program offerings
- Republic contact information
- Process for making service changes and cancelling service
- Recycling services
- Proper handling and disposal of household hazardous wastes and other special materials.

### *How-To Brochure*

As indicated in the *Draft Agreement*, Republic will prepare and distribute comprehensive service guidelines for all customer types. This information will be distributed to all customers prior to the contract start date and will continue to be updated annually and distributed to new customers as they register for service. A sample *How-To* brochure is included in *Section T6*.

### *Corrective Action Notice*

*Corrective Action Notices* are tags that drivers leave that indicate set-out problems, and are tailored to residential and commercial generator types. 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. *Corrective Action Notices* can help drive up recycling participation since their use simultaneously stimulates awareness of recycling programs when used to tag contaminated recycling containers.

Republic's *Corrective Action Notice*, or *Oops Tag*, will be utilized in one of two ways, depending upon preference:

a) The tag can be utilized regularly by drivers, whenever improper set-outs are observed; or
b) The tag may be used as part of a campaign, where, for example, one route will be focused on per month, and *Corrective Action Notices* issued during collections in that month.

The one exception to limited *Corrective Action Notice* distribution via campaign would be in cases where serious or unacceptable, recurring set-out problems by a particular customer or household are observed by the route driver. Naturally, *Corrective Action Notices* will be used a whenever a collection is unacceptable for health and safety reasons or due to an unacceptable level of contamination is observed in either the recyclables or green waste cart, which warrants the attention of the customer to clean up the materials or have the materials disposed of as MSW. When drivers turn in their *Corrective Action Notices*, the information is input into a database, and used for detecting behavioral patterns or trends that need correcting via Republic's public education and outreach program. The form can be revised based on City input.

### *Contractor Representative*

Elizabeth Martinez and Sam Pena, Republic's Municipal Marketing Managers, and Kennetha Jespers, Republic's Area Recycling Education Manager, will support Republic's education and outreach efforts.

### *Web Site and Customer Web Portal*

Republic recognizes the need for customers to have access to a fully functioning website—for both residential and commercial customers—in order 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 Huntington Park and as previously noted, 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.

# 9 Implementation Plan

## 9d City Staff Participation

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. In the years 2008 through 2012, Republic won and implemented over 120 collection contracts in the West Region, and many more nationwide. This experience has led Republic to have a strong focus in the following areas with its municipal clients:

- 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 oversees the operations of the existing ten contracts serviced through Republic's local division—will ensure each task/subtask is completed within the specified timeframe and to contract specifications and the satisfaction of the City.

Republic commits to working in partnership with the City to ensure a seamless transition in the residential sector. Republic will consult with the City and will seek the City's approval whenever City approval is required or necessary for a quality program. However, Republic is skilled at implementing and maintaining solid waste and recycling collection programs and will not over-burden the City with requests. Being an incumbent service provider ensures the City not need to assign more than one single point of contact for Republic to access during the transition and beyond.

# 9 Implementation Plan

## 9e Evidence of Available Personnel

Republic has an established operations base in Long Beach and a customer service call center with the management, administrative, and maintenance personnel required to continue supporting the Huntington Park contract, including expansion to provide residential collection services as well. As a current service provider, Republic is also acquainted with the City's administrative procedures.

All commercial collection personnel are in place and completely familiar with the unique service requirements associated with Huntington Park. Republic will offer employment to the outgoing contractor's drivers. It is important to note that Republic and Waste Management drivers belong to the same Teamster's Local Union 396. Republic will also recruit its new Customer Service Representative from Huntington Park if a qualified candidate is interested.

# 9 Implementation Plan

## 9f Customer Service During Transition

Republic is known for its well organized and systematic planning and implementation of new contacts with particular emphasis on a high degree of communication between Republic, the City, and the City's residential customers prior to, during, and after the start of a new contract. With every new contract, Republic prepares a comprehensive program plan that details the duties and responsibilities among the various key employees.

It is important to note that, because Republic is the incumbent commercial collection services provider, the only phone call volume spikes will be associated with residential customers. Republic intends to minimize impacts to residential customers which would trigger a phone call through the expert execution of Republic's implementation plan which features excellent, concise but comprehensive communications with its customers.

### *Customer Service Center*

As required by the new *Agreement*, Republic will establish a customer service center in the City during the days and hours, including Saturday, established in the *RFP*. Preliminarily, Republic has arranged to rent desk space from the Chamber of Commerce. However, Republic would like to share its experience that these well-intentioned positions generally are highly underutilized. As an alternate consideration, Republic will offer the City the salary for that position to use however it sees fit in connection with the program; for instance, as an offset to residential rates.

Republic office hours in Huntington Park will be from 8:00 a.m. to 5:00 p.m. Monday through Friday and Saturdays 8:00 a.m. to noon. Customers may obtain customer service support by coming directly to the service counter at the center or by calling the customer service number. During office hours, a representative is available to receive customers and the public. Republic's call center hours are 7:30 a.m. to 6:00 p.m. Monday through Friday, and 8:00 a.m. to noon on Saturday.

Republic's staffing levels ensure that a live person will answer each phone call within five rings. CSRs are trained to use Telecommunications Device for the Deaf (TDD) services to communicate with hearing-impaired customers. Republic has in-house language capabilities of Spanish, Cantonese, and Mandarin.

Republic's phone system will handle up to 15 calls at any given time. In the rare event a customer is placed on hold for more than 1.5 minutes, s/he will be given an option at regular intervals to remain on hold or leave a service-related message. It is Republic's

goal that no customer be required to wait to speak to a customer service representative. Any customer who leaves a message prior to 3:00 p.m. will be called back at least once before close of business on the same day. Customers who leave messages after 3:00 p.m. will be called back at least once before 12:00 noon on the following business day.

In all instances, a CSR will attempt to contact the customer at any and all numbers in the customer record within eight business hours of the customer leaving the message.

After hours, Republic has an answering machine to receive service-related messages from customers. Customer service/dispatch personnel will field all messages for immediate follow-up the next business day. Republic will provide the all City departments with its management team cell phone numbers for emergency contact. At all times Republic will have an on-call operations supervisor available to handle any emergency calls received.

### *Call Center Metrics*

Republic is proud of the service it provides to customers. At a minimum, Republic's customer service standards are as follows, with the goal to continually exceed these metrics.

- Answer customer calls within an average of 20 seconds.
- Have a call abandon rate of less than three percent.
- To receive monitoring scores of 90 percent or greater. Calls are monitored for quality daily, and scored monthly.
- All new accounts will be personally contacted after their first service day to verify container delivery and driver courtesy, as well as answer any questions.

### *Customer Service Staffing Levels*

Republic recognizes that its CSR's play a vital role in customer satisfaction and their opinion of Republic and the communities it serves. How Republic CSRs conduct themselves on the telephone and how competently they handle the customer's inquiry is a direct reflection of the Company.

Republic ensures that CSRs answer customer calls courteously, with pleasant voices, using good diction and understandable language. Republic CSRs are trained and evaluated on their ability to handle stressful calls without losing control of the conversation. Management staff encourages CSRs to take ownership of customer interactions to drive customer advocacy through process resolution skills and with

professionalism and respect. Republic's local teams of CSRs receive ongoing training that in most cases enables them to resolve issues on the spot.

Republic also employs Operations Supervisors who will be responsible for checking and resolving field problems while maintaining contact with CSR's and responding to complaints by customers in person or by telephone.

Before a CSR handles the phones alone, CSR undergoes 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 City of Huntington Park and its residents and businesses. This strong training foundation is pivotal to Republic's local success at achieving below-average call response and call waiting metrics.

Forecasting appropriate staffing to manage call volume includes consideration of the following criteria:

- Monthly peak volume call intervals (driven by billing calls);
- Event information calls (driven by questions about clean-up events);
- Scheduled CSR vacations;
- Absenteeism projection;
- Inclement weather issues;
- Collection delays/rescheduling due to roadwork;
- Breaks and lunches (scheduled to low call volume periods); and
- Program implementation.

To ensure that the average speed of answer is maintained during peak call volume intervals:

- No CSR vacations are scheduled during the five days of each month that represent the highest call volume.
- Two lead CSRs (normally assigned tasks off the phone) take calls and complete other work after hours.
- Office staff takes calls during peak intervals.
- Temporary associates are trained two weeks in advance to cover for scheduled summer vacations and program implementation/enhancements.

No vacations are scheduled during transition or during special events to ensure CSR availability to answer questions. A forecast model is used to utilize this information to create a history which can, in turn be used to anticipate current month volume based on call trends.

# 9 Implementation Plan

## Additional Information: Safety + 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 certain 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

REPUBLIC SERVICES

- 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** |

## Components of Focus 6

REPUBLIC SERVICES

| | | | |
|---|---|---|---|
| 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 |

## Implementation Components

REPUBLIC SERVICES

- 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

## The Components

REPUBLIC SERVICES

| Item | Benefit / Purpose |
|---|---|
| **Monthly GM Memo** | Introduces the monthly focus 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. |

## The Components

REPUBLIC SERVICES

| Item | Benefit / Purpose |
|---|---|
| **Weekly Photographs** | A photo frame will be mounted next to the Poster where a new picture will 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-enforce them in a visual and print methodology. The 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:

- 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.

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 Itasca 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 Cleburne 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 subjection.

## 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 are 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
- Prutsman 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 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 durability 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[1] 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**

[1] Out of Service items scheduled before vehicle is closed back in service

REPUBLIC SERVICES

## Refined Expectations for Leadership Teams

| | |
|---|---|
| **General manager** | • Focus on performance and fleet health and how it impacts the serviceability to its customers<br>• Discuss shop performance weekly |
| **Operation manager** | • Proactively promote fleet health (e.g., daily huddles, VCR quality, driver QCI of pre/post trips) |
| **Drivers** | • Follow the OneFleet pre-post trip inspections process to identify maintenance needs and communicate the vehicles needs clearly on the VCR daily |
| **Maintenance manager** | • Plan shop activities based on PM schedules and PM/VCR repairs needs<br>• Perform proactive repairs rather than reactive repairs<br>• Identify areas of technical improvement in the maintenance staff and schedule training |
| **Maintenance supervisor** | • Support/coach the technicians to ensure proper repairs through QCI & (Quality Control Inspections)<br>• Raise shop capacity & productivity through SRT's (Standard Repair Times) |
| **Technicians** | • Proactive repairs through the PM process<br>• Responsible for shop safety and cleanliness |

REPUBLIC SERVICES

## 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 done traffic
  - Previous days VCR quality standards

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## 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 QCIs, this will raise the Quality and standards while allowing for coaching opportunities.**
- **Continue annual PM training for all techs.**

REPUBLIC SERVICES

## 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.**

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## 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

REPUBLIC SERVICES

## Is it worth it?

REPUBLIC SERVICES

## 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

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## 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.

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## 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.

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## Is it worth it?

REPUBLIC SERVICES

# 10 Transition Experience

## 10 Transition Experience

### Summary

Republic has extensive experience in the planning and implementation of new service, whether introducing new services within existing contracts or the initiation of services to an entire jurisdiction under a new contract. Brand new contract implementation references are indicated with a checkmark in the right column. Following the chart are several specific transition experience examples with contact information.

*Partial List of Service Initiation Experience*

| YEAR | CITY | TYPE OF SERVICE | TRANSITION DESCRIPTION | |
|---|---|---|---|---|
| 2000 | Alhambra | Residential | Transition to new services. | |
| 2000 | Athens | Residential | Implemented New Franchise | ✓ |
| 2000 | Los Alamitos | Residential | Transition to new services. | |
| 2000 | Alhambra | Commercial | Implemented New Franchise | ✓ |
| 2000 | Artesia | Residential | Transition to new services. | |
| 2001 | Mesa Heights | Residential | Implemented New Franchise | ✓ |
| 2001 | Whittier | Residential | Transition to new services | |
| 2001 | Hermosa Beach | Residential/ Commercial | Implemented New Franchise | ✓ |
| 2001 | Alhambra | Residential | Transition to new services. | |
| 2002 | Belvedere | Residential | Implemented New Franchise | ✓ |
| 2002 | Santa Fe Springs | Residential | Transition to new services | |
| 2002 | Norwalk | Residential | Transition to new services | |
| 2002 | Hawaiian Gardens | Residential | Transition to new services | |
| 2003 | Lawndale | Residential | Implemented New Franchise | ✓ |
| 2003 | Hawthorne | Commercial | Implemented New Non-exclusive Franchise | ✓ |
| 2003 | Lennox GDD | Residential | Implemented New Franchise | ✓ |
| 2003 | Redondo Beach | Residential/ Commercial | Implemented New Franchise | ✓ |
| 2005 | Walnut Park GDD | Residential/ Commercial | Implemented New Franchise | ✓ |
| 2005 | Alhambra | Commercial | Implemented New Franchise | ✓ |
| 2005 | Lawndale | Com. Recy. | Implemented New Contract | ✓ |
| 2005 | Firestone GDD | Residential | Implemented New Franchise | ✓ |
| 2006 | Rosemead | Residential | Transition to new services | |
| 2006 | Mesa Heights GDD | Residential | Implemented New Franchise and transition to new services. | ✓ |
| 2007 | Belvedere GDD | Residential | Implemented New Franchise | ✓ |
| 2007 | Hawthorne | Residential/Commercial | Implemented New Franchise | ✓ |
| 2008 | Lennox GDD | Residential | Implemented New Franchise | ✓ |
| 2010 | Firestone GDD | Residential | Implemented New Franchise | ✓ |
| 2010 | Walnut Park GDD | Residential | Implemented New Franchise | ✓ |
| 2010 | Athens GDD | Residential | Implemented New Franchise | ✓ |
| 2010 | Rolling Hills | Residential | Implemented New Franchise | ✓ |
| 2010 | Alhambra | Residential | Implemented New Franchise | ✓ |
| 2011 | Lawndale | Residential/Commercial | Implemented New Franchise | ✓ |
| 2011 | Los Alamitos | Residential/Commercial | Implemented New Franchise | ✓ |
| 2011 | Alhambra | Commercial | Implemented New Franchise | ✓ |
| 2011 | El Segundo | Residential | Implemented New Franchise | ✓ |
| 2012 | Inglewood | Residential/Commercial | Transition to new services | |
| 2012 | Bell | Residential/Commercial | Implemented New Franchise | ✓ |

| | | | | |
|---|---|---|---|---|
| 2013 | Rosemead | Residential/Commercial | Implemented New Franchise | ✓ |
| 2013 | San Fernando | Residential/Commercial | Implemented New Franchise | ✓ |

## *Transition Example 1*
### *City of Inglewood, California*

*The City of Inglewood*- The Inglewood contract involved the issuance of a new 10-year exclusive services contract pursuant to an RFP process, and a transition from a previous hauler system. The City continued a 3-cart automated system for refuse, recyclable materials and green waste collection, effective 8/1/12. Republic procured new automated side-loader vehicles and carts, undertook driver and customer service training, customer data base development, route development, container delivery, and public education and outreach, in advance of start-up pursuant to a detailed implementation plan, and in accordance with the new contract terms, so as to launch a successful start-up as of the date of commencement of services.

In addition to the aforementioned services, Republic:

- Created job placement opportunities for Inglewood residents in partnership with the South Bay One-Stop Business and Career Center and attended job fairs at City events.
- Provided initial commercial recycling opportunity assessments and commercial and multi-family recycling technical assistance. This included on-site employee training to help ensure the commercial recycling programs success and continually generate higher diversion throughout the term of the *Agreement*.
- Provided curbside recycling programs such as household batteries collection, of e-waste, and shred days.
- Provided community safety program *We're Looking Out for You*.

The contract was awarded to Republic pursuant to an RFP process, and based on the strength of our response and our initiative to go beyond the initial scope of work and be a good community partner.

*Contact:*

| | |
|---|---|
| *Angela Williams*<br>*Environmental Services Manager* | *1 Manchester Boulevard*<br>*Inglewood CA, 90301*<br>*Ph: 310-412-8722 • Fax: 310-412-5552*<br>*Email: awilliams@cityofinglewood.org* |

## Transition Example 2

### *City of Lawndale, California*

January 1, 2011, Republic was awarded an exclusive Residential and Commercial agreement. Republic was previously the exclusive provider for residential collection services (refuse/recycle/green) to residential premises equal to or less than 4 dwelling units using carts. Commercial and

*City of Lawndale*

- *Exclusive Provider for Automated/Semi-Automated collection of*

## *Transition Example 3*

### *City of Hawthorne, California*

The City of Hawthorne involved a transition from the City's previous residential service provider to Republic, using an automated 3-cart collection system for solid waste, recyclables, and green waste. The new contract also involved the transition of commercial/multi-family bin and industrial collection services, from multiple haulers operating under non-exclusive contracts with the City, to an exclusive services contract with Republic. The new 7-year exclusive services contract, which was awarded to Republic effective June 1, 2007, involved the transitioning of service to over 14,000 residential accounts and over 1,700 commercial accounts.

Republic procured automated side loaders to service the City. City retained ownership of all carts; however, Republic procured and delivered new commercial containers to service the commercial/industrial sector of the City, as well as providing for replacement carts and bins in case exchanges were requested by customers or deemed necessary by Republic.

Republic also undertook driver and customer service training, customer data base development, route development, and public education and outreach, in advance of start-up pursuant to a detailed implementation plan, and in accordance with the new contract terms, so as to launch a successful start-up as of the date of commencement of services.

City of Hawthorne

- *Exclusive Provider for Automated Residential, Multi-Family, Commercial, and Industrial*
- *Residential 3-Cart Automated System (Refuse, Recycling and Green waste collection)*
- *14,000 residential accounts and over 1,700 commercial accounts*
- *Partnering with the City for nearly 4 years*

Republic's customer data base development involved the procurement and systems integration of all residential and commercial service level information and service/billing addresses in order to complete the customer service center database, and to facilitate future communications with customers, work order initiation/closure, and direct billing to all residents and businesses. From a billing standpoint, Republic was required to facilitate the transition from a utility billing-based system to a direct billing system for residential properties, and to develop a billing system for all other commercial and industrial customers. **Number of Routes**: Residential- 8 Refuse, Recycling and Green waste routes (excluding bulky item routes); Commercial- 6 Refuse and Recycling routes (excluding scout and roll-off routes).

**Contact:**

| | |
|---|---|
| *Doug Krauss*<br>*Public Works Assistant* | *4455 W. 126th St.*<br>*Hawthorne, CA 90250*<br>*Ph: 310-349-2987 • Fax: 310-978-9862*<br>*Email: dkrauss@cityofhawthorne.org* |

CITY OF HAWTHORNE

Department of Public Works Engineering Division

April 25, 2014

LETTER OF REFERENCE – REPUBLIC SERVICES, INC

To whom it may concern

Allied Waste, a subsidiary of **Republic Services, Inc**, has been servicing the community of Hawthorne since 2007.

Allied Waste provides excellent service as our exclusive residential and commercial solid waste and recycling provider. They have been a responsible community partner in good standing in the City of Hawthorne.

If you would like to discuss their services further, please feel to contact me at your convenience. I can be reached at 310-349-2987 or my email at dkrauss@cityofhawthorne.org. Thank you.

Sincerely,

DOUG KRAUSS
City of Hawthorne
Public Works

## *Transition Example 4*

### *Los Angeles County*
### *Firestone Garbage Disposal District*

When Republic first took over the Firestone contract, it involved the issuance of a new five-year exclusive services contract to Republic pursuant to an RFP process, and a transition from the existing manual collection system (using customer-provided barrels) to a 3-cart automated system for refuse, recyclable materials, and green waste collection, with new services effective September 1, 2005.

As part of the original transition to new services, Republic procured new automated sideloader collection vehicles and carts, undertook driver and customer service training, customer database development, route development, container delivery, and public education and outreach, in advance of start-up pursuant to a detailed implementation plan, and in accordance with the new contract terms so as to launch a successful start-up as of the date of commencement of services.

When the contract was re-awarded to Republic in July 2010, the Company collaborated closely with the County to develop and distribute new program materials, re-label carts, and procure new LNG collection vehicles. **Number of Routes**: 14 Refuse, Recycling, and Green Waste routes.

**Contact**

| | |
|---|---|
| *Grace Leriget*<br>*Program Director, GDD Section,*<br>*Environmental Programs Division* | *Department of Public Works 900 S. Fremont Ave.*<br>*Alhambra, CA 91803*<br>*Ph: 626-458-3596 • Fax: 626-458-3569*<br>*Email: gleriget@dpw.lacounty.gov* |

## *Transition Example 5*

### *City of Rosemead, CA*

Having served the City of Rosemead since 1991 with a track record of exemplary service, Consolidated reinforced the fact that familiarity with the City's service conditions and requirements such as customer needs and account history; collection days and routes; street and traffic patterns; problem areas that require consistent, daily attention; and an operations infrastructure—containers, collection vehicles, and processing/ disposal facilities were key to a successful transition to a new agreement. These familiarities elements brought significant value to the City and customers.

In addition to the existing programs, Republic developed new enhancements to our community partnership: Title sponsorship and programs for City's Summer Concerts at the Park program; Restructured the Bulky item collection to an unlimited system; Partnership with Grades of Green to work hand-in-hand with education programs inside the schools; Annual Scholarships; Curbside collections of battery collections, e-waste and semi-annual shred days; New Recycle Rewards program; New Bicycle Redistribution Program; and Commercial Recycling Audits to right-size individual commercial accounts with the proper levels of waste and recycling.

When the contract was re-awarded to Republic in March 2012 through a competitive RFP process (with agreement Start date of August 1, 2013), the Company collaborated closely with the City to develop and distribute these new program materials, new automated green waste carts/collection, and procure new outreach programs. **Number of Routes**: 6 Refuse, Recycling, and Green waste routes.

**Contact:**

| | |
|---|---|
| *Chris Marcarello*<br>*Director of Public Works*<br>*City of Rosemead* | *City of Rosemead*<br>*Department of Public Works*<br>*8838 East Valley Blvd.*<br>*Rosemead, CA 91770*<br>*Ph: 626-569-2118 • Fax: 626-307-9218*<br>*Email: cmarcarello@cityofrosemead.org* |

**See the letter of recommendation on the following page.**

MAYOR

MAYOR PRO TEM

COUNCIL MEMBERS

# City of Rosemead

TRUE VALLEY BOULEVARD SOUTH
ROSEMEAD, CALIFORNIA
TELEPHONE (626) 569-2100
FAX (626) 573-5310

May 7, 2014

To Whom It May Concern

Consolidated Disposal Services (Consolidated) has provided solid waste and recycling collection services in the City of Rosemead since 1991. Last year, the City Council approved an additional 10-year franchise agreement with Consolidated for the continuation of these services. As is evident with this long-standing partnership, the City continues to be very satisfied with the quality of these services and the professionalism demonstrated by Consolidated's team.

As part of the franchise agreement, Consolidated is the sole provider of solid waste and recycling collection for both residential and commercial customers. Consolidated also utilizes alternative fuel equipment in its collection services, helping to meet air quality requirements and also demonstrating the City's commitment to environmental responsibility. During its tenure in Rosemead, Consolidated has also been a strong community partner, participating in the City's annual Public Works Week events, City special events, and local community affairs.

It should be noted that Consolidated also provides extremely competitive rates for solid waste collection services. These rates have resulted in significant savings to the community.

The City looks forward to a long-lasting, productive working relationship with Consolidated Disposal Services. I would strongly recommend them for solid waste and recycling collection services.

Please feel free to contact me at (626) 569-2118, if I can be of further assistance.

Sincerely,

CHRIS MARCARELLO
Director of Public Works
City of Rosemead

## *Transition Example 6*

### *City of Bell, CA*

This is another successful Republic story of community partnership with an existing partner. Servicing the community for over 22 years, the City of Bell Residential and Commercial services included Automated Collection of solid waste and recycling; Manual collection of green waste; Selected source separated programs for commercial, industrial, and Multi-Family Dwelling units; and City billing of residential and commercial accounts through tax rolls.

Under the new agreement, May 2012, the City of Bell replaced all residential carts and transitioned the billing from City Tax Property Roll system to a billing system managed by Republic Services. Under the new billing system, residential and commercial account holder would receive personalized invoices of their services instead being an add-on assessment on their annual Los Angeles County Property Tax bill. This new billing system was essential to city and its Residents/Commercial account holders to manage their expectations and services levels first hand.

Republic also continued to be that Community Partner by: Being an Active member of the Bell Chamber of Commerce; Publishing Quarterly Newsletters to discuss Recycling and waste issues in the community; Sponsored Earth Day event; Sponsoring local youth events which including participating in Bell High School Alumni events, Teacher of the Year awards ceremonies; Sponsored Launching of a new transportation shuttle, La Campaña, in the city limits; and Major sponsorship of the City's Birthday Celebrations.

Republic was proud to be re-awarded contract in May 2012 through a competitive RFP process. Republic, again, collaborated closely with the City to make sure that existing and new programs were implemented. **Number of Routes**: 9 Refuse, Recycling, and Green waste routes.

**Contact:**

| | |
|---|---|
| *Alex Fong*<br>*Contract/Facilities Manager,*<br>*Public Works Department* | *City of Bell*<br>*6330 Pine Avenue*<br>*Bell, CA 90201*<br>*Ph: 323-588-6211 • Fax: 323-771-9473*<br>*Email: afong@cityofbell.org* |

# 11 Evidence of Ability to Perform

Republic is the largest holder of exclusive integrated waste management services contracts in Los Angeles County, and possesses the financial, technical, and operational wherewithal to meet and exceed the County's RFP requirements. At the same time, Republic maintains a personalized, hands-on approach to meeting Contract requirements and in working with its municipal customers. This approach has served to set Republic apart from its competitors.

In the Los Angeles County area alone, Republic owns and/or operates a materials recovery facility, six transfer stations and one landfill, and operates one of the largest alternative fuel fleets in the United States. From the vehicle operating and maintenance facilities in Long Beach, Los Angeles, Gardena, and Sun Valley, the Company manages over 450 daily route vehicles (plus spares) and employs approximately 1,070 men and women throughout the Los Angeles County area at the Company's vehicle operating and maintenance facilities, transfer stations, landfills, and administrative offices in Santa Fe Springs and Sun Valley.

Republic owns and operates the CVT Recycling Complex in Anaheim. Republic's solid waste and recycling services impact the daily lives of millions of Southern Californians.

## *Financial Strength*

Republic Services, Inc. is the leading solid 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 $8.4 billion and total assets of almost $20 billion.

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

Republic's 2013 *Annual Report to Shareholders* and *Form 10-K* demonstrates Republic's substantial financial resources and stability, as well as its ability to finance any future capital expenditures related the City of Huntington Park 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.

A complete 2012 Annual Report (Form 10-K) can also be viewed and downloaded from www.RepublicServices.com.

The following table summarizes five years of financial data.

*Summary Excerpts of Financial Data*

(in millions)

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|
| **Revenue** | $8417.2 | $8,118.3 | $8,192.9 | $8,106.6 | $8,199.1 |
| **Operating income** | $1,210.3 | $1,320.6 | $1,552.7 | $1,539.1 | $1,589.8 |
| **Net income** | $588.9 | $571.8 | $589.2 | $506.5 | $495.0 |
| **Total assets** | $19,949.2 | $19,616.9 | $19,551.5 | $19,461.9 | $19,540.3 |
| **Stockholders' equity** | $7,906.1 | $7,705.7 | $7,683.4 | $7,848.9 | $7,567.1 |

The *Annual Report to Shareholders* has been prepared in accordance with Securities and Exchange Commission requirements, New York Stock Exchange Commission requirements, and in accordance with generally accepted accounting principles. Selected financial data can be found in the 2012 *Annual Report*. Republic also has the highest credit ranking of the top ten largest waste services companies, as indicated in the information included in the *Appendix* located at the conclusion of this section.

## *Benefits of Incumbency*

Republic has the honor of being the commercial collection service provider in Huntington Park. Because Republic is a current hauler in the service area, there are some benefits of incumbency that deserve to be conveyed. First, Republic is a known entity through its service history and proven track record of exemplary performance and safety in the service area.

The familiarity, efficiency, and financial strength of Republic Services bring significant value to the City and customers. Residents experience a sense of safety and familiarity with Republic drivers, supervisors, and customer service procedures. It would take considerable time and effort for another contractor to match Republic's level of service and extensive working knowledge of the service area, as well as establish the excellent relationship the Company has with the community that it has worked so hard to achieve.

## *Republic Services and Western Region Operations*

Republic is the second largest provider of services in the domestic non-hazardous solid waste industry as measured by revenue, and is well qualified by experience, adequate financing, staffing and equipment to provide the service specified in this RFP. Republic provides non-hazardous solid waste collection services for commercial, industrial, municipal and residential customers through 348 collection companies in 40 states and Puerto Rico. Republic owns or

operates 204 transfer stations, 193 active solid waste landfills and 76 recycling facilities. We also operate 73 landfill gas and renewable energy projects.

Republic is under contract to serve millions of customers nationwide:

- *Municipal Contracts: +2,800*
- *Residential Customers: +12,000,000*
- *Commercial Customers: +1,000,000*

The Company's organizational and management structure includes three regions across the country and a regional management team headed by a President of Operations located in each of the four regions. Within each region are multiple market Areas, each headed by an Area President and Area management staff. Republic's Los Angeles Area includes operations in the counties of Los Angeles, Ventura, San Bernardino, Orange, and Imperial. The Los Angeles Area is part of Republic's Western Region.

## *Southern California Operations*

In Southern California, Republic operates and has facilities in the counties of Los Angeles , San Bernardino, Orange, Imperial, and San Diego. The Los Angeles, Orange and San Bernardino County operations fall under the Los Angeles Market Area management staff and Area President, Ron Krall, who is authorized to bind Republic in contract with the County.

Republic is the largest holder of exclusive integrated waste management services contracts in Los Angeles County, possessing the financial, technical, and operational wherewithal to meet and exceed the City's *RFP* requirements.

Republic has long-term exclusive solid waste collection contracts with 35 municipalities in Los Angeles and Orange County.

In addition, Republic has non-exclusive contracts or permits for residential and/or commercial solid waste collection in twenty-one (21) jurisdictions in Los Angeles County, and approximately 34,000 open area commercial/industrial accounts in LA County.

## *Disposal and Materials Recovery Facilities*

Republic owns or operates 223 transfer stations, 192 solid waste landfills and 78 recycling facilities nationally. Republic owns and/or operates two (1) landfill and eight (8) transfer stations and recovery facilities in the Los Angeles and Ventura County areas.

The landfill site is ***Sunshine Canyon Landfill***, in Sylmar, CA. The transfer stations and materials recovery facilities include our ***Bel Art Transfer Station*** (North Long Beach), ***American Waste Transfer Station*** (Gardena), ***East Los Angeles Transfer Station*** (Los Angeles), ***Innovative Waste Control Transfer Station*** (Vernon), ***Compton Recycling and Transfer Station*** (in Compton), and ***Falcon Refuse Center*** (Wilmington). Republic also has green waste processing operations at its Falcon Refuse Center site.

Republic's CVT Recycling Complex and Transfer Station in Anaheim is one of the largest and sophisticated facilities of its kind in North America, as well as the 1,950 ton per day Inland Regional Materials Recovery Facility and Transfer Station in the City of Colton. Republic owns and operates a transfer station (Carlsbad), a materials recovery facility (El Centro), and five landfills (four of which are in San Diego County) throughout the San Diego and Imperial County areas. Huntington Park benefits tremendously because of all commercial and industrial waste is brought to CVT to recover as many recyclable materials from the waste stream as possible, even if customers are not willing to subscribe to or participate in Republic's commercial recycling program.

# 12 Insurance and Surety Evidence

ACORD

## CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 04/17/2014

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
CAMPION CORCHRAN MANAGEMENT SERVICES, INC.
17015 N. SCOTTSDALE RD.
SCOTTSDALE, AZ 85255

CONTACT NAME:
PHONE (A/C No.Ext): FAX (A/C No.Ext):
E-MAIL ADDRESS:

| INSURER(S) AFFORDING COVERAGE | NAIC # |
|---|---|
| INSURER A: OLD REPUBLIC INSURANCE COMPANY | 24147 |
| INSURER B: ILLINOIS UNION INSURANCE COMPANY | 27960 |
| INSURER C: NATIONAL FIRE & MARINE INSURANCE COMPANY | 20079 |
| INSURER D: | |
| INSURER E: | |
| INSURER F: | |

INSURED
REPUBLIC SERVICES, INC.
18500 N. ALLIED WAY
PHOENIX, AZ 85054

COVERAGES CERTIFICATE NUMBER: 391075 REVISION NUMBER: 1

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.

| INSR LTR | TYPE OF INSURANCE | ADDL INSR | SUBR WVD | POLICY NUMBER | POLICY EFF (MM/DD/YYYY) | POLICY EXP (MM/DD/YYYY) | LIMITS | |
|---|---|---|---|---|---|---|---|---|
| A | GENERAL LIABILITY<br>X COMMERCIAL GENERAL LIABILITY<br>CLAIMS-MADE X OCCUR<br>GEN'L AGGREGATE LIMIT APPLIES PER:<br>POLICY PROJECT LOC | | | MVCY 16248 | 06/30/2013 | 06/30/2014 | EACH OCCURRENCE | $ 5,000,000 |
| | | | | | | | DAMAGE TO RENTED PREMISES (Ea occurrence) | $ 5,000,000 |
| | | | | | | | MED EXP (Any one person) | |
| | | | | | | | PERSONAL & ADV INJURY | $ 5,000,000 |
| | | | | | | | GENERAL AGGREGATE | $ 5,000,000 |
| | | | | | | | PRODUCTS - COMP/OP AGG | $ 5,000,000 |
| A | AUTOMOBILE LIABILITY<br>X ANY AUTO<br>X ALL OWNED AUTOS<br>X SCHEDULED AUTOS<br>X HIRED AUTOS<br>X NON-OWNED AUTOS | | | MVTB 21140 | 06/30/2013 | 06/30/2014 | COMBINED SINGLE LIMIT (Ea accident) | $ 5,000,000 |
| | | | | | | | BODILY INJURY (Per person) | |
| | | | | | | | BODILY INJURY (Per accident) | |
| | | | | | | | PROPERTY DAMAGE (Per accident) | |
| | UMBRELLA LIAB / EXCESS LIAB / DED / RETENTION $ | | | | | | EACH OCCURRENCE | |
| | | | | | | | AGGREGATE | |
| A<br>A<br>A | WORKERS COMPENSATION AND EMPLOYERS' LIABILITY<br>ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)<br>If yes, describe under DESCRIPTION OF OPERATIONS below | Y/N<br>N | N/A | WWC 1 (877)8 ACS<br>WWXS 1524 Excess WC OH<br>WWXS 1523 Excess NON-WC TX | 06/30/2013<br>06/30/2013<br>06/30/2013 | 06/30/2014<br>06/30/2014<br>06/30/2014 | X WC STATUTORY LIMITS / OTHER | |
| | | | | | | | E.L. EACH ACCIDENT | $ 1,000,000 |
| | | | | | | | E.L. DISEASE - EA EMPLOYEE | $ 1,000,000 |
| | | | | | | | E.L. DISEASE - POLICY LIMIT | $ 1,000,000 |

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
Division Number: 0840 / Named Insured Includes: Consolidated Disposal Service, L.L.C. - Dba Republic Services of Los Angeles/Republic Services

CERTIFICATE HOLDER

City of Huntington Park CA
6550 Miles Avenue
Room 127
Huntington Park, CA 90255-4838
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

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WELLS FARGO INSURANCE

May 20, 2014

City of Huntington Park
6550 Miles Avenue
Huntington Park, CA 90255

RE: Consolidated Disposal Service LLC dba Republic Services

Gentlemen:

We are writing to you at the request of Consolidated Disposal Service LLC dba Republic Services. This principal has or is about to submit a proposal for Bid for Waste Handling Services.

If a contract for this work is awarded to Consolidated Disposal Service LLC dba Republic Services, Travelers Casualty and Surety Company of America a surety licensed to conduct business in the State of CA has agreed to act as surety on the bond as specified in the bid proposal.

Please let us know if you need anything further in this regard.

Sincerely,

Johanna S. Puckett
Attorney-in-fact
Travelers Casualty and Surety Company of America

Together we fight fire

TRAVELERS

**POWER OF ATTORNEY**

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
St. Paul Fire and Marine Insurance Company
St. Paul Guardian Insurance Company

St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company

Attorney-In-Fact No. 221253

Certificate No. 005587485

**KNOW ALL MEN BY THESE PRESENTS:** [illegible]

Lillian S. Parker, Leopoldo Jimenez and Michelle Patterson

Greenville, State of South Carolina

**IN WITNESS WHEREOF:** [illegible] August 2011

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
St. Paul Fire and Marine Insurance Company
St. Paul Guardian Insurance Company

St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company

State of Connecticut
City of Hartford

By: [illegible]
[illegible]

On this the 5th day of August, 2011, before me personally appeared [illegible] Fidelity and Guaranty Insurance Underwriters, Inc., St. Paul Fire and Marine Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, who being duly sworn, acknowledged that they are the officers described herein, and that they executed the foregoing instrument and affixed the seals of said companies thereto by the authority of their respective boards of directors.

In Witness Whereof, I have hereunto set my hand and affixed my official seal the day and year first above written.

MARIE C. LETREAULT NOTARY PUBLIC CONNECTICUT

Marie C. Letreault
[illegible]

[illegible]

WARNING: THIS POWER OF ATTORNEY IS INVALID WITHOUT THE RED BORDER

**RESOLVED**

**FURTHER RESOLVED**

**FURTHER RESOLVED**

**FURTHER RESOLVED**

**IN TESTIMONY WHEREOF**

# 13 Anti-Collusion Affidavit + Pending Legal Actions

**Attachment 5**

**Affidavit Re Anti-Collusion and No Other Pending Legal Actions**

**THIS ATTACHMENT MUST BE COMPLETED IN ORDER FOR PROPOSER'S BID TO BE CONSIDERED**

The undersigned, being first duly sworn, deposes and says:

I have the legal authority to execute this affidavit on behalf of Consolidated Disposal Service dba Republic Services ("Proposer").

Proposer has not directly or indirectly induced, solicited, colluded with, or agreed with any other person, potential proposer(s), or actual proposer(s) to refrain from submitting a proposal, to control the price of a proposal, nor to limit the scope of a proposal or number of proposers.

Proposer further has not and will not share the information to be contained in Proposer's sealed proposal to any other person, potential proposer(s), or actual proposer(s) until the sealed proposals are opened by the City of Huntington Park ("City"). The prohibition does not extend to those that have a partnership or other similar financial interest in Proposer.

Proposer has not directly or indirectly induced, solicited, colluded with, or agreed with any City official, officer, employee, or representative to as to the price or scope of services in the solid waste agreement, nor have there been any conversations between Proposer and any City official regarding the exchange of money or other things of value for special consideration in the award of said solid waste agreement.

Proposer has not made any payment, donation, nor agreed to pay or agreed to make a donation either directly or indirectly to any City official, officer, employee, or representative for special consideration in the award of said solid waste agreement.

Proposer is not aware of any other pending legal actions against Proposer with respect to contracts for solid waste handling services, alleged safety violations, including OSHA violations, and other alleged violations of applicable labor laws other than those Proposer disclosed in its Request for Proposal submittal.

Executed under penalty of perjury this 14 day of May 2014, at Santa Fe Springs, California

BY: _____
Ronald R. Krall

TITLE: Vice President

Subscribed and sworn to before me this 14 day of May, 2014 (see attached)

(Seal of Notary)

_____
Signature of Notary

## CALIFORNIA JURAT WITH AFFIANT STATEMENT

X See Attached Document (Notary to cross out lines 1–6 below)
See Statement Below (Lines 1–6 to be completed only by document signer(s), not Notary)

State of California
County of Los Angeles

Subscribed and sworn to (or affirmed) before me on this
14 day of May 2014 by
(1) Ronald R. Krall
proved to me on the basis of satisfactory evidence
to be the person who appeared before me.) ( )
(and
(2)
proved to me on the basis of satisfactory evidence
to be the person who appeared before me.)

DONNA PERKOO
Commission # 2008793
Notary Public - California
Los Angeles County
My Comm. Expires Mar 11, 2017

Signature

**OPTIONAL**

RIGHT THUMBPRINT OF SIGNER #1

RIGHT THUMBPRINT OF SIGNER #2

Further Description of Any Attached Document
Anti-Collusion Affidavit, Attachment 5,
City of Huntington Park
May 14, 2014 1

# 14 Solid Waste Franchise Experience

## *California Contracts*

As requested by the *RFP*, Republic is providing a list of all current contracts held in the State of California beginning below, which number over 100.

**CALIFORNIA CONTRACTS**

Alhambra
Anaheim
Antioch
Artesia
Athens GDD (LA County)
Bell
Benicia
Belvedere GDD (LA County)
Brawley
Brea
Calexico
Central Contra Costa County Solid Waste Authority
Chino Hills
Chula Vista
Citrus Heights
Clayton
Clovis
Colma
Colton
Compton
Contra Costa County
Crockett
Cudahy
Cypress
Dos Palos
El Centro School District
Elk Grove
El Segundo
Fairfield
Firestone GDD
Fremont
Fresno City
Fresno County
Fullerton
Garden Grove
Half Moon Bay
Hawaiian Gardens
Hawthorne
Hercules
Huntington Park
Imperial
Imperial County
Imperial Irrigation District
Inglewood
La Canada Flintridge
Lathrop
Lawndale
Lennox GDD (LA County)
Loma Linda
Long Beach
Los Alamitos
Los Angeles
Los Angeles Unified School District (LAUSD)
Los Banos
Manteca
Martinez
Maywood
Milpitas
Mt. View Sanitary District
Naval Air Facility
Needles
Newark
Norwalk
Old Sacramento Historic District
Orange County Unincorporated Area
Pasadena
Piedmont
Pinole
Placentia
Pleasant Hill
Rancho Cordova
Richmond
Rodeo
Rolling Hills

**CALIFORNIA CONTRACTS**

**Rosemead**
**Sacramento**
**Salinas**
**San Bernardino**
**San Diego**
**San Fernando**
**San Joaquin County**
**San Jose**
**San Pablo**
**Santa Clarita**
**Santa Fe Springs**
**Seal Beach**
**Solano County**
**Stockton**
**Suisun City**
**Union City**
**Vernon**
**Villa Park**
**Walnut Park GDD (LA County)**
**West Contra Costa County**
**Whittier**
**Winterhaven Water District**
**Yorba Linda**

## *References*

In addition to the list of California contracts held, Republic is also providing five references as per the *RFP* which include a list of services performed, residential collection methods, and reference contact information. All references given are associated with exclusive franchise agreements.

The following references are provided:

- City of Inglewood
- City of Hawthorne
- Alhambra
- Whittier

*Experience Example 1*

## City of Inglewood

- **Residential and commercial collection services.**
- **14,208 residential dwelling units serviced weekly.**
- **26,526 commercial accounts.**
- **Three cart automated system, Refuse, Recycling and Green waste.**

***The City of Inglewood***- The Inglewood contract involved the issuance of a new 10-year exclusive services contract pursuant to an RFP process, and a transition from a previous hauler system. The City continued a 3-cart automated system for refuse, recyclable materials and green waste collection, and implemented new services referenced below, effective 8/1/12. Republic procured new automated side-loader vehicles and carts, undertook driver and customer service training, customer data base development, route development, container delivery, and public education and outreach, in advance of start-up pursuant to a detailed implementation plan, and in accordance with the new contract terms, so as to launch a successful start-up as of the date of commencement of services.

In addition to the aforementioned services, Republic:

- Created job placement opportunities for Inglewood residents in partnership with the South Bay One-Stop Business and Career Center and attended job fairs at City events.
- Provided initial commercial recycling opportunity assessments and commercial and multi-family recycling technical assistance. This included on-site employee training, to help ensure the commercial recycling programs success and continually generate higher diversion throughout the term of the *Agreement*.
- Provided curbside recycling programs such as household batteries collection, of e-waste, and shred days.
- Implemented *My Republic Rewards* program to incentivize residents to increase their recycling participation.
- Provided community safety program *We're Looking Out for You.*

The contract was awarded to Republic pursuant to an RFP process, and based on the strength of our response and our initiative to go beyond the initial scope of work and be a good community partner, as evidenced in the additional service offerings depicted above; Republic was awarded the franchise effective 8/1/12.

***Contact***

| | |
|---|---|
| *Angela Williams*<br>*Environmental Services Manager* | *1 Manchester Boulevard*<br>*Inglewood CA, 90301*<br>*Ph: 310-412-8722 • Fax: 310-412-5552*<br>*Email: awilliams@cityofinglewood.org* |

See the letter of recommendation on the following page.

# Inglewood California

Public Works Department
[illegible]
Telephone [illegible] Fax [illegible]
www.cityofinglewood.org

**LOUIS A. ATWELL, P.E.**
PUBLIC WORKS DIRECTOR

May 12, 2014

James Enriquez
Public Works Director
City of Huntington Park

Dear Mr. Enriquez

This letter is provided as a recommendation of Consolidated Disposal Service (CDS). CDS is the City of Inglewood's exclusive solid waste franchise hauler since August 2012.

Additionally, CDS is a great business partner to the City. They support several programs and outreach events for the betterment of the Inglewood community. Their service is provided with pride and a personal touch to our residents, commercial and industrial customers. Their stellar field operation helps the City to maintain its compliance with state, local and federal agencies.

I wholeheartedly recommend CDS to any entity that is looking for a high quality, state of the art and professional company.

If further information is required, please feel free to contact the undersigned.

Respectfully,

Angela Williams

Angela Williams
Environmental Services Manager

*Experience Example 2*

## City of Hawthorne

- **Residential and commercial collection services.**
- **14,150 residential dwelling units serviced weekly.**
- **1,710 commercial accounts**
- **Three cart automated system. Refuse, Recycling and Green waste.**

The City of Hawthorne involved a transition from the City's previous residential service provider, to Allied (now Republic), utilizing an automated 3-cart collection system for solid waste, recyclables, and green waste. The new contract also involved the transition of commercial/Multi-family bin and industrial collection services, from multiple haulers operating under non-exclusive contracts with the City, to an exclusive services contract with Allied. The new 7-year exclusive services contract, which was awarded to Allied pursuant to an RFP process, was effective June 1, 2007, and involved the transitioning of service to over 14,000 residential accounts and over 1,700 commercial accounts.

Allied procured automated side loaders to service the City. City retained ownership of all carts, however, Allied procured and delivered new commercial containers to service the commercial/industrial sector of the city, as well as providing for replacement carts and bins in case exchanges were requested by customers or deemed necessary by Allied.

Allied also undertook driver and customer service training, customer data base development, route development, and public education and outreach, in advance of start-up pursuant to a detailed implementation plan, and in accordance with the new contract terms, so as to launch a successful start-up as of the date of commencement of services. Allied's customer data base development involved the procurement and systems integration of all residential and commercial service level information and service/billing addresses in order to complete our customer service center database, and to facilitate future communications with customers, work order initiation/closure, and direct billing to all residents and businesses. From a billing standpoint, Allied was required to facilitate the transition from a utility billing-based system to a direct billing system for residential properties, and to develop a billing system for all other commercial and industrial customers.

**Contact:**

| | |
|---|---|
| *Angela Williams*<br>*Environmental Services Manager* | *1 Manchester Boulevard*<br>*Inglewood CA. 90301*<br>*Ph: 310-412-8722 • Fax: 310-412-5552*<br>*Email: awilliams@cityofinglewood.org* |

See the *Letter of Recommendation* on the following page.

CITY OF HAWTHORNE

Department of Public Works, Engineering Division

April 25, 2014

LETTER OF REFERENCE – REPUBLIC SERVICES, INC.

To whom it may concern:

Allied Waste, a subsidiary of **Republic Services, Inc.**, has been servicing the community of Hawthorne since 2007.

Allied Waste provides excellent service as our exclusive residential and commercial solid waste and recycling provider. They have been a responsible community partner in good standing in the City of Hawthorne.

If you would like to discuss their services further, please feel to contact me at your convenience. I can be reached at 310.349.2987 or my email at dkrauss@cityofhawthorne.org. Thank you.

Sincerely,

DOUG KRAUSS
City of Hawthorne
Public Works

*Experience Example 3*

## City of Alhambra

- **Commercial collection**
- **862 commercial accounts**

***City of Alhambra***- The City of Alhambra involved a transition from a limited permit system in the commercial sector, to an exclusive franchise for all commercial solid waste collection, with Republic, under a 5-year contract effective September 2000. The majority of the commercial solid waste is directed to our materials recovery facility (in Anaheim) for mixed waste processing ("dirty MRF" application). This process involved transitioning service to over 850 commercial accounts. The original contract was awarded to Republic pursuant to an RFP process, and the contract was awarded again to Republic pursuant to an RFP process, effective September 1, 2005.

Prior to our original implementation in 2000, Republic procured new commercial front-loader vehicles and commercial bins and roll-off containers in order to commence services by the required date of commencement of the contract. Republic also undertook driver and customer service training, customer data base development, route development, commercial container delivery, and public education and outreach, in advance of start-up pursuant to a detailed implementation plan, and in accordance with the new contract terms, so as to launch a successful start-up as of the date of commencement of services. Republic's customer data base development involved the procurement and systems integration of all commercial service level information and service/billing addresses in order to complete our customer service center database, and to facilitate future communications with customers, work order initiation/closure, and direct billing to all businesses.

***Contact:***

| | |
|---|---|
| **City of Alhambra**<br>Chris Poulson<br>Assistant to the City Manager | 111 S. First St.<br>Alhambra, CA 91801<br>Ph: 626-570-5011<br>Fax: 626-281-2248<br>Email: cpoulson@cityofalhambra.org |

*Experience Example 4*

## City of Whittier

- **Residential and commercial collection services.**
- **9,000 residential units, 18,000 recycling and green waste customers.**
- **Selected source separated programs for commercial, industrial and multi-family.**
- **Three cart automated system, Refuse, Recycling and Green waste.**

*The City of Whittier-* The City of Whittier receives 3-cart, 96 gallon automated collection system for solid waste, recyclables, and green waste, as well as commercial bin/can service and multi-family recycling under a semi-exclusive services contract. The original contract was awarded to Consolidated pursuant to an RFP process, and the contract was awarded again to Consolidated on July 1, 2001. At this time Consolidated received a ten (10) year contract terminating on July 1, 2011. Consolidated recently received an additional five (5) year extension terminating on July 1, 2016.

Consolidated services 9,000 residential units with trash service and 18,000 recycling and green waste customers in Whittier. The City provides the remaining 9,000 residential units with trash service. Number of Routes: 11 residential routes and 4 commercial routes.

*Contact:*

| | |
|---|---|
| **City of Whittier**<br>Jeff Collier<br>City Manager | 13232 East Penn St.<br>Whittier, CA 90602<br>Ph: 562-945-8250<br>Fax: 562-464-3572<br>Email: [illegible] |

See the letter of recommendation on the following page.

City of Whittier
13230 Penn Street, Whittier, California 90602-1772
(562) 567-9399 www.cityofwhittier.org

Cathy Warner
Mayor

Fernando Dutra
Mayor Pro Tem

Joe Vinatieri
Council Member

Owen Newcomer
Council Member

Bob Henderson
Council Member

Jeffrey W. Collier
City Manager

April 28, 2014

Mr. James Enriquez
Public Works Director
City of Huntington Park
6550 Miles Ave
Huntington Park, CA 90255

Dear Mr. Enriquez:

Re: Letter of Recommendation Republic Services

Please consider this a letter of recommendation for Republic Services. Republic Services is the trash hauler for approximately 50% of our city; the other half is served by our employees with city trash trucks. Republic Services does pick up all our recycling for the entire city.

As background, let me note that the City negotiated the current franchise with Republic Services (formerly Consolidated Disposal Service, Inc.) in 2001. The City had already benefitted from Republic's services for many years at that point and looked forward to extending our relationship. The City granted Republic Services a 10-year franchise with a 5-year extension available by mutual agreement. It's noteworthy that at the end of our 10 years, the City was thrilled to be able to have the opportunity to grant Republic Services the five-year extension permitted by the agreement. It goes without saying that we would not have extended our business relationship unless Republic Services had met and exceeded our expectations.

Republic Services' commitment at the inception of our current franchise agreement was significant and one that seemed daunting to complete. New trucks, new containers, unlimited pick up of green waste and recyclables, a willingness to provide curbside bulky item pick up, and a goal of 100% customer satisfaction with Republic's billing system and customer call center. All of this was delivered as promised.

Page Two
Mr. James Enriquez
April 28, 2014

While I understand that not all complaints about service get to my level, I have to tell you that I cannot remember ever receiving a complaint about Republic's service. The occasional question does sometimes get to my level and is always dealt with directly by Republic's staff and resolved in a most timely manner.

I highly recommend Republic Services to the City of Huntington Park. If you'd like to talk further about Republic's history of exemplary service, please do not hesitate to contact me at 562-567-9301.

Sincerely,

Jeffrey W. Collier
City Manager

Reference Chart- *All Recent (ten years) Experience*

EXCLUSIVE FRANCHISE AGREEMENTS – WITHIN COUNTY OF LOS ANGELES

| | Jurisdiction /Contact Information | Contract and Service Features | |
|---|---|---|---|
| 1 | **County of LA- Athens Garbage Disposal District**<br>Cheryl Wyche<br>Program Director, GDD Section,<br>Environmental Programs Division<br>Department of Public Works<br>900 S. Fremont Ave.<br>Alhambra, CA 91803<br>Ph: 626-458-2537<br>Fax:626-458-3569<br>Email: gerlget@dpw.lacounty.gov | Years<br>Accounts<br>Consolidated Contact<br><br>Service Features | 3+<br>13,755 refuse units<br>**Jay Fowler, General Manager**<br>Responsible for all contract operations, including collection customer service, fleet maintenance, contract administration, and compliance<br>☆ Weekly automated collection of solid waste, recycling, and green waste.<br>☆ District-wide curbside recycling and green waste program.<br>☆ County bills through tax rolls. |
| 2 | **County of LA- Belvedere Garbage Disposal District**<br>Cathy Castro<br>Program Director, GDD Section,<br>Environmental Programs Division<br>Department of Public Works<br>900 S. Fremont Ave.<br>Alhambra, CA 91803<br>Ph: 626-458-2527<br>Fax: 626-458-3569<br>Email: lcastro@dpw.lacounty.gov | Years<br>Accounts<br>Consolidated Contact<br><br>Service Features | 9+<br>35,644 refuse units<br>**James Castro, General Manager**<br>Responsible for all contract operations, including collection customer service, fleet maintenance, contract administration, and compliance<br>☆ Weekly automated collection of solid waste, recycling, and green waste.<br>☆ District-wide curbside recycling and green waste program.<br>☆ County bills through tax rolls. |
| 3 | **County of LA- Firestone Garbage Disposal District**<br>Cheryl Wyche<br>Program Director, GDD Section,<br>Environmental Programs Division<br>Department of Public Works<br>900 S. Fremont Ave.<br>Alhambra, CA 91803<br>Ph: 626-458-2537<br>Fax: 626-458-3569<br>Email: cwyche@dpw.lacounty.gov | Years<br>Accounts<br>Consolidated Contact<br><br>Service Features | 15+<br>30,199 refuse units<br>**James Castro, General Manager**<br>Responsible for all contract operations, including collection customer service, fleet maintenance, contract administration, and compliance<br>☆ Weekly automated collection of solid waste, recycling, and green waste.<br>☆ District-wide curbside recycling and green waste program.<br>☆ County bills through tax rolls. |
| | | Accounts<br>Consolidated Contact<br><br>Service Features<br>**Residential Contract** | 4,200 (residential, all services)<br>**James Pledger, General Manager**<br>Responsible for all contract operations, including collection customer service, fleet maintenance, contract administration, and compliance<br>☆ Weekly automated collection of solid waste, recycling, and green waste.<br>☆ Consolidated bills quarterly, in advance. |

| | Jurisdiction /Contact Information | Contract and Service Features | |
|---|---|---|---|
| 4 | **County of LA- Lennox Garbage Disposal District**<br>Cheryl Wyche<br>Program Director, GDD Section,<br>Environmental Programs Division<br>Department of Public Works<br>900 S. Fremont Ave.<br>Alhambra, CA 91803<br>Ph: 626-458-2537<br>Fax: 626-458-3569<br>Email: cwyche@dpw.lacounty.gov | Years<br>Term<br><br>Accounts<br>Consolidated Contact<br><br>Service Features | 7+<br>6/30/15<br><br>5,506 refuse units<br>**Jay Fowler, General Manager**<br>Responsible for all contract operations, including collection customer service, fleet maintenance, contract administration, and compliance<br>☆ Weekly automated collection of solid waste, recycling, and green waste.<br>☆ District-wide curbside recycling and green waste program.<br>☆ County bills; tax rolls |
| 5 | **County of LA- Walnut Park Garbage Disposal District**<br>Cathy Castro<br>Program Director, GDD Section,<br>Environmental Programs Division<br>Department of Public Works<br>900 S. Fremont Ave.<br>Alhambra, CA 91803<br>Ph: 626-458-2527<br>Fax: 626-458-3569<br>Email: kcastro@dpw.lacounty.gov | Years<br>Accounts<br><br>Consolidated Contact<br><br>Service Features | 14<br>☆ 4,903 refuse units<br>**James Castro, General Manager**<br>☆ Responsible for all contract operations, including collection customer service, fleet maintenance, contract administration, and compliance<br>☆ Weekly automated collection of solid waste, recycling, and green waste.<br>☆ District-wide curbside recycling and green waste program.<br>☆ County bills through tax rolls. |
| 6 | **City of Alhambra**<br>Chris Poulson<br>Assistant to the City Manager<br>111 S. First St.<br>Alhambra, CA 91801<br>Ph: 626-570-5011<br>Fax: 626-281-2248<br>Email: cpoulson@cityofalhambra.org | Years<br>Accounts<br>Consolidated Contact<br><br>Service Features:<br>**Commercial Contract** | 11<br>☆ 862 Units<br>**James Pledger, General Manager**<br>☆ Responsible for all contract operations, including collection customer service, fleet maintenance, contract administration, and compliance<br>☆ Selected source separated programs for commercial, industrial, and multi-family<br>☆ Mixed waste processing/recycling for commercial/industrial solid waste<br>☆ Commercial billed monthly in advance; roll-off in arrears |
| 7 | **City of Alhambra**<br>Chris Poulson<br>Assistant to the City Manager<br>111 S. First St.<br>Alhambra, CA 91801<br>Ph: 626-570-5011<br>Fax: 626-281-2248<br>Email: cpoulson@cityofalhambra.org | Years<br>Accounts<br><br>Consolidated Contact<br><br>Service Features:<br>***Residential/***<br>***MFD***<br>***Contract*** | 14<br>17,250 (residential)<br>850 (MFD bin accounts)<br>**James Pledger, General Manager**<br>Responsible for all contract operations, including collection customer service, fleet maintenance, contract administration, and compliance<br>☆ Citywide residential curbside recycling and green waste programs<br>☆ Weekly automated collection of solid waste, recycling, and green waste<br>☆ Selected source separated programs for MFD customers<br>☆ Mixed waste processing/ recycling for a portion of the MFD waste stream<br>☆ City bills all residential customers. |

| | Jurisdiction /Contact Information | Contract and Service Features | |
|---|---|---|---|
| 8 | **City of Artesia**<br>William Rawlings<br>Interim City Manager<br>18747 Clarkdale Ave.<br>Artesia, CA 90701<br>Ph: 562-865-6262<br>Fax: 562-865-6240<br>Email: wrawlings@cityofartesia.us | Years<br>Accounts<br>Consolidated Contact<br>Service Features: ***Residential and Commercial Contract*** | 22<br>3,540 (residential, solid waste)<br>363 (commercial/industrial accounts)<br>**James Castro, General Manager**<br>Responsible for all contract operations, including collection customer service, fleet maintenance, contract administration, and compliance<br>☆ Automated collection of solid waste, recycling, and green waste.<br>☆ City-wide residential curbside recycling and green waste programs.<br>☆ Selected source separated programs for commercial, industrial and multi-family<br>☆ Mixed waste processing/ recycling for commercial/ industrial solid waste<br>☆ City bills residential accounts through tax bills<br>☆ Consolidated bills commercial accounts monthly in advance; roll-off in arrears. |
| 9 | **City of Bell**<br>Doug Wilmore<br>City Manager<br>6330 Pine St.<br>Bell, CA 90201<br>Ph: 323-588-6211<br>Fax: 323-711-9473<br>Email: dwilmore@cityofbell.com | Years<br>Accounts<br>Consolidated Contact<br>Service Features ***Residential and Commercial Contract*** | 21<br>5899 (residential, solid waste, green waste)<br>564 (commercial/ind.)<br>**James Castro, General Manager**<br>Responsible for all contract operations, including collection customer service, fleet maintenance, contract administration, and compliance<br>☆ Automated collection of solid waste, recycling, and green waste.<br>☆ Manual collection of green waste.<br>☆ Selected source separated programs for commercial, industrial and multi-family<br>☆ Mixed waste processing/ recycling for commercial/ industrial solid waste<br>☆ City bills residential accounts through tax bills<br>☆ Consolidated bills commercial accounts monthly in advance; roll-off in arrears. |
| 10 | **City of Compton**<br>G Harold Duffey<br>City Manager<br>205 S. Willowbrook Avenue<br>Compton, CA 90220<br>Ph: 310-605-5585<br>Fax: 310-631-0322<br>Email: ghduffey@comptoncity.org | Years<br>Accounts<br>Consolidated Contact<br>Service Features: ***Residential and Commercial Contract*** | 1<br>21,307 (residential)<br>1,650 (commercial)<br>**Jay Fowler, General Manager**<br>Responsible for all contract operations, including collection customer service, fleet maintenance, contract administration, and compliance<br>☆ Weekly automated solid waste and recycling collection.<br>☆ City-wide residential curbside recycling<br>☆ Selected source separated programs for commercial, industrial, and MFD<br>☆ City bills residential, commercial, industrial through water bills. |

| | Jurisdiction /Contact Information | Contract and Service Features | |
|---|---|---|---|
| 11 | **City of Cudahy**<br>Hector Rodriguez<br>City Manager<br>5220 Santa Ana Street<br>Cudahy, CA 90201<br>Ph: 323-773-5143<br>Fax: 323-771-2072<br>Email: hectorrodriguez@cudahy.ca.us | Years<br>Accounts<br><br>Consolidated Contact<br><br>Service Features:<br>***Residential and Commercial Contract*** | 21<br>2,129 (residential)<br>432 (commercial/industrial accounts)<br>**James Castro, General Manager**<br>Responsible for all contract operations, including collection customer service, fleet maintenance, contract administration, and compliance<br>☆ Automated collection of solid waste and recycling<br>☆ City-wide residential curbside recycling program<br>☆ Selected source separated programs for commercial, industrial and multi-family<br>☆ City bills residential accounts through tax bills<br>☆ Consolidated bills commercial accounts monthly in advance; roll-off in arrears. |
| 12 | **City of Cypress**<br>John Bahorski<br>City Manager<br>5275 Orange Ave.<br>Cypress, CA 90630<br>Ph: 714/299-6688<br>Fax: 714/229-6682<br>Email: jbahorski@ci.cypress.ca.us<br>**County of Orange** | Years<br>Accounts<br><br>Consolidated Contact<br><br>Service Features:<br>***Residential and Commercial Contract*** | 45<br>11,820 (residential)<br>566 (commercial)<br>**James Castro, General Manager**<br>Responsible for all contract operations, including collection customer service, fleet maintenance, contract administration, and compliance<br>☆ Weekly automated solid waste and recycling collection<br>☆ Citywide residential curbside recycling<br>☆ Selected source separated programs for commercial, industrial, and MFD<br>☆ City bills residential through utility bills<br>☆ Consolidated bills commercial accounts monthly in advance; roll-off in arrears |
| 13 | **City of El Segundo**<br>Stephanie Katsouleas<br>Public Works Director<br>350 Main St.<br>El Segundo, CA 90245<br>Ph: 310-524-2356<br>Fax: 310-640-0489<br>Email: skatsouleas@elsegundo.org | Years<br>Accounts<br>Consolidated Contact<br><br>Service Features:<br>***Residential Contract*** | 17<br>4,475<br>**Jay Fowler, General Manager**<br>Responsible for all contract operations, including collection customer service, fleet maintenance, contract administration, and compliance<br>☆ Weekly manual collection of solid waste and recycling.<br>☆ Citywide curbside recycling<br>☆ 202 commercial accounts<br>☆ Consolidated bills City for residential collection services<br>☆ Consolidated bills commercial monthly in advance; rollOff in arrears.<br>☆ |

| | Jurisdiction /Contact Information | Contract and Service Features | |
|---|---|---|---|
| 14 | **City of Hawaiian Gardens**<br>Melissa Roa<br>City Executive Assistant<br>21815 Pioneer Blvd.<br>Hawaiian Gardens, CA 90716<br>Ph: 562-420-2641 x201<br>Email: mvaledez@hgcity.org | Years<br>Accounts<br><br>Consolidated Contact<br><br>Service Features:<br>**Residential and Commercial Contract** | 15<br>2,000 (residential, all services)<br>183 (commercial/industrial accounts)<br>**James Castro, General Manager**<br>Responsible for all contract operations, including collection customer service, fleet maintenance, contract administration, and compliance<br>☆ Automated collection of solid waste and recycling<br>☆ Manual green waste collection<br>☆ Mixed waste processing/ recycling for commercial/industrial solid waste<br>☆ Consolidated bills residential accounts quarterly in advance.<br>☆ Consolidated bills commercial accounts monthly in advance; roll-off in arrears. |
| 15 | **City of Hawthorne**<br>Doug Krauss<br>Public Works Assistant<br>4455 W. 126th St.<br>Hawthorne, CA 90250<br>Ph: 310-349-2987<br>Fax: 310-978-9662<br>Email: dkrauss@cityofhawthorne.org | Years<br>Accounts<br><br>Consolidated Contact<br><br>Service Features:<br>**Residential and Commercial Contract** | 6+<br>14,150 (residential, all services)<br>1,710 (commercial/industrial)<br>**Jay Fowler, General Manager**<br>Responsible for all contract operations, including collection customer service, fleet maintenance, contract administration, and compliance<br>☆ Weekly Automated collection of solid waste, recycling and green waste<br>☆ City-wide residential curbside recycling and green waste programs<br>☆ Selected source separated programs for commercial, industrial and multi-family<br>☆ Consolidated bills residential bi-monthly in advance<br>☆ Consolidated bills commercial accounts monthly in advance; roll-off in arrears. |
| 16 | **City of Huntington Park**<br>Rene Bobadilla<br>Interim City Manager<br>6550 Miles Ave.<br>Huntington Park, CA 90255<br>Ph: 323-584-6323<br>Fax: 323-584-6408<br>Email: rbobadilla@huntingtonpark.org | Years<br>Accounts<br>Consolidated Contact<br><br>Service Features:<br>**Commercial Contract** | 13<br>1,925 (commercial/industrial)<br>**James Castro, General Manager**<br>Responsible for all contract operations, including collection customer service, fleet maintenance, contract administration, and compliance<br>☆ Selected source separated programs for commercial, industrial, and multi-family<br>☆ Consolidated bills commercial accounts monthly in advance; roll-off in arrears. |

| | Jurisdiction /Contact Information | Contract and Service Features | |
|---|---|---|---|
| 17 | **City of Inglewood**<br>Angela Williams<br>Environmental Service Manager<br>One Manchester Blvd.<br>Inglewood, CA 90301<br>Ph: 310-412-8722<br>Fax: 310-412-5552<br>Email: awilliams@cityofinglewood.org | Years<br>Accounts<br><br>Consolidated Contact<br><br>Service Features:<br>***Residential, Commercial and Industrial Contract*** | 1 year<br>17,900 (residential)<br>3042 (commercial/industrial)<br>**Jay Fowler, General Manager**<br>Responsible for all contract operations, including collection customer service, fleet maintenance, contract administration, and compliance<br>☆ Weekly Automated collection of solid waste, recycling and green waste<br>☆ City-wide residential curbside recycling and green waste programs<br>☆ Selected source separated programs for commercial, industrial and multi-family |
| 18 | **City of Lawndale**<br>Nasser Abbaszadeh<br>Public Works Director/City Engineer<br>4722 Manhattan Beach Blvd.<br>Lawndale, CA 90260<br>Ph: 310-973-3260<br>Fax: 310-973-3268<br>Email: Nabbaszadeh@lawndalecity.org | Years<br>Accounts<br><br>Consolidated Contact<br><br>Service Features:<br>***Residential and Commercial Contract*** | 12+<br>6,657 (residential, all services)<br>500 (commercial)<br>**Jay Fowler, General Manager**<br>Responsible for all contract operations, including collection customer service, fleet maintenance, contract administration, and compliance<br>☆ Weekly automated/semi automated collection of solid waste, recycling, and green waste<br>☆ Citywide residential curbside recycling and green waste programs.<br>☆ Selected source separated programs for commercial, industrial, and MFD<br>☆ Mixed waste processing/recycling for commercial/industrial solid waste<br>☆ Consolidated bills residential accounts quarterly in advance<br>☆ Consolidated bills commercial monthly; roll-off in arrears. |
| 19 | **City of Los Alamitos**<br>Bret M. Plumlee<br>City Manager<br>3191 Katella Ave.<br>Los Alamitos, CA 90720<br>Ph: 562-431-3538 ext.201<br>Fax: 562-493-0678<br>Email: bplumlee@cityoflosalamitos.org<br>**County of Orange** | Years<br>Accounts<br><br>Consolidated Contact<br><br>Service Features:<br>***Residential and Commercial Contract*** | 40 +<br>1,909 (residential, all services)<br>602 (commercial/industrial)<br>**James Castro, General Manager**<br>Responsible for all contract operations, including collection customer service, fleet maintenance, contract administration, and compliance<br>☆ Weekly automated collection of solid waste, recycling, and green waste.<br>☆ Citywide residential curbside recycling and green waste programs.<br>☆ Selected source separated programs for commercial, industrial, and multi-family<br>☆ Mixed waste processing/recycling for commercial/industrial solid waste<br>☆ Consolidated bills residential accounts quarterly in advance.<br>☆ Allied bills commercial monthly in advance; roll-off in arrears. |

| | Jurisdiction /Contact Information | Contract and Service Features | |
|---|---|---|---|
| 20 | **City of Maywood**<br>Lillian Myers<br>Interim Administrative Officer<br>4319 East Slauson Ave.<br>Maywood, CA 90270<br>Ph: 323-562-5700<br>Fax: 323-773-2806<br>Email: None | Years<br>Accounts<br><br>Consolidated Contact<br><br>Service Features:<br>***Residential and Commercial Contract*** | 21<br>4,554 (residential, all services)<br>388 (commercial/industrial)<br>**James Castro General Manager**<br>Responsible for all contract operations, including collection customer service, fleet maintenance, contract administration, and compliance<br>☆ Weekly automated collection of solid waste and recycling<br>☆ Manual green waste collection<br>☆ Selected source separated programs for commercial, industrial, and multi-family<br>☆ Consolidated bills residential accounts quarterly in advance<br>☆ Consolidated bills commercial monthly in advance; roll-off in arrears. |
| 21 | **City of Norwalk**<br>Mike Egan<br>City Manager<br>12700 South Norwalk Blvd.<br>Norwalk, CA 90650<br>Ph: 562-929-2677<br>Fax: 562-929-5780<br>Email: megan@ci.norwalk.ca.us | Years<br>Accounts<br><br>Consolidated Contact<br><br>Service Features:<br>***Residential and Commercial Contract*** | 50<br>17,104 (residential, all services)<br>812 (commercial/industrial)<br>**James Castro, General Manager**<br>Responsible for all contract operations, including collection customer service, fleet maintenance, contract administration, and compliance<br>☆ Weekly automated collection: solid waste, recycling, green waste.<br>☆ Citywide residential curbside recycling and green waste programs.<br>☆ Mixed waste processing/ recycling for commercial/ industrial solid waste.<br>☆ Consolidated bills residential accounts quarterly in advance.<br>☆ Allied bills commercial monthly in advance; roll-off in arrears. |
| 22 | **City of Rolling Hills**<br>Raymond R. Cruz<br>City Manager<br>2 Portuguese Bend Rd.<br>Rolling Hills, CA 90274<br>Ph: 310-377-1521<br>Fax: 310-377-7288<br>Email: rcruz@cityofrh.net | Years<br>Accounts<br>Consolidated Contact<br><br>Service Features:<br>***Residential Contract*** | 16<br>685 (residential, all services)<br>**Jay Fowler, General Manager**<br>Responsible for all contract operations, including collection customer service, fleet maintenance, contract administration, and compliance<br>☆ Manual backyard collection, all waste streams.<br>☆ Twice weekly service<br>☆ City bills residential accounts through tax rolls. |

| | Jurisdiction /Contact Information | Contract and Service Features | |
|---|---|---|---|
| 23 | **City of Rosemead**<br>Chris Marcarello<br>8838 East Valley Blvd.<br>Rosemead, CA 91770<br>Ph: 626-569-2100<br>Fax: 626-307-9218<br>Email: cmarcarello@cityofrosemead.org | Years<br>Accounts<br><br>Consolidated Contact<br><br>Service Features:<br>***Residential and Commercial Contract*** | 18<br>11,696 (residential, all services)<br>736 (commercial/industrial)<br>**James Castro, General Manager**<br>Responsible for all contract operations, including collection customer service, fleet maintenance, contract administration, and compliance<br>☆ Weekly automated collection of solid waste and recycling<br>☆ Manual collection of green waste<br>☆ Selected source separated programs for commercial, industrial, and multi-family<br>☆ Consolidated bills residential accounts quarterly in advance.<br>☆ Consolidated bills commercial accounts monthly in advance; roll-off in arrears. |
| 24 | **City of San Fernando**<br>Federico "Fred" Ramirez<br>Interim City Manager<br>117 MacNeil<br>San Fernando, CA 91340<br>Ph: 818-898-7316<br>Email: FRamirez@ci.san-fernando.ca.us | Years<br>Accounts<br><br>Consolidated Contact<br><br>Service Features:<br>***Residential and Commercial Contract*** | 1<br>4,200 (residential)<br>650 (commercial/industrial)<br>**James Pledger, General Manager**<br>Responsible for all contract operations, including collection customer service, fleet maintenance, contract administration, and compliance<br>☆ Weekly automated solid waste and recycling collection.<br>☆ City-wide residential curbside recycling.<br>☆ Selected source separated programs for commercial, industrial and MFD.<br>☆ Consolidated bills residential (bi-monthly), commercial and industrial directly. |
| 25 | **City of Santa Fe Springs**<br>Thaddeus McCormak<br>City Manager<br>11710 East Telegraph Rd.<br>Santa Fe Springs, CA 90670<br>Ph: 562-868-0511<br>Fax: 562-868-7112<br>Email: tmccormack@santafesprings.org | Years<br>Accounts<br><br>Consolidated Contact<br><br>Service Features:<br>***Residential and Commercial Contract*** | 50<br>2,241 (residential, all services)<br>968 (commercial/ind.—Non Excl)<br>**James Castro, General Manager**<br>Responsible for all contract operations, including collection customer service, fleet maintenance, contract administration, and compliance<br>☆ Weekly automated collection of solid waste, recycling, and green waste.<br>☆ Selected source separated programs for commercial, industrial, and multi-family.<br>☆ City bills residential accounts<br>☆ Consolidated bills commercial accounts monthly in advance; roll-off in arrears. |

| | Jurisdiction /Contact Information | Contract and Service Features | |
|---|---|---|---|
| 26 | **City of Seal Beach**<br>Jill Ingram<br>City Manager<br>211 8th St.<br>Seal Beach, CA 90740<br>Ph: 562-431-2527 x1300<br>Fax: 562-493-9857<br>Email: jingram@ci.seal-beach.ca.us<br>**County of Orange** | Years<br>Accounts<br><br>Consolidated Contact<br><br>Service Features:<br>***Residential and Commercial Contract*** | 45<br>5,997 (residential, all services)<br>278 (commercial/industrial)<br>**James Castro, General Manager**<br>Responsible for all contract operations, including collection customer service, fleet maintenance, contract administration, and compliance<br>☆ Weekly automated collection of solid waste, recycling, and green waste.<br>☆ Selected source separated programs for commercial, industrial, and multi-family.<br>☆ City bills residential accounts through utility bills.<br>☆ Consolidated bills commercial accounts monthly in advance; roll-off in arrears. |
| 27 | **City of Whittier**<br>Jeff Collier<br>City Manager<br>13232 East Penn St.<br>Whittier, CA 90602<br>Ph: 562-945-8200<br>Fax: 562-464-3572<br>Email: jcollier@cityofwhittier.org | Years<br>Accounts<br><br>Consolidated Contact<br><br>Service Features:<br>***Residential Solid Waste Exclusive Zone 1 and Commercial Exclusive Zone 1, 2*** | 40<br>8,943 (residential, solid waste)<br>18,866 (residential, recycling)<br>18,866 (residential, green waste)<br>564 (commercial/industrial)<br>**James Castro, General Manager**<br>Responsible for all contract operations, including collection customer service, fleet maintenance, contract administration, and compliance<br>☆ Weekly automated collection of solid waste, recycling, and green waste<br>☆ Selected source separated programs for commercial, industrial, and multi-family<br>☆ Consolidated bills residential accounts quarterly in advance.<br>☆ Consolidated bills commercial accounts monthly in advance; roll-off in arrears. |

Jurisdiction Reference Chart- *All Recent (ten years) Experience*

EXCLUSIVE FRANCHISE AGREEMENTS – WITHIN COUNTY OF ORANGE

| | Jurisdiction /Contact Information | Contract and Service Features | |
|---|---|---|---|
| 1 | **City of Anaheim**<br>Dan DeBassio<br>Public Works Superintendent<br>400 E. Vernont Street<br>Anaheim, CA 92805<br>(714) 765-6845<br>Fax: (714) 765-6842<br>Email: ddebassio@anaheim.net | Years<br>Accounts | 1949 to current –recently extended 15 years<br>57,373 (residential, including 1,800 multi-family)<br>3,740 (commercial/industrial) |
| | | Consolidated Contact | **Dan Capener, General Manager**<br>Responsible for all contract operations, including collection customer service, fleet maintenance, contract administration, and compliance |
| | | Service Features | ☆ Weekly automated collection of solid waste, recycling, and yard waste, bulky item collection, e-waste/universal waste collection, sharps mail-back program<br>☆ Commercial mixed waste<br>☆ Industrial/Construction mixed waste and single-stream<br>☆ Permanent/temporary roll-offs and bins (all sizes)<br>☆ A pioneer in the industry, we implemented the first pilot program for automated single-stream collection in in the City of Anaheim in 1989. The two cart collection program called **Recycle Anaheim** was roll-out city-wide in 1991. In 1999, the program adopted a third cart for green waste collection. |
| 2 | **City of Brea**<br>Charlie View<br>Director of Maintenance Services<br>1 Civic Center Circle<br>Brea, CA 92821<br>(714) 990-7698<br>Fax: (714) 671-1493<br>Email: charliev@ci.brea.ca.us | Years<br>Accounts | 1988 to current<br>10,775 (residential)<br>925 (commercial/industrial) |
| | | Consolidated Contact | **Dan Capener, General Manager**<br>Responsible for all contract operations, including collection customer service, fleet maintenance, contract administration, and compliance |
| | | Service Features | ☆ Weekly automated collection of solid waste, recycling, and yard waste, bulky item collection, e-waste/universal waste collection, sharps mail-back program<br>☆ Commercial mixed waste<br>☆ Industrial/Construction mixed waste and single-stream<br>☆ Permanent/temporary roll-offs and bins (all sizes)<br>☆ The two cart collection program called **Recycle Brea** was roll-out city-wide in 1990. In 1997, the program adopted a third cart for green waste collection. |

| | Jurisdiction /Contact Information | Contract and Service Features | |
|---|---|---|---|
| 3 | **City of Chino Hills**<br>Ray Hanson<br>Senior Administrative Analyst<br>14000 City Center Drive<br>Chino Hills, CA 91709<br>(909) 3642616<br>Fax: (909) 364-2695<br>Email: rhanson@chinohills.org | Years<br>Accounts<br><br>Consolidated Contact<br><br>Service Features | 2001 to current – Take over from Waste Mgmt.<br>19,678 (residential)<br>263 (commercial/industrial)<br>**Dan Copener, General Manager**<br>Responsible for all contract operations, including collection customer service, fleet maintenance, contract administration, and compliance<br>☆ Weekly automated collection of solid waste, recycling, and yard waste, bulky item collection, e-waste/universal waste collection, sharps mail-back program<br>☆ Commercial mixed waste<br>☆ Industrial/Construction mixed waste and single-stream<br>☆ Permanent/temporary roll-offs and bins (all sizes)<br>☆ The three cart collection program called ***Chino Hills Recycles*** was roll-out city-wide in 2001. We removed WM carts and replaced them with brand new carts. |
| 4 | **City of Fullerton**<br>Phyllis Garrova<br>Treasurer<br>303 W. Commonwealth<br>Fullerton, CA 92832<br>(714) 765-6845<br>Fax: (714) 525-8071<br>Email: phyllisG@ci.fullerton.ca.us | Years<br>Accounts<br><br>Consolidated Contact<br><br>Service Features<br>***Residential Contract*** | 1996 to current – Merger with MG Systems, Inc.<br>48,077 (residential)<br>1,304 (commercial/industrial)<br>**Dan Copener, General Manager**<br>Responsible for all contract operations, including collection customer service, fleet maintenance, contract administration, and compliance<br>☆ Weekly automated collection of solid waste, recycling, and yard waste, bulky item collection, e-waste/universal waste collection, sharps mail-back program<br>☆ Commercial mixed waste<br>☆ Industrial/Construction mixed waste and single-stream<br>☆ Permanent/temporary roll-offs and bins (all sizes)<br>☆ Initially, residential service was manual. The three cart collection program called ***Fullerton Recycles*** was implemented city-wide in 2009. This program is unique in that it includes unlimited set-out. It also includes 35-gallon carts for small parcels. |

| | Jurisdiction /Contact Information | | Contract and Service Features |
|---|---|---|---|
| 5 | **City of Garden Grove**<br>A.J. Holmes<br>Environmental Services/Streets Manager<br>11222 Acacia<br>Garden Grove, CA 92840<br>(714) 741-5956<br>Fax: (714) 741-5419<br>Email: ajh@ci.garden-grove.ca.us | Years<br>Accounts<br><br>Consolidated Contact<br><br><br>Service Features | 1988 - current<br>31,049 (residential)<br>2,464 (commercial/industrial)<br>**Dan Capener, General Manager**<br>Responsible for all contract operations, including collection customer service, fleet maintenance, contract administration, and compliance<br>• Weekly automated collection of solid waste, recycling, and yard waste, bulky item collection, e-waste/universal waste collection, sharps mail-back program<br>• Commercial mixed waste<br>• Industrial/Construction mixed waste and single-stream<br>Permanent/temporary roll-offs and bins (all sizes)<br>In 1988 acquired residential and commercial contract with the acquisition of Jaycox. The two cart collection program called **Recycle Garden Grove** was roll-out city-wide in 1990. In 1997, the program adopted a third cart for green waste collection. |
| 6 | **City of Placentia**<br>Steve Fischel<br>Director of Administrative Services<br>401 E. Chapman Avenue<br>Placentia, CA 92807<br>(714) 993-8117<br>Fax: (714) 961-0283<br>Email: administration@placentia.org | Years<br>Accounts<br><br>Consolidated Contact<br><br>Service Features | 1988 - Present<br>11,573 (residential)<br>676 (commercial/industrial)<br>**Dan Capener, General Manager**<br>☆ Responsible for all contract operations, including collection customer service, fleet maintenance, contract administration, and compliance<br>☆ Weekly automated collection of solid waste, recycling, and yard waste, bulky item collection, e-waste/universal waste collection, sharps mail-back program<br>☆ Commercial mixed waste<br>☆ Industrial/Construction mixed waste and single-stream<br>☆ Permanent/temporary roll-offs and bins (all sizes) |
| 7 | **City of Villa Park**<br>Jarod Hildebrand<br>City Manager<br>17855 Santiago Blvd.<br>Villa Park, CA 92861<br>(714) 998-1500<br>Fax: (714) 998-1508<br>Email: jhildebrand@ci.villapark.ca.us | Years<br>Accounts<br><br>Consolidated Contact<br><br>Service Features: **Commercial Contract** | 1992 to current – Take over from Briggeman Disposal<br>2,009 (residential)<br>13 (commercial/industrial)<br>**Dan Capener, General Manager**<br>☆ Responsible for all contract operations, including collection customer service, fleet maintenance, contract administration, and compliance<br>☆ Weekly automated collection of solid waste, recycling, and yard waste, bulky item collection, e-waste/universal waste collection, sharps mail-back program<br>☆ Commercial mixed waste<br>☆ Industrial/Construction mixed waste and single-stream<br>☆ Permanent/temporary roll-offs and bins (all sizes)<br>☆ The two cart collection program called **Recycle Villa Park** was implemented city-wide in 1992. In 1996, the program adopted a third cart for green waste collection. |

| | Jurisdiction /Contact Information | Contract and Service Features | |
|---|---|---|---|
| 8 | **City of Yorba Linda**<br>Mark Aalden<br>4845 Casa Loma Ave.<br>Yorba Linda, CA 92686<br>(714) 961-71060<br>Fax: (714) 993-7530<br>Email: maalden@yorba-linda.org | Years<br>Accounts | 1988 to current – Merger with Yorba Linda Disposal<br>19,683 (residential)<br>464 (commercial/industrial) |
| | | Consolidated Contact | **Dan Capener, General Manager**<br>Responsible for all contract operations, including collection customer service, fleet maintenance, contract administration, and compliance |
| | | Service Features:<br>***Residential/***<br>***MFD***<br>***Contract*** | ☆ Weekly automated collection of solid waste, recycling, and yard waste, bulky item collection, e-waste/universal waste collection, sharps mail-back program<br>☆ Commercial mixed waste<br>☆ Industrial/Construction mixed waste and single-stream<br>☆ Permanent/temporary roll-offs and bins (all sizes)<br>☆ The three cart collection program called ***Recycle Yorba Linda*** was roll-out city-wide in 1994. |

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# 15 | Diversion Rates

Republic Services has extensive and unparalleled experience and history assisting municipalities and other public agencies in meeting State mandated AB 939 goals. Through long term exclusive franchise agreements, Republic is the largest holder of exclusive solid waste franchises in Los Angeles County. Republic provides all types of services suited to meet each community's needs.

A *Diversion Case Study* for the City of Lawndale is included below, whereby Republic was able to assist the City in increasing diversion from 34 to 51 percent in a two-year period. This case study is followed by an abbreviated case study for Inglewood and Alhambra.

## *Diversion Case Inglewood*

### An Environmental Partner You Can Count On

# City of Inglewood Case Study

## Diversion Results

In 2012, Republic Services proudly commenced serving the City of Inglewood. During the contract transition from a previous hauler, Republic delivered nearly 65,000 calls throughout the city in addition to implementing a robust recycling public education program. During our first year of service the Company successfully met the diversion guarantee, increasing the Cities diversion from 14% to 30%.

## Recycling Education

### Single Family Diversion Program Highlights

- Curbside recycling programs, household Batteries collection, E-Waste, and shred days.
- My Republic Rewards program to incentivize residents to increase their recycling participation.

*Year to date nearly ½ of the participants have received recycling awards!

### Commercial and Multi-Family Diversion Programs Highlights

- Initial commercial recycling opportunity assessments and commercial and multi family recycling technical assistance.
- Curbside recycling programs, household batteries collection, e-waste, and shred days.
- Pilot commercial organics program for approximately 1/2 of large food waste generators.

### Additional Outreach Programs:

- Job placement opportunities
- School Education and Outreach programs including high school scholarship program
- Community safety program We're Looking Out for You

| Year | Diversion Percentage |
|---|---|
| • 2012 | 30.90% *First Year Of Service |
| • 2013 | 14% *Contract Awarded |

### Services

- Automated/Semi Automated collection of MSW, Recycling, and Green Waste
- Citywide residential curbside programs commercial, industrial and MFD
- 18,618 residential dwelling units serviced weekly
- 3,141Commercial accounts
- 47 Industrial accounts

CONSOLIDATED DISPOSAL SERVICE
A REPUBLIC SERVICES COMPANY

## *Diversion Case Study – City of Alhambra*

### An Environmental Partner You Can Count On

# City of Alhambra Case Study

## Diversion

The City of Alhambra involved a transition from the previous service provider's manual collection system (using customer provided barrels and contractor-provided 18-gallon crates for recycling) to Republic's implementation of a 3-cart automated collection system for solid waste, recyclables, and green waste as well as commercial bin-can service and multi-family recycling under an exclusive services contract, effective April 1, 1995. This process involved transitioning service to over 17,200 residential accounts and over 850 multi-family bin accounts. Republic hired displaced workers from the previous collection contractor.

| Year | Diversion Percentage |
|---|---|
| • 2012 | 54.20% |
| • 2011 | 52.68% |
| • 2010 | 53.36% |

## Services

- Exclusive Provider for Residential, Commercial, and Industrial Solid Waste Collection
- Selected Source Separated and Mixed Waste Processing Programs for Multi-family, Commercial and Industrial
- Partnering with the City for over 11 years
- 17, 250 residential dwelling units serviced weekly
- 850 multi-family dwelling units serviced weekly
- 862 commercial customers

## Recycling Education

### Single Family Diversion Program Highlights:

- **Recycle Rewards Program** - The program involves weighing the recyclables container contents and weighing recycling points to the customer, who can then redeem points for gift certificates
- **Yearly Recycling Events** - FREE Shredding and E Waste Collection
- **Curbside Collection Programs** - Free E-Waste Collection and free Household Battery program
- **Holiday Tree Collection**
- **Scavenging Disbouragement** - Republic introduced an "Anti Scavenging Unit" in 2010 for purposes of patrolling the service areas during peak scavenging hours. Republic Services works closely with the City to develop and institute an effective program and will institute any feasible measures to discourage scavenging of Recyclable Solid waste from the Residential Solid waste stream

### Multi-Family/Commercial Dwelling Diversion Program Highlights

- Mixed Waste Processing for Multi Family & Commercial Waste
- Eco Fair-Citywide Event in celebration of Earth Day

CONSOLIDATED DISPOSAL SERVICE
A REPUBLIC SERVICES COMPANY

## *Diversion Case Study – City of Lawndale*

# City of Lawndale Case Study

### Diversion

In 2010, Republic and the City of Lawndale partnered to increase citywide diversion by implementing a Pay As You Throw Program (PAYT) to encourage residents and multi-family cart customers to reduce their trash cart size, and increase their recycling and green waste cart size, thereby decreasing their monthly rate. After the first year of transition to PAYT, Republic was able to exceed the cities goal and increase the cities diversion to 52%, a 10% improvement in the cities diversion rate.

| Year | Diversion Percentage |
|---|---|
| • 2012 | 51.67% |
| • 2011 | 48.64% *PAYT implementation |
| • 2010 | 42.04% *Before PAYT |

### Services

- Automated/Semi Automated collection of MSW, Recycling, and Green Waste
- Citywide residential outside programs, commercial, industrial and MFD
- 6345 Residential dwelling units serviced weekly
- 531 Commercial accounts
- 11 Industrial accounts

### Recycling Education

Single Family Diversion Program Highlights:

As part of Republic's continued commitment to increase the cities diversion rate, in 2012 Republic partnered with the City to create the first ever Recycle Rewards Party. Republic awarded the neighborhood block with the best set out rate with a recycle rewards party. The City Council panel Republic Services, Republic's Green Team, our nonprofit partner Trash for Teaching and Lawndale residents. In addition to Republic's transition and ongoing education and outreach program, Republic designed lawn signs, posters, and invitations to broadcast the recycling block party.

CONSOLIDATED DISPOSAL SERVICE
A REPUBLIC SERVICES COMPANY

In 2010, the City of Lawndale went for a Request for Proposals for Residential and Commercial waste services. The City went from an all-you-can-throw system on the residential sector to a pay-as-you-throw system. The system was developed to encourage residents to pay less for trash (with smaller containers) and increase their recycling (with free recycling containers). On Commercial sector, previous open-market system (with seven licensed haulers) was replaced with a single hauler system. Under

## Diversion Tracking – By Sector

the new system, 75 percent of the commercial waste went to a material recovery facility AND a source separate bin system for account holders who recycled on-site was maintained.

The City of Lawndale went from 34 percent diversion (2010) to 49 percent (in 2011) to 51 percent (in 2012). Landfill diversion is accomplished through activities such as: recycling, reuse, or reclamation. These activities are measured by SB 1016 parameters for calculation and the higher the diversion rate is, or more tonnage calculated, the more waste that was diverted from the landfill. During 2011, Republic's landfill diversion for the City of Lawndale totaled 10,788 tons. This amount represents a 37.5 percent increase over the 7,843 tons diverted in 2010 collected by multiple other waste haulers.

In a September 16, 2012 City Council Report to update City on progress of new collection system:

*"Consolidated has been and continue to be instrumental in helping the City of Lawndale to educate and motivate Lawndale residents and businesses not only to meet solid waste requirements, but to help make the City more environmentally friendly. Consolidated is currently working directly with Lawndale schools on programs such as "Trash for Teaching", in which teachers use items from the waste collection facilities for practical and interactive teaching applications within the classrooms. Consolidated is also working on a one-on-one basis with Lawndale businesses to increase business recycling."*

**Contact:**

| | |
|---|---|
| *Nasser Abbaszadeh, PE*<br>*Public Works Director/City Engineer*<br>*City of Lawndale* | *City of Lawndale Department of Public Works*<br>*4722 Manhattan Beach Blvd*<br>*Lawndale, CA 90260*<br>*Ph: 310-973-3766 • Fax: 310-973-3268*<br>*Email: NAbbaszadeh@lawndalecity.org* |

Republic is committed to working with the City to ensure compliance with diversion objectives and guarantees the City will meet all State mandated regulations: AB 341, AB 32 and AB 818. Implementing and operating programs with strong diversion components are integral to Republic's success with City contracts.

Republic will augment its existing diversion strategies in the new *Agreement* for all customers. In addition to utilizing processing of mixed-waste refuse for select commercial and multi-family customers as indicated in *Sections 5* and *6*, Republic has offered reduced rate or free recycling for these customers to promote recycling and ensure the City's compliance with AB 341.

Because Republic has not been in control of the residential waste stream these are strictly projections and diversion by the various generator types may vary. However, Republic does

commit to ensuring the City does meet its overall diversion objectives through the use of the various facilities and the outreach methods described throughout this proposal.

Also, Republic notes that in *Attachment 4 – Tonnage Diversion Plan Form* included in *Section 1* of this proposal, Republic currently provides commercial customers in Huntington Park the option of utilizing carts rather than bins for commercial refuse and commingled recycling collection. This option addresses the need for smaller containers due to space constraints and customer preference, as well as lowering waste/recycling collection costs for customers.

As indicated in *Sections 5* and *6*, all multi-family and commercial customers will receive two 96-gallon recycling carts which will be serviced at no charge to ensure all these customers have baseline recycling services.

Republic brings together its local and nationwide experience to develop, design and implement each diversion program and complimentary public education and outreach program for its cities. Rather than describe each specific and tailored outreach effort undertaken in each of Republic's cities to increase diversion, Republic has provided an overview of the types of transition and ongoing outreach methods we have found successful across the cities we service.

## *Public Education and Outreach Methods for Diversion Success*

- City Website
- Initial Mailing
- Collection Point Posters
- Instructional How-To Packets
- Recycling Workshops
- City Newsletters
- Informational Flyers
- Quarterly Notices
- Miscellaneous Collateral Materials
- Advertising/Press Releases
- Billing Inserts
- Container Labels
- Recycling Technical Assistance
- Corrective Action Notice (Oops Tag)
- Targeted Event/Community Participation
- Education Programs for Schools

Republic will utilize these methods and methods described throughout this proposal to achieve the following overall diversion rate. The City should note that the following numbers are projections and actual results may vary by line of business. Republic will ensure, however, that the City meets its stated diversion goals.

# 16 | Community Outreach

## *Invested in the Huntington Park Community*

A stand-out feature of Republic's approach to its education program is its commitment to and investment in the communities it serves. Going well beyond the dictates of any agreement, Republic sets out to educate and express its good will as a corporate citizen through participation at community events and the disbursement of educational materials at such events.

The following are just a few examples of Republic's investment in the Huntington Park Community.

### Growing the Business Community

Republic Services has been an integral part of the **Huntington Park Chamber of Commerce**, assisting with funding special events. Republic will continue participating in the Greater Huntington Park Chamber of Commerce, proudly sponsoring such events as the Annual Celebrity Golf Tournament and State of the City Address.

Republic Services was the major sponsor of the **All American Cities Business Expo** which brought Southeast Chambers of Commerce (Lynwood, South Gate, Huntington Park and Bell) together to highlight the economic growth in the area.

In partnership with City Officials, Republic sponsored the **Huntington Park Women of the Year** event, honoring the accomplishments of Huntington Park women. These women ranged from volunteers, to professionals to educators in the community.

## Enhancing Huntington Park

Republic has actively participated in **Bulky Item Roundup Days** that where co-sponsored with the Department of Public Works. Residents were able to dispose of unwanted bulky items at a drive through event. Also, working with the community, Republic has had great success with its **Pacific Boulevard Graffiti Removal** events. Members of the community, with Staff and materials provided by Republic Services, remove graffiti from metal bins in the downtown corridor area.

In partnership with Huntington Parks Recreation and Community Services Department, Republic has sponsored the **Annual National Night Out** through the provision of reusable bags and recycling information.

*Republic is a proud sponsor of Relay for Life.*

### *Educational Outreach*

Please see the information contained in the *Implementation Plan* and the collateral materials examples included in this section.

### *Schools*

Huntington Park schools benefit from Republic's LAUSD partnership. Please see *Section 9* for information on the program.

### *Assemblies*

In addition to and as part of the LAUSD recycling education component, Republic's *MRFy – The Recycling Robot* will be available for assemblies and special events. MRFy is a fully automated Recycling Robot made from recycled parts whose purpose is to provide a fun and interactive approach to recycling. The presentation begins with a Republic Services associate providing a short introduction and some fun facts about the company, its services and the upcoming show. It then quickly follows with a re-cycle chant so MRFy knows it's show time. Once MRFy hits the stage he takes the lead through song, interactive questions and also inviting audience members on stage to

identify pieces of recyclable materials.

After MRFy's presentation, a short video is shown. This Video is narrated by MRFy and shows where recycling material is sorted and what happens to it after it is thrown in the garbage. The presentation is then completed with questions and answers.

Republic proposes to offer MRFY assemblies for an incentive/reward for Principals to engage students not only in recycling but academic performance, leadership and/or environmental stewardship.

*Paid Advertising - Sample*

*Your committed community partner*

**REPUBLIC SERVICES**

## An Important Notice Regarding your Waste and Recycling Service

Recently, the City of San Fernando awarded their solid waste collection franchise to Republic Services, starting February 15, 2014.

In order to ensure a smooth transition, Republic Services will be hosting two community meetings:

- **January 25th**
  10 am - 12 pm
  Las Palmas Park
  Banquet Room
  505 S. Huntington Street
  San Fernando, CA 91340
- **February 1st**
  10 am - 12 pm
  San Fernando Regional Pool
  Banquet Room
  208 Park Avenue
  San Fernando, CA 91340

Additionally, Republic Services is currently providing recycling assessments at multifamily complexes and local businesses to determine each location's solid waste and recycling needs.

We look forward to serving the community of San Fernando. If you should have any questions, please call our Customer Service Department at (800) 299-4898 during the hours of 7 am – 6 pm Monday through Friday and 7 am – 3 pm on Saturdays.

**(800) 299-4898** **RepublicServices.com**

## Introductory Letter – English (Sample)

REPUBLIC

January 27, 2014

**Subject: An Important Notice Regarding Your Waste and Recycling Service**

Dear San Fernando Resident:

The City of San Fernando recently contracted with Republic Services to, among other things, pick up your residential trash, recyclables, and organic waste. Republic Services will begin picking up your residential trash, recyclables, and organic waste on February 15, 2014.

Residential Monthly Rate – Each residential customer will be billed a flat rate of $14.99 per month.

New Carts - Starting February 8, 2014, each residential customer will receive three new 64 gallon carts to replace your current carts for trash, recycling, and organic waste. These new carts are similar in size to your current carts.

Alternative Cart Size - If you prefer an alternative cart size (32 or 96 gallon sizes) or would like to request additional carts, please complete the enclosed postcard and mail to Republic Services by February 3, 2014 or call Republic at (800) 299-4898. Each residential customer can receive up to one trash cart (any size), two recycle carts (any size) and two organic waste carts (any size) per household at no additional fee. Additional carts beyond these limits are subject to an additional fee of $5.00 per cart per month.

New Cart Delivery Days - If your current service day is Monday, then you will receive your new carts on February 8th. If your current service day is Tuesday, then you will receive your new carts on February 10th. If your current service day is Wednesday, then you will receive your new carts on February 11th. If your current service day is Thursday, then you will receive your new carts on February 12th. If you current service day is Friday, then you will receive your new carts on February 13th.

Collection Day - Please note that your current collection day and the placement of your carts **will not change**. A detailed instructional "How-to" brochure will accompany your new carts. This brochure will inform you of the new services as well as upcoming programs. Republic Services will begin providing services the week of February 17, 2014. Until then, you should continue to use the carts serviced by Crown Disposal.

Billing - Starting February 15, 2014, San Fernando residents will no longer be billed for trash service in the City of San Fernando water bill. Republic Services will bill you directly for your trash and recycling services. Your first invoice will be mailed to you on March 25, 2014, reflecting services from February 15, 2014 through the end of March 2014. After the first invoice you will receive a new invoice every 2 months reflecting the 2 previous months of service.

Feb 1, 2014 Community Meeting - In order to ensure a smooth transition, Republic Services will be hosting another community meeting on Saturday, February 1, 2014, from 10 am – 12 pm at the San Fernando Regional Pool Banquet Room located at 208 Park Ave, San Fernando, CA.

We look forward to serving the community of San Fernando. If you should have any questions regarding your service, please call our **Customer Service Department at (800) 299-4898** during the hours of 7 am – 6 pm Monday through Friday and 7 am – 3 pm on Saturdays.

Sincerely,

Republic Services
12949 Telegraph Road
Santa Fe Springs, CA 90670

## Introductory Letter – Spanish (Sample)

REPUBLIC

Enero 27, 2014

**Asunto: Aviso Importante Acerca del Servicio de la Basura y los Reciclables**

Estimado Residente de San Fernando:

La Ciudad de San Fernando recientemente contrató a Republic Services para ofrecer, entre otras cosas, los servicios para recoger la basura del hogar, los reciclables y la basura orgánica. Republic Services empezará a recoger la basura del hogar, los reciclables y la basura orgánica a partir del 15 de febrero del 2014.

Cargo Mensual Residencial – Cada cliente residencial será facturado a la taza general de $14.99 por mes.

Nuevos Botes – A partir del 8 de febrero del 2014, cada cliente residencial recibirá tres botes nuevos de 64 galones para reemplazar los botes actuales de la basura del hogar, los reciclables y la basura orgánica. Los botes nuevos son similares en tamaño a los botes que tiene actualmente.

Opción de Tamaño de Bote – Si prefiriera otro tamaño de bote (ya sea de 32 o de 96 galones) o necesita botes adicionales, por favor llene la forma adjunta y envíela por correo a Republic Services antes del 3 de febrero del 2014, o llame a Republic al (800) 299-4999. Cada cliente residencial puede recibir hasta un bote para la basura del hogar (de cualquier tamaño), dos botes para los reciclables (de cualquier tamaño) y dos botes para la basura orgánica (de cualquier tamaño) por hogar, sin costos adicionales. Cualquier bote adicional a estos límites incurrirán un cargo adicional de $5.00 al mes por cada bote.

Fechas para la Entrega de los Botes Nuevos – Si el día que le recogen la basura es el lunes, sus botes nuevos se le entregarán el 8 de febrero. Si el día que le recogen la basura es el martes, sus botes nuevos se le entregarán el 10 de febrero. Si el día que le recogen la basura es el miércoles, sus botes nuevos se le entregarán el 11 de febrero. Si el día que le recogen la basura es el jueves, su botes nuevos se le entregarán el 12 de febrero. Si el día que le recogen la basura es el viernes, su botes nuevos se le entregarán el 13 de febrero.

Día de Servicio – Por favor tome nota de que el día en que se le dará el servicio y el lugar donde deja los botes **no van a cambiar**. Junto con sus botes nuevos le estaremos entregando una guía con instrucciones detalladas. La guía incluirá información sobre servicios nuevos y programas futuros. Republic Services empezará a encargarse del servicio de basura a partir del 17 de febrero de 2014. Hasta entonces, por favor continúe utilizando los botes y el servicio de Crown Disposal.

Facturación – A partir del 15 de febrero del 2014, los residentes de San Fernando ya no recibirán el cargo por el servicio de basura en su factura del agua. Republic Services le facturará directamente por el servicio de basura y de los reciclables. Su primer factura le será enviada el 25 de marzo del 2014, reflejando cargos por los servicios del 15 de febrero a finales de marzo. Después de la primer factura recibirá una factura nueva cada dos meses reflejando el cargo por los servicios de los dos previos meses.

Feb. 1, 2014 – Reunión para la Comunidad – De manera de asegurar una transición sin problemas, Republic Services llevará a cabo otra reunión para la comunidad que será el 1ero. de febrero del 2014, de 10 am – 12 pm, en el Salón de Banquetes de la Alberca Regional de San Fernando, ubicado en 208 Park Ave, San Fernando, CA.

Nos sentimos honrados en poder servir a la comunidad de San Fernando. Si tuviera alguna pregunta acerca de su servicio de basura, por favor llame a nuestro **Departamento de Servicio al Cliente** al (800) 299-4996, de lunes a viernes entre 7 am y 6 pm, o sábados entre 7 am y 3 pm.

Atentamente,

Republic Services
12649 Telegraph Road
Santa Fe Springs, CA 90670

*Residential Brochure – 1 (Sample)*

*Residential Brochure – 2 (Sample)*

*Multi-Family and Commercial Brochure – 1 (Sample)*

*Multi-Family and Commercial Brochure - 2 (Sample)*

Holiday Tips
Holiday Schedule
Holiday Trees
San Fernando Recycles
Holiday Trees
Holiday Decorations
Building Decorations
Lighting Ideas of Decorating
Commercial Decorating — Kitchen
Commercial Decorating — Lobby
Commercial Decorating — Exterior
Commercial Decorating — Exterior
Commercial Decorating — Exterior

*Sample Newsletter*

# A new partnership for San Fernando and Republic Services

First, a word of thanks. We know that your community had a choice of service providers for your trash, recycling, and yard waste program. **We at Republic Services are honored to have earned your contract and your trust.**

Second, welcome! You will be receiving this newsletter on the most quarterly. In this first edition, we have provided an overview of the new programs being offered, in future editions, you will find program reminders, special event dates, helpful tips, and more.

Finally, your first bill from Republic Services was mailed out March 25. This bill reflects charges for your first two months of service (February covered by the City through the 28th and the entire month of March). In the future you will be billed every other month for the two previous months. Your next bill will arrive in late May.

If you have any questions, please call 888-290-4800 or 888-742-5234.

## Una nueva sociedad para San Fernando y Republic Services

Antes que nada, muchas gracias. Sabemos que su comunidad tenía opciones de proveedores del servicio de la basura, del reciclaje y de la basura del jardín. **Nosotros, en Republic Services, nos sentimos honrados de haber ganado su confianza y el contrato de los servicios.**

Segundo, bienvenidos a nuestro servicio. Estará recibiendo este boletín en el correo trimestralmente. En esta primera edición le estamos ofreciendo un resumen de los nuevos programas que se ofrecen. En ediciones futuras encontrará recordatorios, avisos de eventos especiales, consejos y mucho más.

Finalmente, su primer factura por los servicios de Republic Services le será enviada por correo el 25 de marzo. La factura refleja los cargos por los primeros dos meses de servicio (del 15 al 28 de febrero y todo el mes de marzo). Las siguientes facturas se enviarán cada otro mes por los dos meses previos. La próxima factura le llegará a finales de mayo.

Si tuviera alguna pregunta por favor llámenos al 888-290-4800 o al 888-742-5234.

On Saturday, May 17, Republic Services will host a special event for residents and businesses. The event will be held at San Fernando Parking Lot 4/6 (corner of Maclay and First, next to police station) from 8 a.m. to 1 p.m. Residents, whether living in multi-family complexes or single-family homes, and commercial customers will be able to drop off bulky items such as furniture, appliances, and electronics for proper disposal. Residents and commercial customers will also be able to drop off confidential paperwork for secure shredding. Proof of residency in San Fernando will be required.

If you have questions, please call 888-290-4800 or 888-742-5234.

## ¡Separa la fecha en su calendario!

El sábado 17 de mayo Republic Services llevará a cabo un evento especial para residentes y comercios. El evento será el Lote 4/6 del estacionamiento de San Fernando (esquina de Maclay y First, junto a la estación de policía) de 8 a.m. a 1 p.m. Los residentes, ya sea que vivan en casas particulares o en edificios de departamentos, así como los clientes comerciales pueden pasar a dejar artículos grandes como muebles, enseres y aparatos electrónicos para su desecho adecuado. Los residentes y los clientes comerciales también pueden llevar sus documentos confidenciales para que sean llevados a un lugar seguro para destruirlos. Es necesario presentar prueba de residencia en San Fernando para aprovechar este servicio.

Si tuviera alguna pregunta por favor llámenos al 888-290-4800 o al 888-742-5234.

**Republic Services Customer Service Office**

888-290-4800 or 888-742-5234
12949 Telegraph Road,
Santa Fe Springs
Hours: Monday–Friday, 7 a.m.–6 p.m.; Saturday, 7 a.m.–3 p.m. (closed on major holidays)

**Republic Services Desk in San Fernando City Hall**

818-898-1238
117 Macneil Street, San Fernando
Hours: vary
(closed on major holidays)

**Oficinas de Servicio al Cliente de Republic Services**

888-290-4800 o 888-742-5234
12949 Telegraph Road,
Santa Fe Springs
Horario: Lunes–viernes, 7 a.m.–6 p.m.; sábados, 7 a.m.–3 p.m. (cerrado en días festivos oficiales)

**Representante de Republic Services en las oficinas de City Hall San Fernando**

818-898-1238
117 Macneil Street, San Fernando
Horario: disponible (cerrado en días festivos oficiales)

PRESORTED
STANDARD
U.S. POSTAGE
PAID
INDIANAPOLIS, IN
PERMIT NO 2778

Saturday, May 17
7:30 a.m.–1 p.m.
Lot 4/6 Maclay & First
Santa Fe Springs, CA 90670

*Sample Newsletter - 2*



# What's in your dumpster?

## Contact Republic Services for a free recycling opportunity assessment and to set your service level

[illegible]

[illegible] commercial properties in the City of San Fernando. Republic Services has contacted each business and multi-family property to provide a free recycling opportunity assessment and determine the appropriate service level. If you would like an assessment or if you have not received your service level selection/alternate form, please contact Republic Services at 888-794-4000 or 888-743-5254 Monday through Friday, between 7 a.m. and 6 p.m. If you have not contacted Republic Services, your account has been set up based on estimations collected on our routes and you will be billed accordingly.

[illegible]

The legislature passed AB341 in 2011 establishing mandatory commercial recycling, which applies to every commercial facility that generates more than 4 cubic yards of trash a week or mandated commercial has a "dumpster" or 3 cubic yards, therefore, if you have more or more of these terms generated waste than once a week, the time now requires you to implement recycling at your facility. The bill also applies to every multi-family residential dwelling of five units or more.

As of February 15, 2014 Republic Services is now the solid waste collection, recycling and disposal services provider for multi-family and commercial properties.

# It's your call!

## Bulky trash and electronics pickups available on request

If you've had the chance to see the bulky waste collection truck go through your neighborhood, you know it isn't one of our regular trucks. That's why you need to call to schedule service if you have electronics and bulky items for pickup. Without that call, we don't send the truck and your items don't be picked up! So, you really need to make that call!

Bulky trash is picked up with a truck like this. As you can see, this isn't the regular trash or recycling truck. That's why your call is so important!

**Los artículos grandes y los aparatos electrónicos se recogen en un camión como este. Como puede ver, este no es un camión regular de basura, ¡lo precisamente por esta razón que necesita llamar para solicitar el servicio!**

The model of [illegible] San Fernando residents are entitled to up to six bulky-item collections per year. During each collection, you can set out a combination of items. Large items that [illegible] approximate dimensions of four cubic yards and two bulky-item large items, such as a TV, couch, or water heater.

In addition, San Fernando residents are entitled to free, unlimited electronics and universal waste collections. Universal waste includes household batteries, fluorescent tubes and bulbs, and mercury-containing thermometers and thermostats. Electronic waste, or E-Waste, includes computers, monitors, laptops, tablets, consoles, cell phones, and similar items.

To receive bulky-item or universal and E-Waste collection, you must call the Customer Service Department at 888-296-4000 or 888-743-5254 at least 48 hours in advance of your regular collection day to schedule a pickup.

After you've made your call, you can put your items ready. Household batteries should be placed in a zippered plastic bag and placed next to your cans. Fluorescent bulbs and smaller E-Waste items should be placed in a cardboard box and set next to your cans. All items should be put at the curb by 6 a.m. on the scheduled collection day. Place bulky items at least 5 feet away from your curbside cans.

[illegible]

## ¿Qué hay en su depósito de basura?

### Comuníquese con Republic Services para recibir una evaluación gratis de la que puede reciclar y escoger el nivel de servicio que necesita

¿Ha chequeado últimamente el depósito de basura de su oficina, restaurante, almacén, tienda, edificio de apartamentos o condominios? ¿Qué vio? ¿Palmas de cartón, bazar de alumbres, botellas de plástico o papel? Si así es, los reciclables se están desperdiciando. Cuando los reciclables terminan en el depósito de la basura, recursos y energía terminan en el relleno sanitario. Al reciclar capturamos valiosos recursos naturales, reducimos el consumo de electricidad necesario en el proceso de manufactura y creamos empleos.

Debido a que la mayoría de los clientes comerciales a lo largo del estado están tirando dichos recursos valiosos a la basura, el estado de California tomó la ley AB341 en el 2011 la cual establece el reciclaje comercial como obligatorio, la cual quiere decir que todos los comercios que generen más de 4 yardas cúbicas de basura a la semana deben reciclar. Un depósito comercial estándar conocido como "dumpster", tiene capacidad de 3 yardas cúbicas. Por lo tanto, si usted tiene una o más de estas dependencias que necesitan recogerse más de una vez a la semana, el estado ahora requiere que usted implemente el reciclaje en sus instalaciones. Esta ley también aplica para propiedades multi-familiares con cinco o más departamentos.

A partir del 15 de febrero del 2014 Republic Services está a cargo del servicio de basura, de los reciclables y del servicio a propiedades multi-familiares y comercios de San Fernando. Republic Services se ha puesto en contacto con cada uno de los comercios y propiedades multi-familiares para determinar el nivel de servicio adecuado. Si desea recibir una evaluación o si aún no ha registrado la forma para actualizar el nivel de su servicio, por favor llame a Republic Services al 888-296-4000 o al 888-743-5254 de lunes a viernes, entre 7 a.m. y 6 p.m. Si no se comunica con Republic Services, su cuenta será establecida en base a la información disponible y su factura se preparará de acuerdo a esa información.

## ¡Solo llame!

### Servicio disponible para recoger artículos grandes y aparatos electrónicos sujeto a que lo solicite

Si le ha tocado ver el camión de colecta de artículos grandes por su vecindario, estamos ya sabe que no es uno de nuestros camiones regulares de la basura. Es en la razón por la cual es necesario que llame para solicitar el servicio de aparatos electrónicos y artículos grandes. Sin hacer parte esto no podemos enviar el camión a su dirección y los artículos no se pueden recoger. Así que es verdad es necesario que nos llame por favor.

Es muy sencillo aprovechar este servicio. Los residentes de San Fernando tienen derecho al servicio a domicilio para el desecho de hasta cinco artículos grandes por año. Puede sacar una combinación de artículos grandes siempre y cuando no excedan cuatro yardas cúbicas y dos artículos grandes individuales tales como TV, sofá o calentador del agua.

Además, los residentes de San Fernando tienen derecho al servicio a domicilio para el desecho gratuito ilimitado de aparatos electrónicos y basura universal. Dentro de la basura universal encontramos baterías del hogar, tubos y focos fluorescentes, termómetros y termostatos con mercurio. Dentro de los aparatos electrónicos, E-Waste en inglés, encontramos computadoras, monitores, laptops, tabletas, lectores electrónicos, teléfonos celulares y artículos similares.

Para aprovechar este servicio debe de llamar a nuestro Departamento de Servicio al Cliente, al 888-296-4000 o al 888-743-5254 con por lo menos 48 horas de anticipación al día en que le recojan la basura para solicitar el servicio.

Una vez que haya hecho la cita puede alistar los artículos. Las baterías deben colocarse en una bolsa de plástico sellable y ponerlas al lado de los botes. Los tubos y focos fluorescentes y aparatos electrónicos pequeños deben colocarse en una caja de cartón y dejarla al lado de los botes. Todos los artículos deben de sacarse a más tardar a las 6 a.m. del día que le recojan la basura. Coloque los artículos grandes por lo menos a 5 pies de distancia de los botes.

Hemos hecho todo lo posible para facilitarles el servicio. Nosotros pero usted ponga de su parte. ¡Por favor llámenos!

*Cart Order Form (Sample)*

REPUBLIC SERVICES

# SAN FERNANDO CART ORDER FORM

## *SAN FERNANDO - ORDEN DE BOTES*

Each residential customer will receive three new 64 gallon carts to replace your current carts for trash, recycling, and organic waste. If you prefer an alternative cart size (32 or 96 gallon sizes) or would like to request additional carts, please complete and mail this postage paid reply card by February 10, 2014. **If you do not need alternative sizes or additional carts, no action on your part is necessary.**

*Cada cliente residencial recibirá tres botes nuevos de 64 galones para reemplazar sus botes actuales para la basura, los reciclables y la basura orgánica. Si prefiere otro tamaño de bote (de 32 o 96 galones) o desea solicitar botes adicionales, por favor llene y envíe esta forma, que ya incluye el porte postal, antes del 10 de febrero del 2014.* ***Si no desea cambiar de tamaño de bote o no necesita botes adicionales, no es necesario que tome acción alguna.***

Customer Service

800-299-4898

**YES** I would prefer alternative cart sizes as indicated on the form below (32 or 96 gallon). I understand that requests for additional carts beyond one trash cart (any size), two recycle carts (any size), and two organic waste carts (any size) will cost me an additional $5.00 per cart per month.

Please indicate on the form below - the size and quantity of each cart type you are requesting.

REPUBLIC SERVICES

**Sí** *Prefiero otro tamaño de bote como lo indico abajo (de 32 o 96 galones). Entiendo que la solicitud de botes adicionales más allá de un bote para la basura (de cualquier tamaño), dos botes para los reciclables (de cualquier tamaño), y dos botes para los basura orgánica (de cualquier tamaño), me costarán $5.00 adicionales por bote al mes.*

*Por favor indique en la forma de abajo el tamaño y la cantidad de cada tipo de bote que está solicitando.*

TRASH _____ _____
*Basura* Quantity Size

RECYCLE _____ _____
*Reciclables* Quantity Size

ORGANIC WASTE _____ _____
*Basura Orgánica* Quantity Size

**Name:**
**Nombre:** _____

**Service Address:**
**Dirección de Colección:** _____

**Phone number:**
**Número de teléfono** _____

**Email Address:** _____

San Fernando 1/28/14

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*Residential Door Hanger – Sides 1 and 2 (Sample)*

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## Important Notice Regarding Your Waste and Recycling Service

The City of San Fernando recently contracted with Republic Services to collect your residential trash, recyclables, and yard waste. Republic Services will begin collection on the week of February 17, 2014.

- **New Carts** – will be delivered the week of Feb 10, 2014 (except Monday trash pick ups will receive carts on Feb 8, 2014.)
- **Collection Day** — current collection day and cart placement will not change.
- **Monthly Rate** — a flat rate of $14.99 per month for basic service.
- **Billing** — by Republic Services will begin March 25, 2014 for the months of February and March.

We look forward to serving the residents of San Fernando.

**Date of Visit:**_____

If you have any questions, please contact us at:

(800) 299-4898

REPUBLIC SERVICES

## Aviso Importante Acerca del Servicio de Colecta de Basura y Reciclables

La Ciudad de San Fernando recientemente contrató Los servicios de Republic Services para recoger la basura del hogar, los reciclables y la basura orgánica. Republic Services empezará a dar el servicio a partir del 17 de Febrero del 2014.

- **Botes Nuevos** – serán entregados durante la semana del 10 de febrero del 2014 (a excepción de los clientes que reciben el servicio los lunes, quienes recibirán los botes nuevos el 8 de febrero del 2014.)
- **Día de Servicio** – el día en que le recogen la basura y el lugar donde coloca los botes no cambiarán
- **Cuota Mensual** – el costo mensual será de $14.99 por el servicio básico.
- **Facturación** – directamente de Republic Services a partir del 25 de marzo del 2014 por el servicio de los meses de febrero y marzo.

Nos sentimos honrados de poder servir a los residentes de San Fernando.

**Fecha de Visita :**_____

Si tuviera alguna pregunta por favor llame al:

(800) 299-4898

*Multi-Family Postcard – Came with Tote Bag*

*Construction and Demolition Information for Contractors (Sample)*

City of San Fernando

# CONSTRUCTION & DEMOLITION DEBRIS RECYCLING

C & D Recycling Guide

Construction and demolition debris is material generated during the building, remodeling, or removal of buildings, roads, homes, tenant improvements, and landscaping projects. The materials resulting from these activities include, but are not limited to: concrete, asphalt, drywall, wood, glass, metals, red clay brick, soils, tree trimmings and shrubs.

Fortunately, most material from construction and demolition activities can be recycled into a number of useful products or reused. Concrete and asphalt are crushed and used as aggregate base for new roads; scrap metal is recycled into new metal products; yard waste and non-reusable wood can be converted into soil amendments and boiler fuel to generate electricity; and good quality red clay brick can be marketed for re-use.

In 2014, the San Fernando City Council passed an ordinance requiring that all construction projects participate in a construction & demolition waste recycling program. This ordinance requires that all building permit applicants use one of two methods to recycle construction debris:

- Use the City's authorized waste hauler, Republic Services, for construction & demolition waste removal and recycling. Republic Services will recycle the material and submit required recycling reports to the City. This option does not require the building permit applicant to post a deposit.
- Self haul the construction & demolition material to recycling facilities and submit recycling reports detailing the recycling activity from the project. This option requires a $1,000 recycling deposit to ensure proper recycling.

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*Construction and Demolition Information for Contractors - 2*

**1.5 YARD CONTAINER**

**2 YARD CONTAINER**

**3 YARD CONTAINER**

**4 YARD CONTAINER**

**5 YARD CONTAINER**

**6 YARD CONTAINER**

REPUBLIC SERVICES

## Construction and Demolition Information for Contractors – 3

### 10 YARD CONTAINER

### 20 YARD CONTAINER

### 30 YARD CONTAINER

### 40 YARD CONTAINER

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*Construction and Demolition Information for Contractors – 4*

If you are a contractor, construction company, or a do-it-yourselfer, use this guide to begin minimizing and recycling your construction and demolition debris.

**Reduce:** Proper materials management practices can result in substantial cost savings. Ensure that precise estimates are made prior to purchasing materials, and that accurate measurements are made prior to cutting materials so that excess scrap and waste can be avoided. Consider having materials pre-cut at lumberyards, using engineered wood products, steel framing or other pre-manufactured components to reduce waste at your job site.

**Reuse:** Donate salvageable materials to local charity organizations. Items available for donation can also be listed on the County's materials exchange web site, LACoMAX, at *www.lacomax.com*.

**Recycle:** Use the companies listed in this guide for recycling construction and demolition debris from your jobs. Compare the costs of recycling with the costs of disposal. Even if you have to pay for recycling, you will still "make money" if you pay less than the cost for landfill disposal.

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**Chapter 70, Article VI, Sec. 70-71. Mandatory service. (b)**

No person, other than an authorized collector, shall negotiate or contract for, undertake to receive, collect or transport solid waste or recyclables from within the city for a fee, service charge or other consideration therefor, except as expressly provided herein.

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Recycling Guide

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# 17 Residential Sharps Collection

## Summary of Program

As per the *Draft Agreement* Republic will, without charge and within one week of a residential customer request, deliver to the customer's residential premises:

- An approved sharps container with at least a one gallon capacity for discard of sharps in accordance with Federal, State, and local laws and regulations.

Republic will provide a pre-paid postage container for mailing back the approved sharps container.

Within one week after a residential customer request, Republic will provide customer, at the customer's residential premise without surcharge to that customer with an approved sharps container that has at least one gallon capacity for discard of sharps in accordance to the applicable law, and, a pre-paid postage container for mailing the approved sharps container in accordance with Applicable Law. Republic will include information and education regarding the sharps program in outreach efforts and will coordinate with local law enforcement and fire departments to provide outreach materials at public facilities.

Republic has teamed with Stericycle to create a streamlined approach for proper disposal of sharps. Through Republic's website, republicsharps.com, customers can view the kits available. After selecting a kit customers simply contact customer service and their kit is mailed to them, complete with detailed instructions for use.

Each kit contains the following items:

- *A government-approved plastic container specially designed for sharps waste*
- *Plastic liner*
- *Prepaid-postage return shipping box*
- *Pre-addressed return shipping labels*
- *Disposal*
- *Tracking documents (container return tracking and proof of destruction).*

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# 18 Proposal Enhancements

The following proposal enhancements are included at no cost to the City or ratepayers.

## *Food Waste Pilot Program*

Compostable organics, including food scraps, make up nearly one-quarter of commercial waste, and most importantly these recoverable materials are concentrated in a few sectors and with a small number of businesses, improving the cost effectiveness of collection.

As a companion program to commercial dry waste collection, Republic will pilot a commercial food scrap and organics collection and processing program to be put in place by the end of contract year one. The program will serve large sit-down restaurants and educational institutions, based on diverting 40% of organics from about one-half of the large food waste generators. Food waste from these establishments will be taken to a permitted food waste facility, which is permitted to accept all food wastes.

The exact start and end dates, as well as the evaluation criteria will be discussed and decided between Republic and the City prior to expanding and/or formalizing the program.

**Additional Proposal Enhancements for Food Waste: Food Waste Pilot Program at City Sponsored Events**

Republic will offer to compost food waste from city wide events where food waste vendors are participating. Republic will train vendors on proper disposal and disposal site to a proper disposal and eliminate contamination to recycling. Republic will provide event tonnage and diversion statistics per event.

## *Green Waste Diversion Programs + Compost Give Away*

**Backyard Composting Program**

Republic will promote backyard composting through underwriting 50 percent of the cost of compost and worm bins for Huntington Park residents.

**Composting Classes**

Republic will provide a Master Gardener to teach a minimum of two composting classes per year with the objective of raising resident awareness as to the benefits of closing the loop through home composting produced from kitchen food scraps and returning composted material to their gardens to enrich the nutrient content of the soil.

**Compost Give-Away**

Twice annually Republic will sponsor a compost-give away for residents at a convenient pick up location as approved by the City.

### *Semi-Annual Shred Day*

Republic will host two annual shred days each year of the *Agreement*. The Company will contract with a document shredding service, the equipment will be brought to a designated drop-off site within the service area, and residents will be able to have their personal documents shredded. Republic will partner with the City and local organizations to determine a designated drop-off site and promote the event. This service is provided at no additional charge to the ratepayer or City.

El Segundo Herald

Inside This Issue

Community Shred Event Helps Prevent Identity Theft

City Hopes New Treasurer Selection is on the Money

Weekend Forecast

Fire Department Looks Forward to Much-Needed New Equipment

### *Commercial and Multi-Family Dwelling (MFD) Recycling Technical Assistance*

This program will be initialized through Republic's initial recycling opportunity audits which will be implemented and overseen by a waste characterization expert during contract year one. Following the initial outreach efforts and contamination audits, property

owners or managers can request evaluation of their waste and recycling collection, at any time, and a trained representative will be available to provide recommendations to their collection system with the goal of moving towards increased recycling and diversion. The consultation will include evaluation of the current collection system, space available for receptacles, and cost savings. The representative will inform the owner or manager of alternatives available that may enhance the community's diversion efforts.

## *Residential Rewards Program*

To provide recycling motivation to Huntington Park residents, Republic, in conjunction with the City, will create a Recycling Awards program called *My Republic Rewards*. The goal of the program is to educate single-family residents on the importance of recycling and the materials that should be diverted. Additionally, the program is designed to reward single-family residents for enhanced recycling efforts. Each quarter a Recycling Star will be awarded to residential customers. Included with Recycling Star will be a gift card to a local business. Eligibility for the single-family dwelling (SFD) recycling awards program will require each customer to sign up via the My Republic Rewards website. Residential customers will be divided into geographic areas as determined by the County and Republic. Republic will provide financial incentives back to residents by way of gift cards.

Republic trucks, upon completion of service, will weigh the recycling contents from each of the zones and at the end of each quarter every resident in the winning zone will receive the Recycling Star and a gift card for use in a local business. At the end of each year, five SFD customers will be selected as the residential *Recycler of the Year* and will receive free solid waste and recycling collection services for one-year. Republic will announce the recipients of the annual award via news releases, on the website, and at a special event to be developed in partnership with the City. In addition, the residential community zone that recycles the most each year as determined by the tons of recycled material each week will receive $1,000 towards a community project in their neighborhood. Republic envisions its total My Republic Rewards to reach $3,500 annually.

## *Community Safety Initiative – We're Looking Out for You*

*We're Looking Out for You* is Republic's crime prevention and safety watch program. The program enlists the active participation of Republic collection personnel in cooperation with law enforcement and emergency services to reduce crime and maintain neighborhood safety. The program has already generated success stories, included on the following page.

REPUBLIC SERVICES

# HERO STORIES

Here are some of the stories we've collected so far in 2009. You may have seen them in the Republic Leader. As you talk to customers and elected officials, please feel free to use the stories as examples of how "We're Looking Out For You" can be effective.

When you learn of heroes in your division, fill in the enclosed template news release to give that person recognition.

1) **Republic's Allied Waste of Daly City, California** — A big part of Republic Services' safety program involves driver awareness and "getting the big picture." At Republic's Allied Waste of Daly City, California, the drivers are always reminded to maintain an elevated sense of awareness when conducting their daily collection routes. The safety slogan "treat every stop as if it is your first time collecting and never become complacent of your surroundings," never rang as true as it did on the morning of July 7.

That morning, Allied Waste driver Enrique Aguayo, and route auditor Raymond Padilla began to perform a pull-out on a local business's commercial front load container. Enrique opened the lid and peered inside to view the container's content to ensure that the correct commodity was being collected.

A partially obscured black bag was protruding from the contents of the container. Being cautious to reduce his exposure to injury, Enrique reached in with his gloved hand and pulled the bag to the surface for a better inspection.

Imagine Enrique's surprise when the item turned out to be one of six high powered, semi-automated, assault rifles! While Enrique called in to the dispatcher, Raymond began photographing the items for documentation.

They secured the scene and waited for the Daly City police and Republic's operations supervisor, Jennifer Chelone, to arrive. The police conducted their investigation of the scene and turned the weapons over to the proper authorities. The Daly City Police Department expressed their gratitude to Enrique and Raymond for their responsible actions. Republic's general manager, Anthony Boccaleoni, also gave Enrique and Raymond special recognition. "These are the types of behaviors we try to instill in all our employees: a firm sense of responsibility to all those we come in contact with," said Anthony. "Republic is successful because we are committed to our community; we are a true partner in every sense of the word."

2) **Republic Services in Cheshire, Massachusetts** — What began as a typical work day for Michael George became a day that he, and a very grateful family, will never forget. Michael is a driver for Republic Services, in Cheshire, Massachusetts. While driving his regular route, Michael noticed a car in a ravine. When he realized it was an accident scene, he immediately went into action. He was able to get the passenger out of the car and kept her calm until emergency medical units arrived. Other cars had been passing by, but were unable to see the vehicle. Because of the height of Michael's truck, he could see the accident scene. He was also utilizing the Smith System keys of defensive driving: keep your eyes moving and get the big picture. The accident victim's father, Steven Brouker, wrote a letter to Kilian Flynn, general manager, Republic's Cheshire division, expressing his deep gratitude to Michael for the heroic actions that saved his daughter's life. Mr. Brouker wrote, "When the accident occurred, my daughter called me and said she was unable to get out of the car and it was filling up with water. She could hear cars passing on the road, but no one was stopping. I felt completely helpless! Then, by some miracle, she said a man was there and trying to get her out! It was Michael George. His selfless act, as the very first responder, helped beyond what could ever be expressed on this paper." Michael, a refuse truck driver for 20 years, has been with Allied Waste since 1998. He lives in Pownal, Vermont, with his wife, Laura, and two children. Michael has served as a volunteer fireman for the town of Pownal for the past 20 years. The emergency training he received as a fireman, along with the defensive driving technique he utilizes at work, made all the difference in saving this young woman's life.

3) **Allied Waste of Justin, Texas** — On a rainy day in March, Travis Carter, a residential rear load driver for Allied Waste of Justin, Texas, was driving his normal collection route along Robinson Road in Denton. Because of the rain, Travis was driving slowly, well below the posted speed limit of 30 mph. Travis noticed a car sitting on the shoulder facing westbound, the same direction of travel as his truck. He kept

We're Looking Out For You · republicservices.com

# Republic Services, Inc.
# 2013 Summary Annual Report

# Our Values

## 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.

Our Values align directly with our customers' expectations.

## THOUGHTFUL

"Understand my needs and wants."

## CREDIBLE

"Do what you say, say what you do."

## DEPENDABLE

"Be there, especially when I need you."

## MEANINGFUL

"Help me make a difference for the environment."

## EFFORTLESS

"Make it easy for me to do business with you."

# Delivering an Exceptional Customer Experience – at Each Touch Point, Every Day.

At Republic Services, there are no more important relationships than the ones we forge with each of our customers. We begin by listening, to understand their needs and wants today, and to anticipate how each customer may evolve – whether it is a household, a small local business, a sports complex or an oil refinery.

We affirm our commitment to both new customers and those we've been privileged to serve for years every day through a breadth and depth of service offerings. After all, it's our customers who have entrusted us with their business, and with it, clear expectations to meet or exceed our obligations.

That's why our service approach starts with being friendly and accessible, and naturally extends to our customer-friendly products and services, easy-to-use solutions and tools, environmental commitments and investments.

In the end, it means making a difference in our customers' lives, while helping them feel at ease, uplifted, even delighted – in choosing Republic Services.

# Message from Don Slager, President & CEO

## Fellow Stockholders:

Over the last several years, Republic Services has taken important steps to strengthen our foundation and position us well for future growth opportunities. Each year, our business plan advances our multi-year initiatives designed to profitably grow the business, improve service delivery, and manage our cost structure. 2013 was no exception.

We executed our strategic plan to create long-term shareholder value, while leveraging an improving economy to report the first full year of positive volume performance in seven years. We delivered strong financial results that exceeded our full year guidance for adjusted earnings per share and adjusted free cash flow. After reinvesting in the business, and consistent with our underlying approach to cash utilization, we returned a majority of free cash flow to our shareholders. In fact, we have returned approximately $2 billion to our shareholders over the last three years.

We are extremely pleased with our achievements, motivated by our outlook going forward, and ever grateful for our employees' tireless dedication to achieving success.

### Staying the Course: Investing in the Core Business

Last year, we invested approximately $82 million in acquisitions for a post-synergy EBITDA purchase multiple of approximately four-and-a-half times. These transactions were tuck-in acquisitions in existing markets with annual revenue of approximately $60 million. We anticipate maintaining a steady pace of acquisition investment of approximately $100 million per year.

We also were awarded several privatizations of municipal solid waste services during 2013, with total annual revenue of approximately $11 million. These are profitable growth opportunities for Republic Services while lowering costs and mitigating risks for the municipalities we serve.

We exited 2013 with 66 percent of our residential routes now automated, expanding our ongoing commitment to creating a safer work environment, improving driver productivity, and enhancing the customer experience. Cost savings generated from the addition of 1,000 automated trucks over the last three years was approximately $12 million.

To date, approximately 45 percent of our fleet has completed and been certified under our OneFleet maintenance initiative. We expect that 50 percent of the fleet will be certified by mid-2014, at which point we will begin realizing benefits. Additionally, we expect to cost-effectively extend the useful life of our fleet by one year, reducing future capital requirements by approximately $200 million over a four-to-five year period beginning in 2015.

### Stewarding our Blue Planet™: Expanding Environmental Outcomes

We remain committed stewards of the planet's natural resources, finding opportunities to reduce our footprint, while expanding capabilities to meet customers' evolving needs and generate returns. In

2013, our recycling volume grew 8.5 percent, primarily due to recent investments made in strategic markets. We anticipate further investment in select and prioritized markets.

We continued to invest in our compressed natural gas (CNG) fleet and natural gas infrastructure, with 12 percent of our fleet now operating on natural gas. CNG creates a cleaner environment for the communities we serve, while lowering our costs. During 2013, about 50 percent of the trucks purchased were fueled by CNG.

## Growing Employee Engagement

All of our 31,000 employees are vital links in the chain that delivers an exceptional customer experience. Strong engagement also goes hand in hand with having a diverse workforce and inclusive work environment.

We define inclusion as actively and intentionally creating an environment in which all individuals are welcomed and valued. In 2013, we launched the MOSAIC Council (Mission of Supporting an Inclusive Culture), an internal advisory group made up of representatives from across geographies and functional areas to oversee the development of strategy and activities that result in a more diverse workforce and more inclusive environment.

With drivers making up nearly 50 percent of our workforce, they are both the life blood of our company and a critical touch point with our customers. We celebrate driver achievements regularly, particularly when they are recognized as the industry's best. Over the last four years, Republic drivers have been recognized 10 out of 12 times as "Driver of the Year" for their safety and performance records by the National Waste & Recycling Association, more than any other company.

## 2014: Looking Ahead

We have the right focus, the right approach and the right team in place to build off our momentum in 2014. Our strategy remains dedicated to generating cash flow growth and improved returns on invested capital. We are steadfast in our commitment to an effective cash utilization strategy, which includes increasing cash returns to our stockholders through dividends and share repurchases.

Looking ahead, we expect to enhance revenue quality through a targeted market approach, improved pricing tools that enhance both sales and service level transactions, and service offerings that differentiate Republic Services, expand our reach, and build customer loyalty. Plus, with a strong commitment across the organization to magnify our customer-focused approach, we will create greater value for all stakeholders.

We will continue to manage our cost structure through programs designed to achieve operational excellence, including efficiencies gained through fleet automation, CNG conversion and standardized maintenance practices.

Along with many industry veterans in our ranks, we have recently strengthened our expertise in such crucial areas as customer service, revenue management, recycling and diversion, alliance development, talent acquisition, and procurement. These individuals, together with everyone from our field leadership to our front-line employees, are committed to creating an even stronger company in 2014.

My sincere thanks to all of our employees for their collaboration and dedication to service excellence, to our customers for the opportunity to serve them, to our Board of Directors for their insightful leadership, and to our stockholders for your continued investment and trust in Republic Services.

We are all committed to delivering for you.

Donald W. Slager
President and Chief Executive Officer

# Strength in Numbers 2013

$8.417 BILLION REVENUE

$714 MILLION ADJUSTED FREE CASH FLOW[1]

$562 MILLION CASH RETURNED TO STOCKHOLDERS

$82 MILLION NET INVESTMENTS IN ACQUISITIONS

39 STATES & PUERTO RICO

336 COLLECTION OPERATIONS

199 TRANSFER STATIONS

190 ACTIVE LANDFILL OPERATIONS

12,000 COLLECTION ROUTES

1,750 NATURAL GAS TRUCKS

29 NATURAL GAS FUELING STATIONS

4.7 MILLION TONS RECYCLED

69 RECYCLING FACILITIES

69 LANDFILL GAS AND RENEWABLE ENERGY PROJECTS

2 SOLAR ENERGY PROJECTS

31,000 EMPLOYEES

INDUSTRY RECOGNIZED SAFETY PROGRAM

THINK SAFETY CHOOSE LIVE It's the Right Thing!™

10 INDUSTRY AWARDED "DRIVERS OF THE YEAR" (SINCE 2010)

[1] See "Adjusted Free Cash Flow" section of Republic's Current Report on Form 8-K, dated February 6, 2014, for a reconciliation of adjusted free cash flow to cash provided by operating activities and a description of why we present it.

# 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, 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 of Incorporation)* | *(I.R.S. Employer Identification No.)* |
| **18500 North Allied Way**<br>**Phoenix, Arizona** | **85054** |
| *(Address of Principal Executive Offices)* | *(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 (§232.405 of this chapter) 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 (§229.405 of this chapter) 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, 2013, the aggregate market value of the shares of the Common Stock held by non-affiliates of the registrant was $12.3 billion.

As of February 5, 2014, the registrant had outstanding 360,614,010 shares of Common Stock (excluding treasury shares of 50,594,739).

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the Registrant's Proxy Statement relative to the 2014 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 336 collection operations in 39 states and Puerto Rico. We own or operate 199 transfer stations, 190 active solid waste landfills and 69 recycling centers. We also operate 69 landfill gas and renewable energy projects. We were incorporated as a Delaware corporation in 1996.

Based on an industry trade publication, the United States non-hazardous solid waste services industry generates annual revenue of approximately $55 billion, of which approximately 45% is recognized by publicly owned waste companies. 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 35% and 20%, 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 all of our operating areas provide collection, transfer, recycling and landfill 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.

**Our Core Priorities**

***Commitment to Safety***

We are dedicated to the safety of our employees, our customers and the communities we serve. Our *Think, Choose, Live* slogan encapsulates our everyday safety messaging to our employees to: *Think* about what you are doing, *Choose* the safe answer, and *Live* to go home to your family. With the phrase printed on numerous items, including hard hats and equipment our employees touch, there are constant reminders for employees to go home in the same condition that they came to work. Our goal is to ensure every one of our employees returns home safely each night. As a leader in the waste industry, we implement initiatives to help all employees take ownership of safety:

- *Focus 6 Program.* Our Focus 6 Program provides employees with guidance, tips and techniques to prevent the six most common types of serious accidents - backing, intersections, rear collisions, roll over, employee and pedestrian. The training employees receive from Focus 6 is the foundation of the countless decisions they have to make every day to stay safe.

- *Celebrate Safety Records.* We believe good safety records are something to celebrate, and we take pride in recognizing employees and divisions that demonstrate a relentless commitment to safety. Employees with the best driving records are eligible for the industry's most prestigious award, EIA's Driver of the Year. Every year since 2009, Republic drivers have been awarded this distinguished safety honor.

- *Educational Programs*. We have implemented an employee safety observation program that provides our employees with the tools to make safety a priority. Approximately 95% of our management team has completed modules within this program. Upon hire, our drivers also must complete a robust educational program, which approximately 85% of our drivers completed in 2013.

***Commitment to Compliance***

We also are dedicated to compliance. Compliance with laws and our policies and procedures is essential to our efforts to gain and keep the confidence and support of customers, regulatory and other governmental agencies, suppliers and the public. Most important, compliance is simply the right thing to do and is a critical part of the way we do business. Accordingly, we require all of our employees and independent contractors to comply with all applicable laws and rules, our Compliance Program and our Code of Business Ethics and Conduct. We also require them to report any violation or illegal activity to us so that we may deal with it appropriately.

***Commitment to Sustainability***

We are devoted to delivering convenient, cost-effective waste and recycling solutions across our national network in a way that also minimizes strain on the planet's resources. We partner with our customers and communities to advance sustainable solutions for our planet. Our commitment to sustainability can be seen in practice through our:

- expansion of recycling capabilities;
- operation of landfill gas and solar energy projects; and
- fleet conversion to compressed natural gas.

We have made, and continue to make, significant investments in high-impact areas of our business to provide meaningful improvement in environmental, economic, and social conditions. These investments demonstrate our commitment to sustainability, while creating tangible value for our shareholders.

***Customer Experience***

We strive to provide the highest level of customer service. This means placing the focus squarely on our customers by listening and responding as well as anticipating their wants and needs. We then determine how to best meet our customers' expectations by delivering and implementing superior, customized solutions. We frequently visit customers to ensure customer service and satisfaction, and confirm their expectations are being met. We also have municipal marketing representatives who are responsible for working with municipalities or communities to which we provide residential service.

The expanded use of technology is one of the ways in which we intend to continue to meet our customers' expectations. We desire to make it easy and seamless for our customers to do business with us. For example, in the near future our technology will allow more customers to access information and perform functions, such as changing or making service requests and interacting with customer service representatives, online. 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.

***Commitment to People***

Training and developing our people is a priority. We aspire to be a company where the best people want to work and are committed to doing their best work every day. 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, 2013, we employed approximately 31,000 full-time employees, approximately 26% of whom were covered by collective bargaining agreements.

***Creating Shareholder Value***

We are committed to creating long-term shareholder value by generating consistent earnings and cash flow growth, while continually improving returns on invested capital. Our incentive compensation programs are aligned with these objectives at all levels of management. We value regular communication and interaction with our stockholders, and regularly participate in investor meetings and conferences.

**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 Waste Industries, Inc. (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 and beginning October 2013 to the present. 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 33 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 (CFO), in January 2013. Mr. Culpepper has more than 30 years of broad-based financial experience. He joined Republic from Summit Materials, a leading business in the aggregates and building materials sector, where he had been 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.

*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 26 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.

Our local management teams have extensive industry experience in growing, operating and managing solid waste companies and have 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 region president, vice 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 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 our operations and our operating margins.

**Integrated Operations**

We believe we have created a company with a strong, national operating platform that allows us to compete more effectively and efficiently in the local markets in which we operate. We seek to achieve a high rate of internalization by controlling waste streams from the point of collection through processing or disposal. During the year ended December 31, 2013, approximately 68% of the total waste volume we collected was disposed at landfills we own or operate (internalization). 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.

**Growth Initiatives**

Our growth initiatives are designed to deliver total waste stream solutions to our customers while creating sustainable economic value for our stockholders. We believe focusing on the following growth initiatives will improve profitability and generate value for our stockholders:

***Internal Growth***

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 internal 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, equipment, landfills, transfer stations and recycling facilities.

*Volume Growth.* We believe waste volumes are driven by population growth, household formation and new business formation. Volume growth through increases in our customer base and service offerings is the most capital efficient method to grow our business. We seek to obtain long-term contracts for collecting solid waste under residential collection contracts with municipalities, exclusive franchise agreements, 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 and National Accounts.* 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 employ a National Accounts selling organization in response to the needs of national and regional customers. The National Accounts team 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 team centralizes certain services like customer support and billing to effectively manage customer needs, while helping minimize costs. With our extended geographic reach, this team effectively serves our customers nationwide.

***Acquisitions and Public-Private Partnerships***

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. We also will continue to evaluate opportunities to acquire operations and facilities that are being divested by other publicly owned waste companies. We expect to maintain a steady pace of acquisition investment of approximately $100 million annually.

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.

***Expansion of Recycling Capabilities***

We believe approximately 26% 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 69 recycling centers. During 2013, we invested approximately $30 million to develop and upgrade our 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.

***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 obtain permits to build transfer stations, recycling centers and landfills that would vertically integrate our 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 return on 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.

**Cost Control Initiatives**

Our cost control initiatives are designed to deliver the best service possible to our customers in the most efficient, productive and environmentally sound way possible.

***Fleet Automation***

Approximately 66% of our residential routes have been converted to automated single driver trucks. By converting our residential routes to automated service, we reduce labor costs, improve driver productivity and create a safer work environment for our employees. 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)***

Approximately 12% of our fleet operates on natural gas. 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 50% of our replacement vehicle purchases during 2013 were CNG vehicles. 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 fuel expenses.

***Standardized Maintenance***

Based on an industry trade publication, we operate the eighth largest vocational fleet in the United States. As of December 31, 2013, our average fleet age in years, by line of business, was as follows:

| | Approximate Number of Vehicles | Average Age |
|---|---|---|
| Residential | 7,600 | 7 |
| Commercial | 4,300 | 6 |
| Industrial | 3,600 | 9 |
| Total | 15,500 | 7 |

Through standardization of core functions, we believe we can minimize variability in our maintenance processes resulting in higher vehicle quality while extending the service life of our fleet. We believe operating a more reliable, safer and efficient fleet will lower our operating costs. We have completed implementation of standardized maintenance programs for approximately 45% of our fleet maintenance operations as of December 31, 2013.

**Cash Utilization Strategy**

Key components of our cash utilization strategy include increasing free cash flow and 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. For a discussion and reconciliation of free cash flow, you should read the "Free Cash Flow" section of our *Management's Discussion and Analysis of Financial Condition and Results of Operations* contained in Item 7 of this Form 10-K.

We believe free cash flow drives shareholder 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 investments in acquisitions and returning a majority of free cash flow to our shareholders through dividends and share repurchases. We are committed to an efficient capital structure and maintaining our investment grade rating.

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, as well as by closely managing our working capital, which consists primarily of accounts receivable, accounts payable, and accrued landfill and environmental costs.

***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 July 2013 to $0.26 per share, representing a compound annual growth rate since 2003 of 20.6%, and a 10.6% increase over that of the prior year. 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, 2013, we used $1,039.2 million to repurchase 35.5 million shares of our common stock at a weighted average cost per share of $29.30. In October 2013, the board of directors added $650 million to the existing share repurchase authorization. As of December 31, 2013, there was $760.6 million remaining under our share repurchase authorization. During 2014, we expect to use approximately $400 million of our authorization to repurchase our outstanding shares of common stock.

***Strong Capital Structure***

Since our merger with Allied on December 5, 2008, we have refinanced $5,288.2 million in senior notes and $1,206.2 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 and revolver capacity profile is as follows:

| | 2014 | 2015 | 2016 | 2017 | 2018 | Thereafter |
|---|---|---|---|---|---|---|
| Credit facilities | $ - | $ - | $ 1,000.0 | $ 1,250.0 | $ - | $ - |
| Senior notes | - | - | - | - | 700.0 | 5,025.7 |
| Debentures | - | - | - | - | - | 200.5 |
| Tax-exempt financings | 11.3 | 4.8 | - | - | - | 1,071.6 |
| Total | $ 11.3 | $ 4.8 | $ 1,000.0 | $ 1,250.0 | $ 700.0 | $ 6,297.8 |

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, 2013. 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 336 collection operations. In 2013, 77% of our revenue was derived from collection services. Within the collection line of business, 34% of our revenue is from services provided to municipal and residential customers, 40% is from services provided to commercial customers and 26% 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 199 transfer stations. Revenue at transfer stations is primarily generated by charging tipping or disposal fees, which accounted for approximately 5% of our revenue during 2013. 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 landfills with an additional "gate" to extend their geographic reach.

When our own collection operations use our transfer stations, this improves internalization by allowing us to retain fees we would otherwise pay to third-party disposal sites. It also allows us to manage costs associated with waste disposal because: (1) transfer trucks have larger capacities than collection trucks, allowing us to deliver more waste to the landfill in each trip; (2) waste is accumulated and compacted at strategically located transfer stations to increase efficiency; and (3) we can retain volume by managing the waste to one of our own landfills rather than to a competitor's.

***Landfill Services.*** We own or operate 190 active landfills. We charge tipping fees to third parties, which accounted for approximately 12% of our revenue during 2013. As of December 31, 2013, we had approximately 37,000 permitted acres and total available permitted and probable expansion disposal capacity of 4.9 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 124 closed landfills, for which we have associated closure and post-closure obligations.

***Recycling Services.*** We own or operate 69 recycling centers. These facilities generate revenue through the processing and sale of old corrugated cardboard (OCC), old newspaper (ONP), aluminum, glass and other materials, which accounted for approximately 4% of our revenue during 2013. Approximately 70% of our recycling center volume relates to OCC, ONP and other mixed paper. Of the 4.7 million tons we sold during 2013, 2.2 million moved through our recycling centers and 2.5 million we collected and delivered to third parties.

Changing market demand for recyclable materials causes volatility in commodity prices. At current volumes and mix of materials, we believe a $10 per ton change in the price of recyclable materials will change annual revenue and operating income by approximately $31 million and $19 million, respectively.

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.

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.

We continue to invest in proven technologies to control costs and to simplify and streamline recycling for our customers. For example, advanced sorting equipment, such as disk screens, magnets and optical sorters, identifies and separates different kinds of paper, metals, plastics and other materials to increase efficiency and maximize our recycling efforts.

***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.

**Competition**

We operate in an intensely competitive industry. Competition in the non-hazardous solid waste industry comes from a few other large, national publicly-owned companies, 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 operating revenues tend to be somewhat higher in the summer months, primarily due to higher volumes of construction and demolition waste. The volumes of industrial and residential waste in certain regions also tend to increase during the summer months. Our second and third quarter revenues and results of operations typically reflect this seasonality.

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 strong 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, the 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. The EPA and the NHTSA have developed fuel economy standards in two vehicle categories: (1) conventional automobiles and light-duty trucks; and (2) heavy-duty tucks, 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 the EPA and the NHTSA finalized fuel economy standards for model years 2012 through 2016. In October 2011, the EPA and the NHTSA initiated a second round of rulemaking for conventional automobiles and pick-up trucks in model years 2017 through 2025. In August 2011, the EPA and the 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 considered, 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"* section of our *Management's Discussion and Analysis of Financial Condition and Results of Operations* contained in Item 7 of this Form 10-K for further information.

**Liability Insurance and Bonding**

The nature of our business exposes us to the possible risk of liabilities arising out of our operations, including damages to the environment, property, employees or the general public. Although we focus on operating safely and prudently, we occasionally receive claims, alleging damages, negligence or other wrongdoing in the planning or performance of work, which resulted in harm to the environment, property, employees or the general public. These liabilities can be significant. We also could be subject to fines and civil and criminal penalties in connection with alleged violations of regulatory requirements. We maintain various policies of insurance that, subject to limitations, exclusions, deductibles or self insurance, provide coverage for these types of claims. While we believe the amount of insurance is appropriate for our type of business, we can neither assure you that such insurance would be adequate, in scope or amount, in the event of a major loss, nor that we will not be exposed to uninsured liabilities that could have a material adverse effect on our consolidated financial condition, results of operations or cash flows. We also cannot assure you that we would continue to maintain the insurance should market conditions in the insurance industry make such coverage cost prohibitive.

Accruals for self insurance or deductibles 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 also purchase surety bonds, insurance policies, letters of credit, or 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.

**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) or 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," "believe" 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, 2013, 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 to 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 certain markets in which we do not own or operate a landfill, from time to time our collection operations may have difficulty competing effectively. 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 $516.7 million in 2013, or 6.1% of revenue, compared to $530.1 million in 2012, or 6.5% 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 2013, approximately 19% of our fuel volume purchases were hedged with swap agreements. Additionally, we are able to collect fuel recovery fees from some customers. For 2013, we were able to recover approximately 74% 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 $25 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 per gallon change in the price of diesel fuel changes our fuel recovery fee by approximately $20 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 the EPA sets annually affect the type of fuel our motor vehicle fleet uses. Pursuant to the Energy Independence and Security Act of 2007, the EPA establishes annual renewable fuel 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 contain renewable fuels (as designated by regulation). The total volume metrics for each year vary based upon a number of factors (e.g., the availability of such fuels), and it is difficult to predict the ultimate quantity that the EPA will eventually mandate for 2014 and beyond. 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 2013, approximately 24% of our tonnage sold was hedged with such arrangements. At current volumes and mix of materials, we believe a $10 per ton change in the price of recyclable materials will change annual revenue and operating income by approximately $31 million and $19 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 EPA projecting a 4° to 11° Fahrenheit temperature increase in the United States 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 these factors 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, or 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 possible decreases 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 anthropogenic 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, the EPA is moving ahead administratively under its existing Clean Air Act authority. The 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 the 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, the EPA has since finalized regulations limiting greenhouse gas emissions and increasing fuel economy standards. the EPA and the 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 consolidated financial condition, results of operations or cash flows.

As it relates to stationary sources of greenhouse gases, in May 2010 the 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 based upon such sources' total greenhouse gas emissions. Recent efforts to challenge the Tailoring Rule before the U.S. Court of the Appeals for the District of Columbia (the "DC Circuit") have failed. Most recently, a federal appellate court decision has called into question certain regulatory deferrals that had been established for biogenic carbon dioxide emissions, including those from landfills. The D.C. Circuit struck down the EPA's July 2011 rule deferring the application of the Tailoring Rule to biogenic carbon emissions. At this time, it is uncertain what action the EPA will take with respect to regulating the biogenic carbon emissions from the management of municipal solid waste. We cannot assure you 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 arising from our operations or properties. 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 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 may 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 may 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, multiemployer pension plans, employee benefit plans, deferred taxes, uncertain tax positions, self-insurance and our estimates of the fair values of assets acquired and liabilities assumed in any acquisition. 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 reported 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 or financial conditions 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, 2013, 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's 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 multiemployer pension plans to which we contribute, or our withdrawal from such plans, may have an adverse impact on us.***

We contribute to 26 multiemployer pension plans under collective bargaining agreements (CBAs) covering union-represented employees. Approximately 20% of our total current employees participate in such multiemployer 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 multiemployer plans to which we contribute are either "critical" or "endangered" as those terms are defined in the PPA. Except as discussed in Note 11, *Employee Benefit Plans,* to our consolidated financial statements in Item 8 of this Form 10-K, 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 multiemployer 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 multiemployer 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.

For additional discussion and detail regarding multiemployer 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.

***A cybersecurity incident could negatively impact our business and our relationships with customers.***

We use computers in substantially all aspects of our business operations. We also use mobile devices, social networking and other online activities to connect with our employees and our customers. Such uses give rise to cybersecurity risks, including security breach, espionage, system disruption, theft and inadvertent release of information. Our business involves the storage and transmission of numerous classes of sensitive and/or confidential information and intellectual property, including customers' personal information, private information about employees, and financial and strategic information about the Company and its business partners. We also rely on a Payment Card Industry compliant third party to protect our customers' credit card

information. While the Company pursues its strategy to grow through acquisitions and to pursue new initiatives that improve our operations and cost structure, the Company is also expanding and improving its information technologies, resulting in a larger technological presence and corresponding exposure to cybersecurity risk. If we fail to assess and identify cybersecurity risks associated with acquisitions and new initiatives, we may become increasingly vulnerable to such risks. Additionally, while we have implemented measures to prevent security breaches and cyber incidents, our preventive measures and incident response efforts may not be entirely effective. The theft, destruction, loss, misappropriation, or release of sensitive and/or confidential information or intellectual property, or interference with our information technology systems or the technology systems of third parties on which we rely, could result in business disruption, negative publicity, brand damage, violation of privacy laws, loss of customers, potential liability and competitive disadvantage.

## 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. As of December 31, 2013, we owned or operated 336 collection operations, 199 transfer stations, 190 active solid waste landfills and 69 recycling centers in 39 states and Puerto Rico. In aggregate, our active solid waste landfills total approximately 105,000 acres, including approximately 37,000 permitted acres. We also own or have responsibilities for 124 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, *Other Liabilities,* to our consolidated financial statements in Item 8 of this Form 10-K; and (2) environmental remediation liabilities, which are discussed in Note 8, *Landfill and Environmental Costs,* to our consolidated financial statements in Item 8 of this Form 10-K.

We accrue for legal proceedings when losses become probable and reasonably estimable. We have recorded an aggregate accrual of approximately $51 million relating to our outstanding legal proceedings as of December 31, 2013, including those described in this Form 10-K 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 had used the high ends of such ranges, our aggregate potential liability would have been approximately $67 million higher than the amount recorded as of December 31, 2013.

## General Legal Proceedings

### *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 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), as well as 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.

**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 the monetary sanctions will not equal or exceed $100,000. We are disclosing the following matter in accordance with that requirement:

***Bridgeton Landfill Matters***

On July 23, 2012, the Missouri Department of Natural Resources (MDNR) issued a notice of violation (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.

## 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 New York Stock Exchange, 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 New York Stock Exchange and the cash dividends declared per share of common stock for the periods indicated:

| | High | Low | Dividends Declared |
|---|---|---|---|
| *Year Ended December 31, 2013:* | | | |
| First quarter | $ 33.01 | $ 29.34 | $ 0.235 |
| Second quarter | 35.28 | 32.07 | 0.235 |
| Third quarter | 35.61 | 31.94 | 0.260 |
| Fourth quarter | 35.29 | 32.29 | 0.260 |
| *Year Ended December 31, 2012:* | | | |
| First quarter | $ 30.92 | $ 27.00 | $ 0.220 |
| Second quarter | 31.32 | 25.15 | 0.220 |
| Third quarter | 29.22 | 25.76 | 0.235 |
| Fourth quarter | 29.97 | 26.25 | 0.235 |

There were 734 holders of record of our common stock at February 5, 2014, which does not include beneficial owners for whom Cede & Co. or others act as nominees.

In February 2014, our board of directors declared a regular quarterly dividend of $0.26 per share for stockholders of record on April 1, 2014. 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, 2013, we were in compliance with those financial covenants.

### Issuer Purchases of Equity Securities

There were no purchases of shares of our common stock during the three months ended December 31, 2013.

In October 2013, the board of directors added $650 million to the existing share repurchase authorization. As of each of October 2013, November 2013 and December 2013, $760.6 million remained under the program, which extends 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.

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.

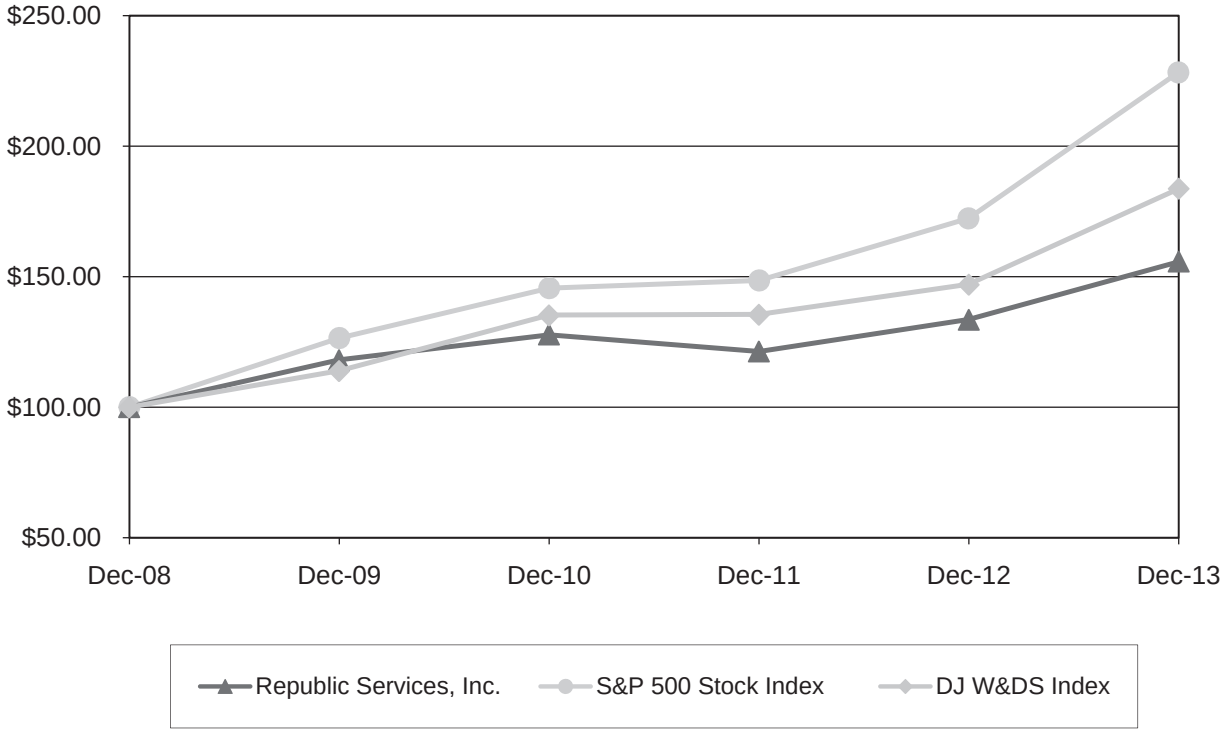
**Recent Sales of Unregistered Securities**

There were no sales of unregistered securities during the three months ended December 31, 2013.

**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 (DJ W&DS Index). The graph covers the period from December 31, 2008 to December 31, 2013 and assumes that the value of the investment in our common stock and in each index was $100 as of December 31, 2008 and that all dividends were reinvested.

**Comparison of 5 Year Cumulative Total Return**
**Assumes Initial Investment of $100**
**December 2013**




| | Indexed Returns for the Years Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| Republic Services, Inc. | $ 100.00 | $ 118.00 | $ 127.75 | $ 121.32 | $ 133.47 | $ 155.65 |
| S&P 500 Index | 100.00 | 126.46 | 145.51 | 148.59 | 172.37 | 228.19 |
| DJ W&DS Index | 100.00 | 113.83 | 135.21 | 135.45 | 146.97 | 183.62 |

**ITEM 6. SELECTED FINANCIAL DATA**

You should read the following Selected Financial Data in conjunction with Item 8, *Financial Statements and Supplementary Data*, which includes our consolidated financial statements and notes thereto as of December 31, 2013 and 2012 and for each of the three years in the period ended December 31, 2013 and Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations,* in this Form 10-K.

See Notes 1, 2, 3, 8, 9, 10 and 12 to our consolidated financial statements in Item 8, *Financial Statements and Supplementary Data*, of this Form 10-K 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, | | | | |
|---|---|---|---|---|---|
| | 2013 | 2012 | 2011 | 2010 | 2009 |
| **Statement of Operations Data:** | | | | | |
| Revenue | $ 8,417.2 | $ 8,118.3 | $ 8,192.9 | $ 8,106.6 | $ 8,199.1 |
| Expenses: | | | | | |
| Cost of operations | 5,234.7 | 5,005.7 | 4,865.1 | 4,764.8 | 4,844.2 |
| Depreciation, amortization and depletion | 877.4 | 848.5 | 843.6 | 833.7 | 869.7 |
| Accretion | 76.6 | 78.4 | 78.0 | 80.5 | 88.8 |
| Selling, general and administrative | 853.8 | 820.9 | 825.4 | 858.0 | 880.4 |
| Negotiation and withdrawal costs – Central States Pension and Other Funds | 157.7 | 35.8 | - | - | - |
| (Gain) loss on disposition of assets and impairments, net | (1.9) | (2.7) | 28.1 | 19.1 | (137.0) |
| Restructuring charges | 8.6 | 11.1 | - | 11.4 | 63.2 |
| Operating income | 1,210.3 | 1,320.6 | 1,552.7 | 1,539.1 | 1,589.8 |
| Interest expense | (360.0) | (388.5) | (440.2) | (507.4) | (595.9) |
| Loss on extinguishment of debt | (2.1) | (112.6) | (210.8) | (160.8) | (134.1) |
| Interest income | 0.7 | 1.0 | 0.3 | 0.7 | 2.0 |
| Other income, net | 2.3 | 3.4 | 4.3 | 5.4 | 3.2 |
| Income before income taxes | 851.2 | 823.9 | 906.3 | 877.0 | 865.0 |
| Provision for income taxes | 262.1 | 251.8 | 317.4 | 369.5 | 368.5 |
| Net income | 589.1 | 572.1 | 588.9 | 507.5 | 496.5 |
| Net (income) loss attributable to noncontrolling interests | (0.2) | (0.3) | 0.3 | (1.0) | (1.5) |
| Net income attributable to Republic Services, Inc. | $ 588.9 | $ 571.8 | $ 589.2 | $ 506.5 | $ 495.0 |
| Basic earnings per share attributable to Republic Services, Inc. stockholders: | | | | | |
| Basic earnings per share | $ 1.63 | $ 1.56 | $ 1.57 | $ 1.32 | $ 1.30 |
| Weighted average common shares outstanding | 362.1 | 366.9 | 376.0 | 383.0 | 379.7 |
| Diluted earnings per share attributable to Republic Services, Inc. stockholders: | | | | | |
| Diluted earnings per share | $ 1.62 | $ 1.55 | $ 1.56 | $ 1.32 | $ 1.30 |
| Weighted average common and common equivalent shares outstanding | 363.4 | 368.0 | 377.6 | 385.1 | 381.0 |
| Cash dividends per common share | $ 0.99 | $ 0.91 | $ 0.84 | $ 0.78 | $ 0.76 |
| **Other Operating Data:** | | | | | |
| Cash provided by operating activities | $ 1,548.2 | $ 1,513.8 | $ 1,766.7 | $ 1,433.7 | $ 1,396.5 |
| Purchases of property and equipment | 880.8 | 903.5 | 936.5 | 794.7 | 826.3 |
| Proceeds from sales of property and equipment | 23.9 | 28.7 | 34.6 | 37.4 | 31.8 |
| **Balance Sheet Data:** | | | | | |
| Cash and cash equivalents | $ 213.3 | $ 67.6 | $ 66.3 | $ 88.3 | $ 48.0 |
| Restricted cash and marketable securities | 169.7 | 164.2 | 189.6 | 172.8 | 240.5 |
| Total assets | 19,949.2 | 19,616.9 | 19,551.5 | 19,461.9 | 19,540.3 |
| Total debt | 7,018.1 | 7,070.5 | 6,921.8 | 6,743.6 | 6,962.6 |
| Total stockholders' equity | 7,906.1 | 7,705.7 | 7,683.4 | 7,848.9 | 7,567.1 |

## 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 Item 8 of 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. 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 199 transfer stations, 190 active solid waste landfills and 69 recycling centers. We also operate 69 landfill gas and renewable energy projects.

Revenue for the year ended December 31, 2013 was $8,417.2 million compared to $8,118.3 million for 2012. This 3.7% increase in revenue was made up of 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 1.3% and recycling commodities increases of 0.3%.

The following table summarizes our revenue, costs and expenses for the years ended December 31, 2013, 2012 and 2011 (in millions of dollars and as a percentage of revenue):

| | 2013 | | 2012 | | 2011 | |
|---|---|---|---|---|---|---|
| Revenue | $ 8,417.2 | 100.0% | $ 8,118.3 | 100.0% | $ 8,192.9 | 100.0% |
| Expenses: | | | | | | |
| Cost of operations | 5,234.7 | 62.2 | 5,005.7 | 61.7 | 4,865.1 | 59.4 |
| Depreciation, amortization and depletion of property and equipment | 806.7 | 9.6 | 778.4 | 9.6 | 766.9 | 9.4 |
| Amortization of other intangible assets and other assets | 70.7 | 0.8 | 70.1 | 0.9 | 76.7 | 0.9 |
| Accretion | 76.6 | 0.9 | 78.4 | 1.0 | 78.0 | 0.9 |
| Selling, general and administrative | 853.8 | 10.1 | 820.9 | 10.1 | 825.4 | 10.1 |
| Negotiation and withdrawal costs – Central States Pension and Other Funds | 157.7 | 1.9 | 35.8 | 0.4 | - | - |
| (Gain) loss on disposition of assets and impairments, net | (1.9) | - | (2.7) | - | 28.1 | 0.3 |
| Restructuring charges | 8.6 | 0.1 | 11.1 | 0.1 | - | - |
| Operating income | $ 1,210.3 | 14.4% | $ 1,320.6 | 16.3% | $ 1,552.7 | 19.0% |

Our pre-tax income was $851.2 million, $823.9 million and $906.3 million for the years ended December 31, 2013, 2012 and 2011, respectively. Our net income attributable to Republic Services, Inc. was $588.9 million, or $1.62 per diluted share for the year ended December 31, 2013, compared to $571.8 million, or $1.55 per diluted share, for the year ended December 31, 2012, and $589.2 million, or $1.56 per diluted share, for the year ended December 31, 2011.

During each of the three years ended December 31, 2013, 2012 and 2011, 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, 2013 | | | Year Ended December 31, 2012 | | | Year Ended December 31, 2011 | | |
|---|---|---|---|---|---|---|---|---|---|
| | 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 | $ 851.2 | $ 588.9 | $ 1.62 | $ 823.9 | $ 571.8 | $ 1.55 | $ 906.3 | $ 589.2 | $ 1.56 |
| Negotiation and withdrawal costs – Central States Pension and Other Funds | 157.7 | 98.3 | 0.27 | 35.8 | 21.6 | 0.06 | - | - | - |
| Restructuring charges | 8.6 | 5.6 | 0.02 | 11.1 | 6.6 | 0.02 | - | - | - |
| Loss on extinguishment of debt | 2.1 | 1.3 | - | 112.6 | 68.6 | 0.18 | 210.8 | 129.3 | 0.34 |
| Bridgeton remediation | 108.7 | 65.6 | 0.18 | 74.1 | 44.7 | 0.12 | - | - | - |
| Tax valuation allowance adjustment | - | (43.5) | (0.12) | - | - | - | - | - | - |
| (Gain) loss on disposition of assets and impairments, net | (1.9) | (0.9) | - | (5.3) | (5.2) | (0.01) | 28.1 | 19.8 | 0.06 |
| Adjusted | $ 1,126.4 | $ 715.3 | $ 1.97 | $ 1,052.2 | $ 708.1 | $ 1.92 | $ 1,145.2 | $ 738.3 | $ 1.96 |

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 years ended December 31, 2013 and 2012, we recorded charges to earnings of $157.7 million and $35.8 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 2013 is $2.1 million for withdrawal events at the multiemployer pension plan to which we contribute related to our operations in Puerto Rico, as well as costs of $17.0 million ($5.1 million in 2012) 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 years ended December 31, 2013 and 2012, we incurred $8.6 million and $11.1 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 years ended December 31, 2013, 2012 and 2011, we completed various refinancing transactions that resulted in cash paid for premiums and professional fees to repurchase outstanding debt, as well as non-cash charges for 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.

*Bridgeton remediation.* We recorded environmental remediation charges at our closed Bridgeton Landfill in Missouri of $108.7 million in June 2013 and $74.1 million during 2012 to manage the remediation area and monitor the site.

*Tax valuation allowance adjustment.* During the fourth quarter of 2013, we reduced our valuation allowance related to certain deferred tax assets for state net operating loss carryforwards due to our determination that it is more likely than not a portion of these carryforwards would be utilized in future years.

*(Gain) loss on disposition of assets and impairments, net.* For a more detailed discussion of the components of this, 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.

**2014 Guidance**

In 2014, we will continue to focus on managing the controllable aspects of our business by enhancing the quality of our revenue, investing in profitable growth opportunities, and reducing costs. Our team remains focused on executing our strategy to deliver consistent earnings and free cash flow growth, and improve return on invested capital. We are committed to an efficient capital structure, maintaining our investment grade rating, and increasing cash returns to our stockholders.

Our guidance is based on current economic conditions and does not assume any significant changes in the overall economy in 2014. Specific guidance follows:

***Revenue***

We expect 2014 revenue to increase by approximately 3.5% to 4.5% comprised of the following:

| | Increase (Decrease) |
|---|---|
| Average yield | 1.0 to 1.5% |
| Volume | 1.5 to 2.0 |
| Fuel recovery fees | - |
| Recycled commodities | - |
| Acquisitions / divestitures, net | 1.0 |
| Total change | 3.5 to 4.5% |

Changes in price are restricted on approximately 50% of our annual service 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.

***Diluted Earnings per Share***

We expect 2014 diluted earnings per share to be in the range of $1.93 to $1.98.

***Property and Equipment, Net***

In 2014, we anticipate receiving approximately $820 million of property and equipment, net of proceeds from sales of property and equipment, as follows:

| | |
|---|---|
| Trucks and equipment | $ 355 |
| Landfill | 265 |
| Containers | 125 |
| Facilities and other | 90 |
| Property and equipment received during 2013 | 835 |
| Proceeds from sales of property and equipment | (15) |
| Property and equipment received, net of proceeds, during 2014 | $ 820 |

**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 recycling 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 years ended December 31, 2013, 2012 and 2011 (in millions of dollars and as a percentage of our revenue):

| | 2013 | | 2012 | | 2011 | |
|---|---|---|---|---|---|---|
| Collection: | | | | | | |
| Residential | $ 2,175.5 | 25.8% | $ 2,155.7 | 26.6% | $ 2,135.7 | 26.1% |
| Commercial | 2,616.9 | 31.1 | 2,523.2 | 31.1 | 2,487.5 | 30.4 |
| Industrial | 1,639.4 | 19.5 | 1,544.2 | 19.0 | 1,515.4 | 18.5 |
| Other | 34.7 | 0.4 | 33.4 | 0.4 | 32.9 | 0.4 |
| Total collection | 6,466.5 | 76.8 | 6,256.5 | 77.1 | 6,171.5 | 75.4 |
| Transfer | 1,021.8 | | 964.5 | | 994.2 | |
| Less: Intercompany | (615.2) | | (575.3) | | (572.8) | |
| Transfer, net | 406.6 | 4.8 | 389.2 | 4.8 | 421.4 | 5.1 |
| Landfill | 1,927.2 | | 1,863.3 | | 1,867.6 | |
| Less: Intercompany | (902.2) | | (862.5) | | (846.9) | |
| Landfill, net | 1,025.0 | 12.2 | 1,000.8 | 12.3 | 1,020.7 | 12.5 |
| Sale of recycled commodities | 374.6 | 4.5 | 349.0 | 4.3 | 438.6 | 5.4 |
| Other non-core | 144.5 | 1.7 | 122.8 | 1.5 | 140.7 | 1.6 |
| Other | 519.1 | 6.2 | 471.8 | 5.8 | 579.3 | 7.0 |
| Total revenue | $ 8,417.2 | 100.0% | $ 8,118.3 | 100.0% | $ 8,192.9 | 100.0% |

The following table reflects changes in our revenue for the years ended December 31, 2013, 2012 and 2011, as compared to the previous year:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Average yield | 1.3% | 0.8% | 0.8% |
| Fuel recovery fees | 0.3 | 0.1 | 1.0 |
| Total price | 1.6 | 0.9 | 1.8 |
| Volume | 1.3 | (1.0) | (0.4) |
| Recycled commodities | 0.3 | (1.2) | 1.0 |
| San Mateo and Toronto contract losses | - | - | (1.4) |
| Total internal growth | 3.2 | (1.3) | 1.0 |
| Acquisitions / divestitures, net | 0.5 | 0.4 | 0.1 |
| Total | 3.7% | (0.9)% | 1.1% |
| Core price | 3.3% | 2.8% | 2.8% |

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 allows 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.

*Revenue – 2013 compared to 2012*

The increase in revenue in 2013 compared to 2012 is due to the following:

- Average yield increased revenue by 1.3% due to positive pricing in all lines of business.

- The fuel recovery fee program, which mitigates our exposure to increases in fuel prices, generated 0.3% of the total revenue growth. 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 2013 as compared to 2012 resulted primarily from an increase in the fuel recovery rates charged. During 2013, we were able to recover approximately 74% of our direct fuel expenses with fuel recovery fees, compared to 67% during 2012.

- Volume increased revenue by 1.3%, primarily due to higher volumes in commercial and industrial collection, disposal and non-core lines of business, partially offset by lower volumes in our residential collection line of business. Volume increases in our landfill line of business during 2013 were primarily attributable to construction and special waste volumes, offset by decreases in municipal solid waste.

- Recycled commodities increased revenue by 0.3%, primarily due to the change in the market price of materials as well as increased production volumes. The average price for old corrugated cardboard was $128 per ton for 2013 compared to $124 per ton for 2012. The average price of old newspaper was $93 per ton for 2013 compared to $105 per ton for 2012. Our recycled commodity volume for 2013 of 2.2 million tons sold was 9% higher than the volume in 2012 as a result of our investment in recycling centers along with higher organic volumes.

Changing market demand for recycled commodities causes volatility in commodity prices. At current volumes and mix of materials, we believe a $10 per ton change in the price of recycled commodities will change annual revenue and operating income by approximately $31 million and $19 million, respectively.

*Revenue – 2012 compared to 2011*

The decrease in revenue in 2012 compared to 2011 is due to the following:

- Average yield increased revenue by 0.8% 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% for 2012 and 2011, 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% compared to 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 relates 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.

- Recycled commodities decreased revenue by 1.2% due to a decrease in the market price of materials. Average prices for old corrugated cardboard in 2012 were $124 per ton compared to $159 per ton in 2011, a decrease of $35 per ton or 22%. Average prices of old newspaper for 2012 were $105 per ton compared to $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 recycled commodity volume of 2.1 million tons sold was 2.5% higher than 2011 volumes.

***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, remediation charges 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, 2013, 2012 and 2011 (in millions of dollars and as a percentage of our revenue):

| | 2013 | | 2012 | | 2011 | |
|---|---|---|---|---|---|---|
| Labor and related benefits | $ 1,651.6 | 19.6% | $ 1,573.9 | 19.4% | $ 1,530.4 | 18.7% |
| Transfer and disposal costs | 637.0 | 7.6 | 616.4 | 7.6 | 636.1 | 7.8 |
| Maintenance and repairs | 736.0 | 8.7 | 682.7 | 8.4 | 632.1 | 7.7 |
| Transportation and subcontract costs | 469.1 | 5.6 | 431.9 | 5.3 | 443.4 | 5.4 |
| Fuel | 516.7 | 6.1 | 530.1 | 6.5 | 516.5 | 6.3 |
| Franchise fees and taxes | 412.5 | 4.9 | 401.9 | 5.0 | 395.7 | 4.8 |
| Landfill operating costs | 116.4 | 1.4 | 124.0 | 1.5 | 126.1 | 1.5 |
| Risk management | 158.7 | 1.9 | 177.3 | 2.2 | 167.5 | 2.0 |
| Cost of goods sold | 132.8 | 1.6 | 114.6 | 1.4 | 146.8 | 1.8 |
| Other | 295.2 | 3.5 | 278.8 | 3.4 | 270.5 | 3.4 |
| Subtotal | 5,126.0 | 60.9 | 4,931.6 | 60.7 | 4,865.1 | 59.4 |
| Bridgeton remediation | 108.7 | 1.3 | 74.1 | 1.0 | - | - |
| Total cost of operations | $ 5,234.7 | 62.2% | $ 5,005.7 | 61.7% | $ 4,865.1 | 59.4% |

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.

*Cost of Operations – 2013 compared to 2012*

Our cost of operations increased $229.0 million or, as a percentage of revenue, 0.5% in 2013 compared to 2012, 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.
- Transfer and disposal costs increased primarily due to higher prices and volumes disposed at third party sites. During 2013, approximately 68% of the total waste volume we collected was disposed at landfill sites that we own or operate (internalization) compared to 67% for 2012.
- Maintenance and repairs expense increased due to higher collection volume, cost of parts, internal labor, 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.
- 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 $13.4 million and 0.4%, respectively, due to our continued conversion to lower cost compressed natural gas (CNG) and alternative fuel tax credits. Average fuel costs per gallon for 2013 were $3.92 compared to $3.97 for 2012, a decrease of 1%.

At current consumption levels, we believe a twenty-cent per gallon change in the price of diesel fuel would change our fuel costs by approximately $25 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 per gallon change in the price of diesel fuel changes our fuel recovery fee by approximately $20 million per year.

- Franchise fees and taxes increased due to increased collection revenue in franchised markets as well as increased host fees and taxes due to increased landfill volumes.

- Landfill operating expenses in aggregate dollars and as a percentage of revenue decreased $7.6 million and 0.1%, respectively, primarily due to net favorable remediation adjustments of $17.1 million, of which $15.0 million relates to changes in the estimated timing of payments for our remediation obligations, offset by increased leachate management expenses of $9.1 million.

- Risk management expenses decreased primarily due to favorable actuarial development, primarily in our auto liability self-insurance reserves.

- 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 $18.2 million and 0.2%, respectively, primarily due to an increase in both the volume of commodities sold and the average cost per ton for commodities.

- Included in other cost of operations is occupancy and facility costs, which increased $7.5 million primarily due to increased facility maintenance expense.

- We recorded environmental remediation charges at our closed Bridgeton Landfill in Missouri of $108.7 million in June 2013 and $74.1 million during 2012 to manage the remediation area and monitor the site.

*Cost of Operations – 2012 compared to 2011*

Our cost of operations increased $140.6 million or, as a percentage of revenue, 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 compared to 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.

- Transfer and disposal costs decreased, 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) compared to 66% for 2011.

- 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.

- Transportation and subcontract costs decreased during 2012 compared to 2011, primarily due to the loss of a large National Accounts contract.

- Our fuel costs in aggregate dollars and as a percentage of revenue increased $13.6 million and 0.2%, respectively, primarily due to higher fuel prices. Average fuel costs per gallon for 2012 were $3.97 compared to $3.85 for 2011, an increase of $0.12 or 3.1%.

- Franchise fees and taxes increased, primarily due to the acquisition of businesses in franchise markets.

- Landfill operating expenses in aggregate dollars and as a percentage of revenue decreased $2.1 million, but remained relatively consistent as a percentage of revenue at 1.5% for both 2012 and 2011.

- 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, primarily due to a decline in the market value of recycled commodities, offset by an increase in the volume of commodities processed.

- Risk management expenses increased, primarily due to lower favorable actuarial development compared to the prior year.

- We recorded environmental remediation charges at our closed Bridgeton Landfill in Missouri of $74.1 million during 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 years ended December 31, 2013, 2012 and 2011 (in millions of dollars and as a percentage of revenue):

| | 2013 | | 2012 | | 2011 | |
|---|---|---|---|---|---|---|
| Depreciation and amortization of property and equipment | $ 544.8 | 6.5% | $ 520.8 | 6.4% | $ 511.4 | 6.3% |
| Landfill depletion and amortization | 261.9 | 3.1 | 257.6 | 3.2 | 255.5 | 3.1 |
| Depreciation, amortization and depletion expense | $ 806.7 | 9.6% | $ 778.4 | 9.6% | $ 766.9 | 9.4% |

*Depreciation, Amortization and Depletion of Property and Equipment - 2013 compared to 2012*

Depreciation and amortization of property and equipment in aggregate dollars increased $24.0 million, 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 to purchase 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 consistent at 6.5% for 2013 and 6.4% for 2012.

Landfill depletion and amortization expense in aggregate dollars increased $4.3 million, primarily due to increased landfill disposal volumes, as well as an overall increase in our average depletion rate. Offsetting these increases were favorable amortization adjustments of $0.3 million that were recognized in 2013 relative to asset retirement obligations, compared to net unfavorable adjustments of $4.9 million in 2012. Landfill depletion and amortization as a percentage of revenue remained relatively consistent at 3.1% for 2013 and 3.2% for 2012.

*Depreciation, Amortization and Depletion of Property and Equipment - 2012 compared to 2011*

Depreciation and amortization of property and equipment increased $9.4 million for 2012, primarily due to higher costs of residential side loaders and an increased number of CNG 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, primarily due to unfavorable adjustments to landfill depletion and amortization expense for asset retirement obligations of $4.9 million recorded during 2012 compared to 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.

***Amortization of Other Intangible Assets and Other Assets***

Expenses for amortization of intangible and other assets were $70.7 million, $70.1 million and $76.7 million for 2013, 2012 and 2011, respectively, or, as a percentage of revenue, 0.8% for 2013 and 0.9% for 2012 and 2011. Our other intangible assets and other assets primarily relate to customer lists, franchise agreements, municipal

contracts, trade names (now fully amortized in 2013), 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 $76.6 million, $78.4 million and $78.0 million, or, as a percentage of revenue, 0.9%, 1.0% and 0.9% for 2013, 2012 and 2011, respectively. 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. Restructuring charges are excluded from selling, general and administrative expenses and are discussed separately below.

The following table provides the components of our selling, general and administrative expenses for the three years ended December 31, 2013, 2012 and 2011 (in millions of dollars and as a percentage of revenue):

| | 2013 | | 2012 | | 2011 | |
|---|---|---|---|---|---|---|
| Salaries | $ 545.4 | 6.5% | $ 539.4 | 6.6% | $ 539.6 | 6.6% |
| Provision for doubtful accounts | 16.1 | 0.2 | 29.7 | 0.4 | 21.0 | 0.3 |
| Other | 292.3 | 3.4 | 251.8 | 3.1 | 264.8 | 3.2 |
| Total selling, general and administrative expenses | $ 853.8 | 10.1% | $ 820.9 | 10.1% | $ 825.4 | 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.

*Selling, General and Administrative Expenses – 2013 compared to 2012*

Salaries increased $6.0 million, but remained relatively consistent as a percentage of revenue at 6.5% and 6.6% for 2013 and 2012, respectively. During 2013, we recorded severance costs due to management departures, and higher salaries, payroll taxes and benefits resulting from merit increases and management incentive pay, partially offset by lower salaries expense in connection with the reorganization.

Provision for doubtful accounts decreased $13.6 million and 0.2% of revenue, 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.

Other selling, general and administrative expenses in aggregate dollars and as a percentage of revenue increased $40.5 million and 0.3%, respectively. These increases are primarily related to charges for legal settlements of $29.6 million for 2013, which relate to legal matters occurring in the ordinary course of business, as compared to net favorable legal settlement adjustments of $3.7 million for 2012.

*Selling, General and Administrative Expenses – 2012 compared to 2011*

Salaries decreased $0.2 million and remained consistent as a percentage of revenue for 2012 compared to 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 $13.0 million or, as a percentage of revenue, 0.1%, 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.

***Negotiation and Withdrawal Costs – Central States Pension and Other Funds***

During 2013, we recorded charges to earnings of $157.7 million, primarily related to our negotiation costs of $17.0 million and our withdrawal liability from the Central States, Southeast and Southwest Areas Pension Fund (the Fund) of $138.6 million. Also included in the $157.7 million of charges for 2013 is $2.1 million for withdrawal events at the multiemployer pension plan to which we contribute related to our operations in Puerto Rico. During 2012, we recorded charges to earnings of $35.8 million, primarily related to our negotiation costs of $5.1 million and our partial withdrawal liability from the Fund of $30.7 million. 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.

For additional discussion and detail regarding our obligations to the Fund, see our *Central States, Southeast and Southwest Areas Pension Fund* discussion in Note 11, *Employee Benefit Plans*, to our consolidated financial statements in Item 8 of this Form 10-K.

***(Gain) Loss on Disposition of Assets and Impairments, Net***

During 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 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 2011, we disposed of businesses in various markets, resulting in a gain of $21.0 million. 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 during 2011.

***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 2013 and 2012, we incurred $8.6 million and $11.1 million of restructuring charges, respectively, which consisted of severance and other employee termination benefits, relocation benefits, and the closure of offices with non-cancellable lease agreements. Substantially all of these charges were recorded in our corporate segment and were incurred as of December 31, 2013. As of December 31, 2013, $1.8 million remains accrued for severance and other employee termination benefits and lease exit costs.

### *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 of dollars):

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Interest expense on debt and capital lease obligations | $ 319.8 | $ 338.5 | $ 372.9 |
| Accretion of debt discounts | 6.9 | 12.2 | 25.6 |
| Accretion of remediation reserves and other | 40.6 | 46.2 | 49.8 |
| Less: capitalized interest | (7.3) | (8.4) | (8.1) |
| Total interest expense | $ 360.0 | $ 388.5 | $ 440.2 |

The decrease in interest expense and accretion of debt discounts for 2013 compared to 2012 and for 2012 compared to 2011 is primarily due to refinancing certain of our higher interest rate debt in 2012. Beginning 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 $300.0 million and resulted in a $2.0 million reduction in interest expense during 2013. During 2013, 2012 and 2011, cash paid for interest was $324.0 million, $341.0 million and $396.2 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 non-cash charges for unamortized debt discounts and deferred issuance costs for the years ended December 31, 2013, 2012 and 2011 (in millions of dollars):

| | Principal Repaid | Cash Paid on Loss on Extinguishment of Debt | Non-cash Loss on Extinguishment of Debt | Total Loss on Extinguishment of Debt |
|---|---|---|---|---|
| **2013:** | | | | |
| Tax-exempt financings | $ 189.1 | $ - | $ 2.1 | $ 2.1 |
| Loss on extinguishment of debt for the year ended December 31, 2013 | | $ - | $ 2.1 | $ 2.1 |
| **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 |

### *Income Taxes*

Our provision for income taxes was $262.1 million, $251.8 million and $317.4 million for the years ended December 31, 2013, 2012 and 2011, respectively. Our effective income tax rate was 30.8%, 30.6% and 35.0% for 2013, 2012 and 2011, respectively. Our 2013 effective tax rate was favorably impacted by approximately $42 million for adjustments to our valuation allowance for state loss carryforwards, primarily due to our

determination that it is more likely than not that a portion of these loss carryforwards will be utilized in future periods. In addition, our 2013 effective tax rate was favorably impacted by the settlement with the IRS appeals division and the Joint Committee of Taxation during the first quarter of 2013 for tax years 2009 and 2010. This settlement benefited our 2013 tax provision by approximately $14 million due to the reversals of previously accrued tax and interest.

Our 2012 effective tax rate was favorably impacted by the settlement with the IRS appeals division for tax years 2004 to 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 for tax years 2000 to 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 2013, 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 $9.6 million, $16.0 million and $19.0 million, respectively.

We made income tax payments (net of refunds received) of approximately $288 million, $185 million and $173 million for 2013, 2012 and 2011, respectively.

Income taxes paid in 2013 reflect the favorable tax depreciation provisions of the American Tax Relief Act of 2012, signed into law on January 2, 2013. This legislation extended 50% bonus depreciation for property placed in service during 2013 and helped mitigate the negative impact from the lack of property deductions due to bonus depreciation taken in prior years.

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 50% bonus depreciation for property placed in service in 2012.

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 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 years ended December 31, 2013, 2012 and 2011 is shown in the following table (in millions of dollars and 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 (Loss) on Disposition of Assets and Impairments, Net | Operating Income (Loss) | Operating Margin |
|---|---|---|---|---|---|---|---|
| **2013:** | | | | | | | |
| East | $ 2,456.0 | $ 252.9 | $ 4.7 | $ 257.6 | $ - | $ 451.0 | 18.4% |
| Central | 2,512.1 | 307.4 | (2.8) | 304.6 | - | 494.5 | 19.7 |
| West | 3,324.4 | 345.8 | (3.0) | 342.8 | 1.9 | 766.6 | 23.1 |
| Corporate entities | 124.7 | 48.2 | 0.8 | 49.0 | - | (501.8) | |
| Total | $ 8,417.2 | $ 954.3 | $ (0.3) | $ 954.0 | $ 1.9 | $ 1,210.3 | 14.4% |
| **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% |

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.

Significant changes in the revenue and operating margins of our reportable segments for 2013 compared to 2012 and 2012 compared to 2011 are discussed in the following paragraphs.

***2013 compared to 2012***

*East Region*

Revenue for 2013 increased 0.4% from 2012, primarily due to average yield and volume increases in our commercial and industrial collection lines of business and an average yield increase in our landfill line of business. 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 in our East Region decreased from $474.6 million for 2012, or a 19.4% operating margin, to $451.0 million for 2013, or an 18.4% operating margin, primarily as a result of the following:

- Cost of operations negatively impacted operating income during 2013 compared to 2012, 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 reduced risk management expenses. Cost of goods sold increased for 2013 from 2012 primarily due to a higher volume of commodities sold.

- Depreciation, amortization, depletion and accretion negatively impacted operating income during 2013 compared to 2012 primarily due to unfavorable adjustments for asset retirement obligations of $4.7 million in 2013 compared to net favorable adjustments of $3.0 million in 2012.

- Selling, general and administrative expenses favorably impacted operating income, primarily due to higher provisions for doubtful accounts in 2012 compared to 2013.

- Net gains on disposition of assets and impairments unfavorably impacted operating income during 2013 compared to 2012, primarily as a result of 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.

*Central Region*

Revenue for 2013 increased 3.6% from 2012, primarily due to average yield and volume increases in our commercial and industrial collection lines of business, increased volumes in our residential collection line of business, increased municipal solid waste landfill volume and increased average yield for our disposal lines of business. These increases were partially offset by declines in transfer station volumes.

Operating income in our Central Region increased from $474.5 million for 2012, or a 19.6% operating margin, to $494.5 million for 2013, or a 19.7% operating margin, 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. Cost of goods sold increased for 2013 from 2012 primarily due to a higher volume of commodities sold.

- Selling, general and administrative expenses favorably impacted operating income for 2013 compared to 2012, primarily due to lower legal settlement and legal fee expenses, offset by increased provisions for doubtful accounts.

*West Region*

Revenue for 2013 increased 5.3% from 2012, primarily due to increases in average yield and volume in substantially all core lines of business. Volume increases in the landfill line of business were primarily due to increased special waste event work.

Operating income in our West Region increased from $685.9 million for 2012, or a 21.7% operating margin, to $766.6 million for 2013, or a 23.1% operating margin, primarily as a result of 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.

- During 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 and the disposal of a business in one market, which resulted in a gain of $0.9 million and proceeds of $1.7 million.

*Corporate Entities*

During 2013, the corporate entities had operating losses of $501.8 million compared to $314.4 million for 2012. Operating losses for 2013 were adversely impacted by a $108.7 million charge recorded in connection with remediation at our closed Bridgeton Landfill in Missouri, as compared to $74.1 million of charges recorded in 2012, a charge to earnings of $140.7 million during 2013 for our withdrawal liability from the Fund and Puerto Rico multiemployer pension plans, as compared to $30.7 million of charges recorded in 2012, and certain legal settlement charges in 2013 of $31.3 million.

***2012 compared to 2011***

*East Region*

Revenue for 2012 declined 3.2%, primarily due to declines in volume in our collection, landfill and transfer station lines of business, coupled with lower recycling commodity revenue and decreases in average yield 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 during 2012.

Operating income in our East Region decreased from $550.7 million for 2011, or a 21.8% operating margin, to $474.6 million for 2012, or a 19.4% operating margin. 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 compared to $2.3 million in 2011.

- Selling, general and administrative expenses decreased operating income primarily due to wage increases, higher legal fees and settlements, and higher provision for doubtful accounts.

- Net gains (losses) on disposition of assets and impairments had a favorable impact on operating income in 2012 compared to 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 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 average yield in all lines of business and volume increases in all collection lines of business during 2012.

Operating income in our Central Region decreased from $529.3 million for 2011, or a 21.8% operating margin, to $474.5 million for 2012, or a 19.6% operating margin, 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 and administrative expenses decreased operating income primarily due to wage increases, higher legal fees and settlements and higher provision for doubtful accounts.

*West Region*

Revenue for 2012 increased 0.6% due to an increase in average yield 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 decline in our landfill line of business was primarily due to competitive disposal pricing and special waste event work not recurring in 2012.

Operating income in our West Region decreased from $735.9 million for 2011, or a 23.4% operating margin, to $685.9 million for 2012, or a 21.7% operating margin, 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 percentage 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 and administrative expenses contributed to a decrease in operating income, primarily due to increased legal fees and settlements.

- Net gains (losses) on disposition of assets and impairments favorably impacted 2012 operating income as compared to 2011 primarily as a result of 2011 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 2012, the corporate entities had an operating loss of $314.4 million compared to an operating loss of $263.2 million for 2011.

The operating loss for 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 our closed

Bridgeton landfill 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 negotiation costs and our partial withdrawal from Central States Pension Fund.

During the fourth quarter of 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 non-cancellable lease agreements with terms ranging from two to five years.

**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, 2013, 2012 and 2011:

| | Balance as of December 31, 2012 | New Expansions Undertaken | Landfills Acquired, Net of Divestitures | Permits Granted, Net of Closures | Airspace Consumed | Changes in Engineering Estimates | Balance as of December 31, 2013 |
|---|---|---|---|---|---|---|---|
| Cubic yards (in millions): | | | | | | | |
| Permitted airspace | 4,562.5 | - | - | 164.4 | (73.3) | (3.0) | 4,650.6 |
| Probable expansion airspace | 260.4 | 18.6 | - | (51.1) | - | (5.0) | 222.9 |
| Total cubic yards (in millions) | 4,822.9 | 18.6 | - | 113.3 | (73.3) | (8.0) | 4,873.5 |
| Number of sites: | | | | | | | |
| Permitted airspace | 191 | | | (1) | | | 190 |
| Probable expansion airspace | 10 | 1 | | (2) | | | 9 |

| | 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 | 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 |

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, 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. Engineers develop these estimates at least annually using information provided by annual aerial surveys. As of December 31, 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 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. Also see our *"Critical Accounting Judgments and Estimates"* section of this Management's Discussion and Analysis of Financial Condition and Results of Operations.

As of December 31, 2013, nine 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 nine landfills have an estimated remaining average site life of 53 years, including probable expansion airspace. The average estimated remaining life of all of our landfills is 66 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 treatment as 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, 2013:

| | Number of Sites without Probable Expansion Airspace | Number of Sites with Probable Expansion Airspace | Total Sites | Percent of Total |
|---|---|---|---|---|
| 0 to 5 years | 16 | - | 16 | 8.4% |
| 6 to 10 years | 16 | - | 16 | 8.4 |
| 11 to 20 years | 33 | - | 33 | 17.4 |
| 21 to 40 years | 41 | 5 | 46 | 24.2 |
| 41+ years | 75 | 4 | 79 | 41.6 |
| Total | 181 | 9 | 190 | 100.0% |

***Final Capping, Closure and Post-Closure Costs***

As of December 31, 2013, accrued final capping, closure and post-closure costs were $1,091.3 million, of which $93.6 million are current and $997.7 million are long-term as reflected in our consolidated balance sheets in accrued landfill and environmental costs included in Item 8 of this Form 10-K.

**Remediation and Other Charges for Landfill Matters**

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 December 31, 2013, the remediation liability recorded for this site is $93.9 million, of which $30.9 million is expected to be paid during the next twelve months. We believe the remaining reasonably possible range of loss for remediation costs is $63.0 million to $342.0 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, 2013 is $47.0 million, of which $4.6 million is expected to be paid during the next twelve months. We believe the remaining reasonably possible range of loss for remediation costs is $46 million to $67 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, 2013 is $82.7 million, of which $9.9 million is expected to be paid during the next twelve months. We believe the remaining reasonably possible range of loss for remediation costs is $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.

**Investment in Landfills**

The following tables reflect changes in our investment in landfills for the years ended December 31, 2013, 2012 and 2011 and the future expected investment as of December 31, 2013 (in millions):

| | Balance as of December 31, 2012 | 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, 2013 |
|---|---|---|---|---|---|---|---|---|---|
| Non-depletable landfill land | $ 166.0 | $ 2.3 | $ (4.3) | $ - | $ - | $ - | $ 0.2 | $ - | $ 164.2 |
| Landfill development costs | 5,018.0 | 2.6 | - | - | 36.5 | - | 323.6 | 12.0 | 5,392.7 |
| Construction-in-progress -landfill | 134.5 | 259.5 | - | - | - | - | (321.5) | - | 72.5 |
| Accumulated depletion and amortization | (1,896.4) | - | - | - | - | (262.2) | (1.9) | 0.3 | (2,160.2) |
| Net investment in landfill land and development costs | $ 3,422.1 | $ 264.4 | $ (4.3) | $ - | $ 36.5 | $ (262.2) | $ 0.4 | $ 12.3 | $ 3,469.2 |

| | 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, 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, 2013 | Expected Future Investment | Total Expected Investment |
|---|---|---|---|
| Non-depletable landfill land | $ 164.2 | $ - | $ 164.2 |
| Landfill development costs | 5,392.7 | 7,494.6 | 12,887.3 |
| Construction-in-progress - landfill | 72.5 | - | 72.5 |
| Accumulated depletion and amortization | (2,160.2) | - | (2,160.2) |
| Net investment in landfill land and development costs | $ 3,469.2 | $ 7,494.6 | $10,963.8 |

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, 2013, 2012 and 2011:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Number of landfills owned or operated | 190 | 191 | 191 |
| Net investment, excluding non-depletable land (in millions) | $ 3,305.0 | $ 3,256.1 | $ 3,214.9 |
| Total estimated available disposal capacity (in millions of cubic yards) | 4,873.5 | 4,822.9 | 4,788.3 |
| Net investment per cubic yard | $ 0.68 | $ 0.68 | $ 0.67 |
| Landfill depletion and amortization expense (in millions) | $ 261.9 | $ 257.6 | $ 255.5 |
| Accretion expense (in millions) | 76.6 | 78.4 | 78.0 |
| | 338.5 | 336.0 | 333.5 |
| Airspace consumed (in millions of cubic yards) | 73.3 | 73.6 | 79.9 |
| Depletion, amortization and accretion expense per cubic yard of airspace consumed | $ 4.62 | $ 4.57 | $ 4.17 |

During 2013 and 2012, our average compaction rate was approximately 2,000 pounds per cubic yard based on a three-year historical moving average.

As of December 31, 2013, we expect to spend an estimated additional $7.5 billion on existing landfills, primarily related to cell construction and environmental structures, over their remaining lives. Our total expected investment, excluding non-depletable land, estimated to be $10.8 billion, or $2.22 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, 2013, 2012 and 2011 (in millions of dollars):

| | Gross Property and Equipment | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 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 | Balance as of December 31, 2013 |
| Other land | $ 376.9 | $ 0.1 | $ (1.1) | $ - | $ - | $ - | $ 1.7 | $ 377.6 |
| Non-depletable landfill land | 166.0 | 2.3 | (4.3) | - | - | - | 0.2 | 164.2 |
| Landfill development costs | 5,018.0 | 2.6 | - | - | 36.5 | 12.0 | 323.6 | 5,392.7 |
| Vehicles and equipment | 4,946.4 | 546.9 | (144.6) | 18.0 | - | - | 37.0 | 5,403.7 |
| Buildings and improvements | 864.2 | 28.9 | (2.0) | 0.1 | - | - | 44.4 | 935.6 |
| Construction-in-progress - landfill | 134.5 | 259.5 | - | - | - | - | (321.5) | 72.5 |
| Construction-in-progress - other | 53.3 | 42.3 | - | - | - | - | (82.3) | 13.3 |
| Total | $ 11,559.3 | $ 882.6 | $ (152.0) | $ 18.1 | $ 36.5 | $ 12.0 | $ 3.1 | $ 12,359.6 |

| | 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 December 31, 2013 |
| Landfill development costs | $ (1,896.4) | $ (262.2) | $ - | $ - | $ 0.3 | $ (1.9) | $ (2,160.2) |
| Vehicles and equipment | (2,512.3) | (507.7) | 135.8 | - | - | 0.4 | (2,883.8) |
| Buildings and improvements | (240.3) | (39.7) | 1.5 | - | - | (0.3) | (278.8) |
| Total | $ (4,649.0) | $ (809.6) | $ 137.3 | $ - | $ 0.3 | $ (1.8) | $ (5,322.8) |

| | Gross Property and Equipment | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 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 | Balance as of December 31, 2012 |
| 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, 2011 | Additions Charged to Expense | Retirements | Acquisitions, Net of Divestitures | Adjustments for Asset Retirement Obligations | Impairments, Transfers and Other Adjustments | Balance as of December 31, 2012 |
| 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) |

## Liquidity and Capital Resources

The following table summarizes our cash flow from operating activities, investing activities and financing activities for the years ended December 31, 2013, 2012 and 2011 (in millions of dollars):

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Net cash provided by operating activities | $ 1,548.2 | $ 1,513.8 | $ 1,766.7 |
| Net cash used in investing activities | (933.8) | (937.6) | (950.2) |
| Net cash used in financing activities | (468.7) | (574.9) | (838.5) |

***Cash Flows Provided by Operating Activities***

Certain of the more significant items affecting our operating cash flows for 2013 and 2012 are summarized below:

Changes in assets and liabilities, net of effects of business acquisitions and divestitures, decreased our cash flow from operations by $256.6 million in 2013 compared to a decrease of $377.0 million in 2012, primarily as a result of the following:

- Our accounts receivable, exclusive of the change in allowance for doubtful accounts, increased $61.6 million during 2013 due to the timing of billings, net of collections, as compared to a $37.2 million increase in 2012. As of December 31, 2013 and 2012, the number of days our sales were outstanding were 38 days, or 25 net of deferred revenue.

- Cash paid for income taxes was $288 million and $185 million for 2013 and 2012, respectively.

- Our accounts payable increased $37.9 million during 2013 due to the timing of payments, as compared to a $49.6 million decrease in 2012.

- We paid $15.8 million during 2013 related to a restructuring announced during the fourth quarter of 2012. During 2012, we paid synergy incentive plan bonuses of $68.1 million. We also paid $2.2 million during 2012 in connection with the restructuring announced in the fourth quarter of 2012.

- Cash paid for capping, closure and post-closure obligations was $8.0 million million higher during 2013 compared to 2012, 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 $49.4 million higher during 2013 compared to 2012, primarily due to remediation work performed at our closed Bridgeton Landfill in Missouri.

- Our other liabilities increased $16.9 million during 2013, which is primarily due to the timing of payment for certain payroll related accruals and other accrued expenses, as compared to a $55.3 million decrease in 2012.

We use cash flows from operations to fund capital expenditures, acquisitions, dividend payments, share repurchases and debt repayments.

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 of business acquisitions and divestitures, decreased our cash flow from operations by $377.0 million in 2012 compared to 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 the 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, the number of days our sales were outstanding were 38 and 37 days, respectively.

- Our accounts payable decreased $89.1 million year over year due to the 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 as of December 31, 2011 to $51.0 million as of December 31, 2012.

- Income taxes paid, net of refunds received, were approximately $185 million and $173 million for 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 during 2012 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 2012 than 2011 due to refinancing of our higher interest rate debt.

***Cash Flows Used in Investing Activities***

The most significant items affecting our investing cash flows for the periods presented are summarized below:

- Capital expenditures during 2013 were $880.8 million compared with $903.5 million for 2012 and $936.5 million for 2011. Property and equipment received during 2013, 2012 and 2011 were $879.8 million, $866.7 million and $885.7 million, respectively.

- Proceeds from sales of property and equipment during 2013 were $23.9 million compared to $28.7 million for 2012 and $34.6 million for 2011. Proceeds from sales of property and equipment in 2011 were higher than 2013 and 2012 due to the sale of equipment used as part of our expired transportation and disposal contract with the City of Toronto in 2011.

- During 2013, we paid $68.7 million for acquisitions of collection businesses in all three regions. 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. In addition, during 2013, 2012 and 2011, we paid $5.4 million, $0.3 million and $3.1 million, respectively, in relation to holdback liabilities resulting from acquisitions.

- Decreases (increases) in our restricted cash and marketable securities balances were $(5.5) million, $23.2 million and $(16.8) million for 2013, 2012 and 2011, 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. The increase of $(5.5) million during 2013 is primarily due to investments in restricted cash related to our self-insurance program. 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 2012 and 2011, respectively. During 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 primarily expect to use cash for consideration paid 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:

- Payments of notes payable and long-term debt, net of proceeds were $58.9 million during 2013 compared to net proceeds of $50.8 million and $36.8 million for 2012 and 2011, respectively. For a more detailed discussion, see the *"Financial Condition"* section of this Management's Discussion and Analysis of Financial Condition and Results of Operations.

- Cash premiums and fees paid in connection with the issuance of our debt and to settle certain hedging relationships were $1.6 million, $43.3 million and $148.4 million for 2013, 2012 and 2011, 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.

- In October 2013, the board of directors added $650.0 million to the existing share repurchase authorization. As of December 31, 2013, there was $760.6 million remaining under our share repurchase authorization. These authorizations are in addition to the $400.0 million repurchase program authorized in November 2010. From November 2010 to December 31, 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 2013, we repurchased 6.5 million shares of our stock for $213.6 million. During 2012, we repurchased 11.8 million shares for $324.7 million. During 2011, we repurchased 15.7 million shares for $459.7 million. During 2014, we expect to use approximately $400 million of our authorization to repurchase our outstanding shares of common stock.

- We initiated a quarterly cash dividend in July 2003 and have increased our dividend from time to time thereafter. In July 2013, our board of directors approved an increase to our quarterly dividend to $0.26 per share. Prior to this increase, in July 2012 the board of directors approved an increase in the quarterly dividend to $0.235 per share. Dividends paid were $348.5 million, $329.1 million and $309.4 million for 2013, 2012 and 2011, respectively.

## Financial Condition

### *Cash and Cash Equivalents*

As of December 31, 2013, we had $213.3 million of cash and cash equivalents and $169.7 million of restricted cash deposits and restricted marketable securities, including $21.9 million of restricted cash and marketable securities held for capital expenditures under certain debt facilities, $56.0 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 $88.4 million of restricted cash and marketable securities related to our self-funded insurance obligations.

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. We also may explore opportunities in the capital markets to fund redemptions should market conditions be favorable. 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.

***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 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.

As of December 31, 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%. 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. We had $722.1 million and $909.4 million of letters of credit using availability under our Credit Facilities, leaving $1,527.9 million and $1,315.6 million of availability under our Credit Facilities as of December 31, 2013 and 2012, respectively. We were in compliance with the covenants under our Credit Facilities as of December 31, 2013.

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, 2013, our EBITDA to interest ratio was 6.41 compared to the 3.00 minimum required by the covenants, and our total debt to EBITDA ratio was 3.03 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 fiscal quarter ending thereafter. As of December 31, 2013, we were in compliance with the covenants of the Credit Facilities, and we expect to be in compliance throughout 2014.

EBITDA, which is a non-U.S. 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.

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 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, 2013, we had no borrowings under our Uncommitted Credit Facility. As of December 31, 2012, we had $13.9 million of borrowings under our Uncommitted Credit Facility at an interest rate of 1.35%.

***Senior Notes and Debentures***

During 2013, 2012 and 2011, we completed financing transactions that resulted in cash paid for premiums and professional fees to repurchase debt as well as the non-cash charges for 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 Allied Waste North America, Inc.'s $750.0 million 6.875% senior notes maturing in 2017 and for general corporate purposes.

In August 2011, our 6.750% senior notes matured and 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 and 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 and we used cash on hand and incremental borrowings under our Credit Facilities to repay $262.9 million of principal due on these notes.

***Interest Rate Swap Agreements***

During the second half of 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 rebalancing our debt portfolio's ratio of fixed to floating interest rates. As of December 31, 2013, our outstanding swap agreements have a total notional value of $300.0 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%. For the year ended December 31, 2013 net interest received from the swaps was $2.0 million. These swap agreements mature in May 2023.

***Tax-Exempt Financings***

As of December 31, 2013 and 2012, we had $1,087.7 million and $1,097.5 million, respectively, of fixed and variable rate tax-exempt financings outstanding with maturities ranging from 2014 to 2038. Approximately 85% of our tax-exempt financings are remarketed quarterly 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, 2013, we had $169.7 million of restricted cash and marketable securities, of which $21.9 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 summary of our outstanding fuel hedges as of December 31, 2013, see Note 16, *Financial Instruments*, to our consolidated financial statements in Item 8 of this Form 10-K.

The aggregated fair values of our outstanding fuel hedges as of December 31, 2013 and 2012 were current assets of $6.7 million and $3.1 million, respectively, and current liabilities of $0.1 million and $0.4 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, 2013 and 2012, net of tax, of $3.9 million and $1.6 million, respectively, have been recorded in stockholders' equity as components of accumulated other comprehensive income.

During 2013, approximately 19% of our fuel volume purchases were hedged with swap agreements and we were able to recover approximately 74% of our fuel costs with fuel recovery fees from certain of our customers. During 2012, approximately 8% of our fuel volume purchases were hedged with swap agreements and 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 the sale of recycling commodities is primarily from sales of old corrugated cardboard and old newspaper. 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 old corrugated cardboard and old newspaper sales. These 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 summary of our outstanding recycling commodity hedges as of December 31, 2013, see Note 16, *Financial Instruments,* to our consolidated financial statements in Item 8 of this Form 10-K.

The aggregate fair values of the outstanding recycling commodity hedges as of December 31, 2013 and 2012 were current assets of $0.3 million and $1.0 million, respectively, and current liabilities of $0.6 million and $1.2 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, 2013 and 2012, net of tax, of $0.2 million and $0.1 million have been recorded in stockholders' equity as a component of accumulated other comprehensive income.

For 2013 and 2012, approximately 24% and 41% of our sales volume of commodities were subject to cash flow hedges, respectively.

**Contractual Obligations**

The following table summarizes our contractual obligations as of December 31, 2013 (in millions):

| Year Ending December 31, | Operating Leases | Maturities of Notes Payable, Capital Leases and Other Long-Term Debt | Scheduled Interest Payment Obligations | Final Capping, Closure and Post-Closure | Remediation | Unconditional Purchase Commitments | Total |
|---|---|---|---|---|---|---|---|
| 2014 | $ 26.1 | $ 15.7 | $ 308.2 | $ 93.6 | $ 85.1 | $ 266.7 | $ 795.4 |
| 2015 | 21.6 | 10.2 | 307.6 | 119.4 | 49.8 | 58.4 | 567.0 |
| 2016 | 18.3 | 4.2 | 307.5 | 79.4 | 44.6 | 38.4 | 492.4 |
| 2017 | 17.6 | 4.5 | 307.3 | 78.1 | 35.6 | 34.4 | 477.5 |
| 2018 | 14.5 | 705.0 | 293.9 | 88.8 | 42.3 | 29.3 | 1,173.8 |
| Thereafter | 64.0 | 6,360.3 | 2,685.9 | 5,052.5 | 349.0 | 231.3 | 14,743.0 |
| Total | $ 162.1 | $ 7,099.9 | $ 4,210.4 | $ 5,511.8 | $ 606.4 | $ 658.5 | $ 18,249.1 |

Scheduled interest payment obligations in the above table were calculated using stated coupon rates for fixed rate debt and interest rates applicable as of December 31, 2013 for variable rate debt. The impact of our outstanding interest rate swaps on the interest payments of our 4.750% fixed rate senior notes is also included based on the floating rates in effect as of December 31, 2013.

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. 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, 2013.

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. As of December 31, 2013, 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, 2013. We expect to be in compliance with our covenants during 2014.

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 2014, although the mix of financial assurance instruments may change.

These financial instruments are issued in the normal course of business and are not considered 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, 2013, 2012 and 2011 is calculated as follows (in millions of dollars):

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Cash provided by operating activities | $ 1,548.2 | $ 1,513.8 | $ 1,766.7 |
| Purchases of property and equipment | (880.8) | (903.5) | (936.5) |
| Proceeds from sales of property and equipment | 23.9 | 28.7 | 34.6 |
| Free cash flow | $ 691.3 | $ 639.0 | $ 864.8 |

For a discussion of the changes in the components of free cash flow, you should read our *"Cash Flows Provided By Operating Activities and Cash Flows Used In Investing Activities"* section 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. 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, 2013, 2012 and 2011 is as follows (in millions of dollars):

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Purchases of property and equipment per the consolidated statements of cash flows | $ 880.8 | $ 903.5 | $ 936.5 |
| Adjustments for property and equipment received during the prior period but paid for in the following period, net | (1.0) | (36.8) | (50.8) |
| Property and equipment received | $ 879.8 | $ 866.7 | $ 885.7 |

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 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.

**Contingencies**

For a description of our contingencies, see Note 10, *Income Taxes,* and Note 17, *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 and 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 that result in a corresponding landfill retirement asset.

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 level of demand and 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 2013 and 2012).

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 (5.0% in 2013 and 4.75% in 2012).

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, environmental obligations are recorded on an undiscounted basis. Environmental obligations assumed in the acquisition of Allied, which were initially estimated on a discounted basis, are accreted to full value over time through charges to interest expense. Adjustments arising from changes in amounts and timing of estimated costs and settlements may result in increases or decreases in these obligations and are calculated on a discounted basis as they were initially estimated on a discounted basis. These adjustments are charged to operating income when they are known. We perform a comprehensive review of our environmental obligations annually and also review changes in facts and circumstances associated with these obligations at least quarterly. 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 high deductible insurance policies. Accruals for self-insurance or deductible 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 4%; (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, 2013, 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, 2013, we determined that the indicated fair value of our reporting units exceeded their carrying value by approximately 40% on average 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.

During the three months ended December 31, 2013, we determined that it is more likely than not that we will realize a portion of our deferred tax asset related to certain state loss carryforwards. This resulted in a reduction

to our valuation allowance for these loss carryforwards of approximately $43.5 million. Significant factors used in our determination of the $43.5 million include:

- the removal of negative evidence associated with the subsidiary's cumulative loss position; and
- the existence of future taxable income in future periods as a result of:
- third-party debt refinancings;
- reductions in intercompany indebtedness; and
- ongoing operational improvements combined with the expected stable, predictable nature of our business.

Items that did not factor significantly in our determination were:

- taxable income in prior carryback years; and
- future reversals of existing taxable temporary differences, as these were already considered or benefited in our valuation allowance.

For additional discussion and detail regarding our valuation allowance, see Note 10, *Income Taxes*, to our consolidated financial statements in Item 8 of this Form 10-K.

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 and Puerto Rico. 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 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. As of December 31, 2013, the plan assets were invested in fixed income bond funds, equity funds and cash. The Retirement Benefits Committee annually reviews and adjusts the plan's asset allocation as deemed necessary. As of December 31, 2013, the Plan was overfunded by $8.1 million, compared to our unfunded benefit obligation of $6.1 million as of December 31, 2012.

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 that 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 $20 million. If the discount rate were to decrease by 1%, our benefit obligation would increase by approximately $24 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 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2017 | 2018 | Thereafter | Total | Fair Value as of December 31, 2013 |
| Fixed Rate Debt: | | | | | | | | |
| Amount outstanding (in millions) | $ 15.7 | $ 5.4 | $ 4.2 | $ 4.5 | $ 705.0 | $ 5,442.9 | $ 6,177.7 | $ 6,615.9 |
| Average interest rates | 6.0% | 7.9% | 7.5% | 7.5% | 3.8% | 5.3% | 5.1% | |
| Variable Rate Debt: | | | | | | | | |
| Amount outstanding (in millions) | $ - | $ 4.8 | $ - | $ - | $ - | $ 917.4 | $ 922.2 | $ 922.2 |
| Average interest rates | -% | 0.7% | -% | -% | -% | 0.6% | 0.6% | |

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 $81.8 million. Additionally, we entered into various interest rate swap agreements with the goal of reducing overall borrowing costs and rebalancing our debt portfolio's ratio of fixed to floating interest rates. These swap agreements, which were designated as fair value hedges, have a total notional value of $300.0 million as of December 31, 2013. 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.

**Fuel Price Risk**

Fuel costs represent a significant operating expense. When economically practical, we may enter into new fuel hedges, 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, we believe a twenty-cent per gallon change in the price of diesel fuel changes our fuel costs by approximately $25 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 per gallon change in the price of diesel fuel changes our fuel recovery fee by approximately $20 million per year.

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 $10 per ton change in the price of recyclable materials will change annual revenue and operating income by approximately $31 million and $19 million, respectively.

Revenue from sales of these products in 2013, 2012 and 2011 was approximately $374.6 million, 349.0 million and 438.6 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, 2013 and 2012, 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, 2013. These financial statements are the responsibility of Republic Services, Inc.'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, 2013 and 2012, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2013, 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, 2013, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) and our report dated February 12, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Phoenix, Arizona
February 12, 2014

## 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, 2013, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) (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 Republic Services, Inc.'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, 2013, 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, 2013 and 2012, 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, 2013 of Republic Services, Inc. and our report dated February 12, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Phoenix, Arizona
February 12, 2014

**REPUBLIC SERVICES, INC.**
**CONSOLIDATED BALANCE SHEETS**
**(in millions, except per share data)**

| | December 31, 2013 | December 31, 2012 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 213.3 | $ 67.6 |
| Accounts receivable, less allowance for doubtful accounts of $38.3 and $45.3, respectively | 890.7 | 836.6 |
| Prepaid expenses and other current assets | 200.3 | 209.3 |
| Deferred tax assets | 117.6 | 117.8 |
| Total current assets | 1,421.9 | 1,231.3 |
| Restricted cash and marketable securities | 169.7 | 164.2 |
| Property and equipment, net | 7,036.8 | 6,910.3 |
| Goodwill | 10,724.1 | 10,690.0 |
| Other intangible assets, net | 315.8 | 358.7 |
| Other assets | 280.9 | 262.4 |
| Total assets | $ 19,949.2 | $ 19,616.9 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 511.4 | $ 474.5 |
| Notes payable and current maturities of long-term debt | 15.7 | 19.4 |
| Deferred revenue | 301.8 | 313.2 |
| Accrued landfill and environmental costs, current portion | 178.7 | 195.5 |
| Accrued interest | 68.2 | 68.8 |
| Other accrued liabilities | 641.3 | 623.6 |
| Total current liabilities | 1,717.1 | 1,695.0 |
| Long-term debt, net of current maturities | 7,002.4 | 7,051.1 |
| Accrued landfill and environmental costs, net of current portion | 1,464.3 | 1,420.6 |
| Deferred income taxes and other long-term tax liabilities | 1,185.4 | 1,232.7 |
| Self-insurance reserves, net of current portion | 294.9 | 290.9 |
| Other long-term liabilities | 379.0 | 220.9 |
| 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; 411.0 and 405.2 issued including shares held in treasury, respectively | 4.1 | 4.1 |
| Additional paid-in capital | 6,764.9 | 6,588.9 |
| Retained earnings | 2,632.7 | 2,403.2 |
| Treasury stock, at cost (50.6 and 44.1 shares, respectively) | (1,501.2) | (1,287.1) |
| Accumulated other comprehensive income (loss), net of tax | 3.0 | (5.8) |
| Total Republic Services, Inc. stockholders' equity | 7,903.5 | 7,703.3 |
| Noncontrolling interests | 2.6 | 2.4 |
| Total stockholders' equity | 7,906.1 | 7,705.7 |
| Total liabilities and stockholders' equity | $ 19,949.2 | $ 19,616.9 |

The accompanying notes are an integral part of these financial statements.

**REPUBLIC SERVICES, INC.**
**CONSOLIDATED STATEMENTS OF INCOME**
**(in millions, except per share data)**

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| Revenue | $ 8,417.2 | $ 8,118.3 | $ 8,192.9 |
| Expenses: | | | |
| Cost of operations | 5,234.7 | 5,005.7 | 4,865.1 |
| Depreciation, amortization and depletion | 877.4 | 848.5 | 843.6 |
| Accretion | 76.6 | 78.4 | 78.0 |
| Selling, general and administrative | 853.8 | 820.9 | 825.4 |
| Negotiation and withdrawal costs – Central States Pension and Other Funds | 157.7 | 35.8 | - |
| (Gain) loss on disposition of assets and impairments, net | (1.9) | (2.7) | 28.1 |
| Restructuring charges | 8.6 | 11.1 | - |
| Operating income | 1,210.3 | 1,320.6 | 1,552.7 |
| Interest expense | (360.0) | (388.5) | (440.2) |
| Loss on extinguishment of debt | (2.1) | (112.6) | (210.8) |
| Interest income | 0.7 | 1.0 | 0.3 |
| Other income, net | 2.3 | 3.4 | 4.3 |
| Income before income taxes | 851.2 | 823.9 | 906.3 |
| Provision for income taxes | 262.1 | 251.8 | 317.4 |
| Net income | 589.1 | 572.1 | 588.9 |
| Net (income) loss attributable to noncontrolling interests | (0.2) | (0.3) | 0.3 |
| Net income attributable to Republic Services, Inc. | $ 588.9 | $ 571.8 | $ 589.2 |
| Basic earnings per share attributable to Republic Services, Inc. stockholders: | | | |
| Basic earnings per share | $ 1.63 | $ 1.56 | $ 1.57 |
| Weighted average common shares outstanding | 362.1 | 366.9 | 376.0 |
| Diluted earnings per share attributable to Republic Services, Inc. stockholders: | | | |
| Diluted earnings per share | $ 1.62 | $ 1.55 | $ 1.56 |
| Weighted average common and common equivalent shares outstanding | 363.4 | 368.0 | 377.6 |
| Cash dividends per common share | $ 0.99 | $ 0.91 | $ 0.84 |

The accompanying notes are an integral part of these financial statements.

**REPUBLIC SERVICES, INC.**
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**
**(in millions)**

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| Net income | $ 589.1 | $ 572.1 | $ 588.9 |
| Other comprehensive income (loss), net of tax | | | |
| Hedging activity: | | | |
| Settlements | 1.7 | 0.9 | (25.3) |
| Realized (gains) losses reclassified into earnings | (0.2) | (2.3) | 4.9 |
| Unrealized gains | 2.3 | 2.8 | 1.3 |
| Pension activity: | | | |
| Change in funded status of pension plan obligations | 7.1 | 15.6 | (20.7) |
| Gains related to pension settlement reclassified to earnings | (2.1) | (1.3) | (3.6) |
| Other comprehensive income (loss), net of tax | 8.8 | 15.7 | (43.4) |
| Comprehensive income | 597.9 | 587.8 | 545.5 |
| Comprehensive (income) loss attributable to noncontrolling interests | (0.2) | (0.3) | 0.3 |
| Comprehensive income attributable to Republic Services, Inc. | $ 597.7 | $ 587.5 | $ 545.8 |

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 Paid-In | Retained | Treasury Stock | | Accumulated Other Comprehensive Income (Loss), | Noncontrolling |
| | Shares | Amount | Capital | Earnings | Shares | Amount | Net of Tax | Interests |
| 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 |
| Net income | - | - | - | 588.9 | - | - | - | 0.2 |
| Change in the value of derivative instruments, net of tax of $2.7 | - | - | - | - | - | - | 3.8 | - |
| Employee benefit plan liability adjustments, net of tax of $3.4 | - | - | - | - | - | - | 5.0 | - |
| Cash dividends declared | - | - | - | (357.3) | - | - | - | - |
| Issuances of common stock | 5.8 | - | 158.8 | - | - | - | - | - |
| Stock-based compensation | - | - | 17.2 | (2.1) | - | - | - | - |
| Purchase of common stock for treasury | - | - | - | - | (6.5) | (214.1) | - | - |
| Balance as of December 31, 2013 | 411.0 | $ 4.1 | $ 6,764.9 | $ 2,632.7 | (50.6) | $ (1,501.2) | $ 3.0 | $ 2.6 |

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, | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| Cash provided by operating activities: | | | |
| Net income | $ 589.1 | $ 572.1 | $ 588.9 |
| Adjustments to reconcile net income to cash provided by operating activities: | | | |
| Depreciation, amortization, depletion and accretion | 954.0 | 926.9 | 921.6 |
| Non-cash interest expense | 47.5 | 58.4 | 75.4 |
| Restructuring related charges | 8.6 | 11.1 | - |
| Stock-based compensation | 19.2 | 21.2 | 20.6 |
| Deferred tax (benefit) provision | (38.5) | 83.9 | 334.8 |
| Provision for doubtful accounts, net of adjustments | 16.1 | 29.7 | 21.0 |
| Loss on extinguishment of debt | 2.1 | 112.6 | 210.8 |
| (Gain) loss on disposition of assets, net and asset impairments | (11.0) | (14.1) | 6.1 |
| Withdrawal liability - Central States Pension Fund and Other Funds | 140.7 | 30.7 | - |
| Environmental adjustments | 83.7 | 62.4 | 3.6 |
| Excess income tax benefit from stock option exercises and other non-cash items | (6.7) | (4.1) | (9.2) |
| Change in assets and liabilities, net of effects from business acquisitions and divestitures: | | | |
| Accounts receivable | (61.6) | (37.2) | (16.0) |
| Prepaid expenses and other assets | (25.9) | (13.9) | (5.1) |
| Accounts payable | 37.9 | (49.6) | 11.9 |
| Restructuring and synergy related expenditures | (15.8) | (70.3) | (3.0) |
| Capping, closure and post-closure expenditures | (85.6) | (77.6) | (105.7) |
| Remediation expenditures | (122.5) | (73.1) | (45.0) |
| Other liabilities | 16.9 | (55.3) | (244.0) |
| Cash provided by operating activities | 1,548.2 | 1,513.8 | 1,766.7 |
| Cash used in investing activities: | | | |
| Purchases of property and equipment | (880.8) | (903.5) | (936.5) |
| Proceeds from sales of property and equipment | 23.9 | 28.7 | 34.6 |
| Cash used in business acquisitions and development projects, net of cash acquired | (68.7) | (95.3) | (42.6) |
| Cash proceeds from divestitures, net of cash divested | 2.7 | 9.6 | 14.2 |
| Change in restricted cash and marketable securities | (5.5) | 23.2 | (16.8) |
| Other | (5.4) | (0.3) | (3.1) |
| Cash used in investing activities | (933.8) | (937.6) | (950.2) |
| Cash used in financing activities: | | | |
| Proceeds from notes payable and long-term debt | 1,219.2 | 2,771.4 | 1,416.4 |
| Proceeds from issuance of senior notes, net of discount | - | 847.6 | 1,844.9 |
| Payments of notes payable and long-term debt | (1,278.1) | (3,568.2) | (3,224.5) |
| Premiums paid on extinguishment of debt | - | (25.8) | (89.6) |
| Fees paid to issue and retire senior notes and certain hedging relationships | (1.6) | (17.5) | (58.8) |
| Issuances of common stock | 150.8 | 70.4 | 40.7 |
| Excess income tax benefit from stock option exercises | 3.8 | 1.9 | 2.5 |
| Purchases of common stock for treasury | (214.1) | (325.6) | (460.7) |
| Cash dividends paid | (348.5) | (329.1) | (309.4) |
| Distributions paid to noncontrolling interests | (0.2) | - | - |
| Cash used in financing activities | (468.7) | (574.9) | (838.5) |
| Increase (decrease) in cash and cash equivalents | 145.7 | 1.3 | (22.0) |
| Cash and cash equivalents at beginning of year | 67.6 | 66.3 | 88.3 |
| Cash and cash equivalents at end of year | $ 213.3 | $ 67.6 | $ 66.3 |

The accompanying notes are an integral part of these financial statements.

## 1. BASIS OF PRESENTATION

Republic Services, Inc., a Delaware corporation, and its consolidated subsidiaries (also 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 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 dollar amounts in tabular presentations 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, multiemployer pension plans, 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 Consolidated Financial Statements. Our actual results may differ significantly from our estimates.

### Cash and Cash Equivalents

We consider liquid investments with a 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, 2013 and 2012, there were net book credit balances of $39.6 million and $51.0 million in our primary disbursement accounts that 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 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 generally 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.

**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 90 days outstanding. 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, 2013, 2012 and 2011:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Balance at beginning of year | $ 45.3 | $ 48.1 | $ 50.9 |
| Additions charged to expense | 16.1 | 29.7 | 21.0 |
| Accounts written-off | (23.1) | (32.5) | (23.8) |
| Balance at end of year | $ 38.3 | $ 45.3 | $ 48.1 |

**Restricted Cash and Marketable Securities**

As of December 31, 2013, we had $169.7 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.

**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:

| | |
|---|---|
| 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 $7.3 million, $8.4 million and $8.1 million for the years ended December 31, 2013, 2012 and 2011, 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 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 instruments 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 11, *Employee Benefit Plans,* and Note 16, *Financial Instruments*, for fair value disclosures related to our defined benefit pension plan investments and financial 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. We use 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.

**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 the expansion permit will be received.

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:

- Obtaining approval from local authorities;
- Submitting a permit application to state authorities; and
- 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, 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 respective ratios 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, 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 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, including 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 124 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 values using a credit-adjusted, risk-free interest rate. In general, the credit-adjusted, risk-free interest rate we used for liability recognition was 5.00% and 4.75% for the years ended December 31, 2013 and 2012, 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.

*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, environmental obligations are recorded on an undiscounted basis. Environmental obligations assumed in the acquisition of Allied, which were initially estimated on a discounted basis, are accreted to full value over time through charges to interest expense. Adjustments arising from changes in amounts and timing of estimated costs and settlements may result in increases or decreases in these obligations and are calculated on a discounted basis as they were initially estimated on a discounted basis. These adjustments are charged to operating income when they are known. We perform a comprehensive review of our environmental obligations annually and also review changes in facts and circumstances associated with these obligations at least quarterly. We have not reduced the liabilities we have recorded for recoveries from other potentially responsible parties or insurance companies.

**Business Combinations**

We acquire businesses in the waste industry, including non-hazardous waste collection, transfer, 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 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 4% 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, 2013, 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 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, 2013, we determined that the indicated fair value of our reporting units exceeded their carrying value by approximately 40% on average 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, non-compete agreements 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.

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 high 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 are included in discontinued operations. In addition, only components where we do not have significant continuing involvement with the divested operations 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.

**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.

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.

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 and the Internal Revenue Code, 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 period 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 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 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 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. 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 that require 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.

**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 companies to disclose 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. The adoption of the standard did not have an impact on our consolidated financial condition, results of operations or cash flows.

## 3. BUSINESS ACQUISITIONS, DISPOSITION OF ASSETS, ASSET IMPAIRMENTS AND RESTRUCTURING CHARGES

### Acquisitions

We acquired various solid waste businesses during the years ended December 31, 2013 and 2012. The aggregate cash used in these acquisitions, net of cash acquired, was $68.7 million and $95.3 million, respectively. The purchase price paid for these acquisitions during the years ended December 31, 2013 and 2012 and the allocation of the purchase price is as follows:

| | 2013 | 2012 |
|---|---|---|
| Purchase price: | | |
| Cash used in acquisitions, net of cash acquired | $ 68.7 | $ 95.3 |
| Holdbacks | 8.4 | 0.2 |
| Total | 77.1 | 95.5 |
| Allocated as follows: | | |
| Working capital | 1.0 | 4.0 |
| Property and equipment | 18.2 | 29.1 |
| Other liabilities, net | (4.3) | (5.8) |
| Fair value of assets acquired and liabilities assumed | 14.9 | 27.3 |
| Excess purchase price to be allocated | $ 62.2 | $ 68.2 |
| Excess purchase price to be allocated as follows: | | |
| Other intangible assets | 23.2 | 17.1 |
| Goodwill | 39.0 | 51.1 |
| Total allocated | $ 62.2 | $ 68.2 |

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.

### Disposition of Assets and Asset Impairments

During the year ended December 31, 2013, we recorded a net gain on disposition of assets and impairments of $1.9 million, primarily related to the 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 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. 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 were 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.

**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 the years ended December 31, 2013 and 2012, we incurred $8.6 million and $11.1 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 terms ranging from 2 to 5 years. During the year ended December 31, 2013, we paid $15.8 million related to these restructuring charges. As of December 31, 2013, $1.8 million remains accrued for severance and other employee termination benefits and lease exit costs. We expect any future expense related to such activities to be immaterial. Substantially all of these charges were recorded in our corporate segment.

## 4. PROPERTY AND EQUIPMENT, NET

A summary of property and equipment as of December 31 is as follows:

| | 2013 | 2012 |
|---|---|---|
| Other land | $ 377.6 | $ 376.9 |
| Non-depletable landfill land | 164.2 | 166.0 |
| Landfill development costs | 5,392.7 | 5,018.0 |
| Vehicles and equipment | 5,403.7 | 4,946.4 |
| Buildings and improvements | 935.6 | 864.2 |
| Construction-in-progress-landfill | 72.5 | 134.5 |
| Construction-in-progress-other | 13.3 | 53.3 |
| | 12,359.6 | 11,559.3 |
| Less: Accumulated depreciation, depletion and amortization: | | |
| Landfill development costs | (2,160.2) | (1,896.4) |
| Vehicles and equipment | (2,883.8) | (2,512.3) |
| Buildings and improvements | (278.8) | (240.3) |
| | (5,322.8) | (4,649.0) |
| Property and equipment, net | $ 7,036.8 | $ 6,910.3 |

Depreciation, amortization and depletion of property and equipment was $806.7 million, $778.4 million and $766.9 million for the years ended December 31, 2013, 2012 and 2011, respectively.

## 5. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

### Goodwill

A summary of the activity and balances in our goodwill accounts by reporting segment is as follows:

| | Balance as of December 31, 2012 | Acquisitions | Divestitures | Adjustments to Acquisitions | Balance as of December 31, 2013 |
|---|---|---|---|---|---|
| East | $ 3,014.9 | $ 7.0 | $ - | $ (1.7) | $ 3,020.2 |
| Central | 3,242.7 | 23.2 | - | (1.1) | 3,264.8 |
| West | 4,432.4 | 8.8 | (0.7) | (1.4) | 4,439.1 |
| Total | $ 10,690.0 | $ 39.0 | $ (0.7) | $ (4.2) | $ 10,724.1 |

| | Balance as of December 31, 2011 | Acquisitions | Divestitures | Adjustments to Acquisitions | Balance as of 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 |

Adjustments to acquisitions for the year ended December 31, 2013 and 2012 primarily related to deferred tax asset adjustments resulting from the exercise of legacy Allied stock options, which were recorded to goodwill in purchase accounting.

### 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 in other intangible assets accounts by intangible asset type is as follows:

| | Gross Intangible Assets | | | | Accumulated Amortization | | | Net Intangible Assets as of December 31, 2013 |
|---|---|---|---|---|---|---|---|---|
| | Balance as of December 31, 2012 | Acquisitions and Other Additions | Adjustments to Acquisitions/ Divestitures | Balance as of December 31, 2013 | Balance as of December 31, 2012 | Additions Charged to Expense | Balance as of December 31, 2013 | |
| Customer relationships, franchise and other municipal agreements | $ 579.0 | $ 19.9 | $ - | $ 598.9 | $ (252.4) | $ (57.3) | $ (309.7) | $ 289.2 |
| Trade names | 30.0 | - | - | 30.0 | (24.5) | (5.5) | (30.0) | - |
| Non-compete agreements | 20.4 | 3.2 | - | 23.6 | (12.0) | (2.8) | (14.8) | 8.8 |
| Other intangible assets | 63.5 | 0.6 | (0.2) | 63.9 | (45.3) | (0.8) | (46.1) | 17.8 |
| Total | $ 692.9 | $ 23.7 | $ (0.2) | $ 716.4 | $ (334.2) | $ (66.4) | $ (400.6) | $ 315.8 |

| | Gross Intangible Assets | | | | Accumulated Amortization | | | Net Intangible Assets as of December 31, 2012 |
|---|---|---|---|---|---|---|---|---|
| | Balance as of December 31, 2011 | Acquisitions and Other Additions | Adjustments to Acquisitions/ Divestitures | Balance as of December 31, 2012 | Balance as of December 31, 2011 | Additions Charged to Expense | Balance as of 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 |

Based on the amortizable intangible assets recorded in the consolidated balance sheet as of December 31, 2013, amortization expense for each of the next five years is estimated as follows:

| | |
|---|---|
| 2014 | $ 61.8 |
| 2015 | 61.4 |
| 2016 | 60.1 |
| 2017 | 58.7 |
| 2018 | 46.3 |

## 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:

| | 2013 | 2012 |
|---|---|---|
| Inventories | $ 37.8 | $ 34.5 |
| Prepaid expenses | 59.0 | 54.4 |
| Other non-trade receivables | 23.4 | 23.4 |
| Reinsurance receivable | 14.8 | 16.2 |
| Income tax receivable | 55.3 | 69.0 |
| Commodity and fuel hedge assets | 7.0 | 4.1 |
| Other current assets | 3.0 | 7.7 |
| Total | $ 200.3 | $ 209.3 |

**Other Assets**

A summary of other assets as of December 31 is as follows:

| | 2013 | 2012 |
|---|---|---|
| Deferred financing costs | $ 51.4 | $ 58.8 |
| Deferred compensation plan | 65.1 | 49.9 |
| Notes and other receivables | 19.5 | 17.9 |
| Reinsurance receivables | 46.9 | 59.7 |
| Other | 98.0 | 76.1 |
| Total | $ 280.9 | $ 262.4 |

## 7. OTHER LIABILITIES

**Other Accrued Liabilities**

A summary of other accrued liabilities as of December 31 is as follows:

| | 2013 | 2012 |
|---|---|---|
| Accrued payroll and benefits | $ 172.7 | $ 157.1 |
| Accrued fees and taxes | 121.3 | 124.2 |
| Self-insurance reserves, current portion | 136.6 | 135.5 |
| Ceded insurance reserves, current portion | 14.8 | 16.2 |
| Accrued dividends | 93.7 | 84.9 |
| Current tax liabilities | - | 2.1 |
| Restructuring liabilities | 1.8 | 9.0 |
| Accrued professional fees and legal settlement reserves | 28.3 | 34.6 |
| Other | 72.1 | 60.0 |
| Total | $ 641.3 | $ 623.6 |

Other accrued liabilities includes the fair value of fuel and recycling commodity hedges of $0.7 million and $1.6 million as of December 31, 2013 and 2012, respectively.

**Other Long-Term Liabilities**

A summary of other long-term liabilities as of December 31 is as follows:

| | 2013 | 2012 |
|---|---|---|
| Deferred compensation plan | $ 67.0 | $ 50.0 |
| Pension and other post-retirement liabilities | 6.5 | 12.7 |
| Legal settlement reserves | 27.3 | 36.4 |
| Ceded insurance reserves | 46.9 | 59.7 |
| Withdrawal liability – Central States Pension and Other Funds | 171.4 | 30.7 |
| Other | 59.9 | 31.4 |
| Total | $ 379.0 | $ 220.9 |

Other long-term liabilities includes the fair value of interest rate swaps of $4.4 million as of December 31, 2013.

**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 as of December 31, 2013 (which include claims for workers' compensation, general liability, vehicle liability and employee health care benefits) were $431.5 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 these 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:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Balance at beginning of year | $ 426.4 | $ 418.3 | $ 417.2 |
| Additions charged to expense | 379.1 | 385.5 | 367.3 |
| Payments | (377.2) | (381.6) | (372.1) |
| Accretion expense | 3.2 | 4.2 | 5.9 |
| Balance at end of year | 431.5 | 426.4 | 418.3 |
| Less: current portion | (136.6) | (135.5) | (114.4) |
| Long-term portion | $ 294.9 | $ 290.9 | $ 303.9 |

## 8. LANDFILL AND ENVIRONMENTAL COSTS

As of December 31, 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 currently have post-closure responsibility for 124 closed landfills.

A summary of our accrued landfill and environmental liabilities as of December 31 is as follows:

| | 2013 | 2012 |
|---|---|---|
| Landfill final capping, closure and post-closure liabilities | $ 1,091.3 | $ 1,052.4 |
| Environmental remediation | 551.7 | 563.7 |
| Total accrued landfill and environmental costs | 1,643.0 | 1,616.1 |
| Less: current portion | (178.7) | (195.5) |
| Long-term portion | $ 1,464.3 | $ 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 years ended December 31:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Asset retirement obligation liabilities, beginning of year | $ 1,052.4 | $ 1,037.0 | $ 1,046.5 |
| Non-cash additions | 36.5 | 33.8 | 33.9 |
| Acquisitions and other adjustments | (0.6) | (14.6) | 15.8 |
| Asset retirement obligation adjustments | 12.0 | (4.6) | (31.5) |
| Payments | (85.6) | (77.6) | (105.7) |
| Accretion expense | 76.6 | 78.4 | 78.0 |
| Asset retirement obligation liabilities, end of year | 1,091.3 | 1,052.4 | 1,037.0 |
| Less: current portion | (93.6) | (110.4) | (85.2) |
| Long-term portion | $ 997.7 | $ 942.0 | $ 951.8 |

We review our landfill asset retirement obligations annually. As a result, we recorded a net increase (decrease) in amortization expense of $(0.3) million, $4.9 million and $(9.6) million for 2013, 2012 and 2011, 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 $56.0 million as of December 31, 2013 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, 2013 are as follows:

| | |
|---|---|
| 2014 | $ 93.6 |
| 2015 | 119.4 |
| 2016 | 79.4 |
| 2017 | 78.1 |
| 2018 | 88.8 |
| Thereafter | 5,052.5 |
| | $ 5,511.8 |

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, 2013.

**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 as of December 31, 2013 would be approximately $446 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:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Environmental remediation liabilities, beginning of year | $ 563.7 | $ 543.7 | $ 552.1 |
| Net additions charged to expense | 83.7 | 62.4 | 3.6 |
| Payments | (122.5) | (73.1) | (45.0) |
| Accretion expense (non-cash interest expense) | 26.8 | 30.7 | 33.0 |
| Environmental remediation liabilities, end of year | 551.7 | 563.7 | 543.7 |
| Less: Current portion | (85.1) | (85.1) | (99.0) |
| Long-term portion | $ 466.6 | $ 478.6 | $ 444.7 |

The expected undiscounted future payments for remediation costs as of December 31, 2013 are as follows:

| | |
|---|---|
| 2014 | $ 85.1 |
| 2015 | 49.8 |
| 2016 | 44.6 |
| 2017 | 35.6 |
| 2018 | 42.3 |
| Thereafter | 349.0 |
| | $ 606.4 |

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 December 31, 2013, the remediation liability recorded for this site is $93.9 million, of which $30.9 million is expected to be paid during the next twelve months. We believe the remaining reasonably possible range of loss for remediation costs is $63 million to $342 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, 2013 is $47.0 million, of which $4.6 million is expected to be paid during the next twelve months. We believe the reasonably possible range of loss for remediation costs is $46 million to $67 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, 2013 is $82.7 million, of which $9.9 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.

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 as of December 31, 2013 and 2012 are listed in the following table, and are presented net of adjustments to fair value related to hedging transactions:

| | | 2013 | | | 2012 | | |
|---|---|---|---|---|---|---|---|
| Maturity | Interest Rate | Principal | Adjustments | Carry Value | Principal | Adjustments | Carry Value |
| **Credit facilities:** | | | | | | | |
| Uncommitted facility | Variable | $ - | $ - | $ - | $ 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 | (2.9) | 647.1 | 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 | (2.0) | 848.0 | 850.0 | (2.2) | 847.8 |
| May 2023 | 4.750 | 550.0 | (5.7) | 544.3 | 550.0 | (1.3) | 548.7 |
| March 2035 | 6.086 | 275.7 | (24.5) | 251.2 | 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 | (1.7) | 33.6 | 35.3 | (1.9) | 33.4 |
| September 2035 | 7.400 | 165.2 | (41.0) | 124.2 | 165.2 | (41.4) | 123.8 |
| **Tax-exempt:** | | | | | | | |
| 2014 - 2038 | 0.450 - 5.625 | 1,087.7 | - | 1,087.7 | 1,097.9 | (0.4) | 1,097.5 |
| **Other:** | | | | | | | |
| 2014 - 2046 | 5.000 - 12.203 | 86.0 | - | 86.0 | 87.2 | - | 87.2 |
| **Total Debt** | | $ 7,099.9 | $ (81.8) | 7,018.1 | $ 7,150.2 | $ (79.7) | 7,070.5 |
| Less: current portion | | | | (15.7) | | | (19.4) |
| Long-term portion | | | | $ 7,002.4 | | | $ 7,051.1 |

### Loss on Extinguishment of Debt

During 2013, 2012 and 2011, we completed financing transactions that resulted in cash paid for premiums and professional fees to repurchase debt, as well as non-cash charges for unamortized debt discounts and deferred issuance costs.

The following table summarizes the loss on extinguishment of debt for the years ended December 31, 2013, 2012, and 2011:

| | Principal Repaid | Cash Paid on Loss on Extinguishment of Debt | Non-cash Loss on Extinguishment of Debt | Total Loss on Extinguishment of Debt |
|---|---|---|---|---|
| **2013** | | | | |
| Tax-exempt financings | $ 189.1 | $ - | $ 2.1 | $ 2.1 |
| Loss on extinguishment of debt for the year ended December 31, 2013 | | $ - | $ 2.1 | $ 2.1 |
| **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 |

**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 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.

As of December 31, 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%. 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. We had $722.1 million and $909.4 million of letters of credit using availability under our Credit Facilities, leaving $1,527.9 million and $1,315.6 million of availability under our Credit Facilities as of December 31, 2013 and 2012, respectively. We were in compliance with the covenants under our Credit Facilities as of December 31, 2013.

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 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, 2013, we had no borrowings under our Uncommitted Credit Facility. As of December 31, 2012, we had $13.9 million of borrowings under our Uncommitted Credit Facility at an interest rate of 1.35%.

**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.

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.

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, 2013 and 2012, we had $1,087.7 million and $1,097.5 million, respectively, of fixed and variable rate tax-exempt financings outstanding with maturities ranging from 2014 to 2038. Approximately 85% of our tax-exempt financings are remarketed quarterly 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, 2013, we had $169.7 million of restricted cash and marketable securities, of which $21.9 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 $85.9 million and $87.0 million as of December 31, 2013 and 2012, respectively, with maturities ranging from 2014 to 2046.

**Future Maturities of Debt**

Aggregate principal maturities of notes payable, capital leases and other long-term debt as of December 31, 2013 are as follows:

| | |
|---|---|
| 2014 | $ 15.7 |
| 2015 | 10.2 |
| 2016 | 4.2 |
| 2017 | 4.5 |
| 2018 | 705.0 |
| Thereafter | 6,360.3 |
| | $ 7,099.9 |

**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 Expense and Interest Paid**

Interest paid was $324.0 million, $341.0 million and $396.2 million for the years ended December 31, 2013, 2012 and 2011, respectively. The components of interest expense are as follows:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Interest expense on debt and capital lease obligations | $ 319.8 | $ 338.5 | $ 372.9 |
| Accretion of debt discounts | 6.9 | 12.2 | 25.6 |
| Accretion of remediation reserves and other | 40.6 | 46.2 | 49.8 |
| Less: capitalized interest | (7.3) | (8.4) | (8.1) |
| Total interest expense | $ 360.0 | $ 388.5 | $ 440.2 |

**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 risks 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 the second half of 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 rebalancing our debt portfolio's ratio of fixed to floating interest rates. As of December 31, 2013, these swap agreements have a total notional value of $300.0 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 December 31, 2013, interest rate swap agreements are reflected at their fair value of $4.4 million and are included in other long-term liabilities and, to the extent they are effective, as an adjustment to long-term debt in our consolidated balance sheet. We recognized net interest income of $2.0 million during the year ended December 31, 2013 related to net swap settlements for these interest rate swap agreements, which is included as an offset to interest expense in our consolidated statement of income. For the year ended December 31, 2013, we recognized a gain on the change in fair value of the hedged senior notes attributable to changes in the benchmark interest rate totaling $4.5 million, with an offsetting loss on the related interest rate swaps totaling $4.4 million. The difference of these fair value changes represents hedge ineffectiveness, which is recorded directly in earnings as other income, net.

We previously entered into interest rate swap agreements with a total notional value of $210.0 million that matured in August 2011. This maturity was identical to unsecured notes that also matured in August 2011. Under these 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 due to periodic settlements of active swap agreements during year ended December 31, 2011. As of December 31, 2012 we had no interest rate swap agreements outstanding.

***Cash Flow Hedges***

As of December 31, 2013 and 2012, no interest rate lock cash flow hedges were outstanding. During the second quarter of 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.

As of December 31, 2013 and 2012, the effective portion of the interest rate locks, recorded as a component of accumulated other comprehensive income, was $23.0 million and $24.6 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 method. We expect to amortize $2.6 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, 2013, 2012 and 2011 was $2.7 million, $2.2 million and $1.4 million, respectively.

## 10. INCOME TAXES

The components of the provision for income taxes for the years ended December 31, are as follows:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Current: | | | |
| Federal | $ 289.6 | $ 228.7 | $ 201.7 |
| State | 35.3 | 29.2 | 38.6 |
| Deferred: | | | |
| Federal and state deferred provision | 3.8 | 83.9 | 334.8 |
| State deferred benefit - change in valuation allowance | (42.3) | - | - |
| Uncertain tax positions and interest, and other | (24.3) | (90.0) | (257.7) |
| Provision for income taxes | $ 262.1 | $ 251.8 | $ 317.4 |

The reconciliations of the statutory federal income tax rate to our effective tax rate for the years ended December 31, are as follows:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Federal statutory rate | 35.0% | 35.0% | 35.0% |
| State income taxes, net of federal benefit | 3.1 | 2.5 | 3.2 |
| Change in valuation allowance | (5.0) | - | - |
| Non-deductible expenses | 1.0 | 1.1 | 1.6 |
| Uncertain tax position taxes and interest | (1.8) | (4.7) | (2.5) |
| Other, net | (1.5) | (3.3) | (2.3) |
| Effective income tax rate | 30.8% | 30.6% | 35.0% |

Our 2013 effective tax rate was favorably impacted by approximately $42 million for adjustments to our valuation allowance, primarily due to the realizability of certain state loss carryforwards. In addition, our 2013 effective tax rate was favorably impacted by the settlement with the Internal Revenue Service (IRS) appeals division and the Joint Committee of Taxation during the first quarter of 2013 for tax years 2009 and 2010. This settlement benefited our 2013 tax provision by approximately $14 million due to the reversals of previously accrued tax and interest.

Our 2012 effective tax rate was favorably impacted by the settlement with the IRS appeals division for tax years 2004 to 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 for tax years 2000 to 2003. This settlement favorably impacted our 2011 tax provision by approximately $23 million due to the reversals of previously accrued tax and interest.

In addition, our 2013, 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 $9.6 million, $16 million and $19 million, respectively.

During 2013 and 2011, we incurred charges of $0.3 million and $7.1 million, respectively, for dispositions of goodwill that had no corresponding tax basis, and thus, were non-deductible for tax purposes. During 2012, we did not dispose of any goodwill without corresponding tax basis.

The components of the net deferred income tax asset and liability as of December 31, 2013 and 2012 are as follows:

| | 2013 | 2012 |
|---|---|---|
| Deferred tax liabilities relating to: | | |
| Differences between book and tax basis of property | $ (983.6) | $ (955.6) |
| Difference between book and tax basis of intangible assets | (692.5) | (676.5) |
| Basis difference due to redemption of partnership interests | (128.5) | (128.6) |
| Total liabilities | $ (1,804.6) | $ (1,760.7) |
| Deferred tax assets relating to: | | |
| Environmental reserves | $ 356.0 | $ 348.3 |
| Accruals not currently deductible | 244.2 | 232.2 |
| State net operating loss carryforwards | 126.4 | 130.2 |
| Difference between book and tax basis of other assets | 111.4 | 92.4 |
| Deferred taxes on uncertain tax positions | 16.4 | 17.5 |
| Other | 5.5 | 5.8 |
| Total assets | 859.9 | 826.4 |
| Valuation allowance | (76.9) | (124.8) |
| Net deferred tax asset | 783.0 | 701.6 |
| Net deferred tax liabilities | $ (1,021.6) | $ (1,059.1) |

Changes in the deferred tax valuation allowance for the years ended December 31, 2013, 2012 and 2011 are as follows:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Valuation allowance, beginning of year | $ 124.8 | $ 118.1 | $ 120.1 |
| Additions charged to income | 0.1 | 1.9 | 2.1 |
| Realized deferred tax assets | (42.3) | (3.2) | (4.3) |
| Expirations of state net operating losses | - | (0.3) | (0.3) |
| Other, net | (5.7) | 8.3 | 0.5 |
| Valuation allowance, end of year | $ 76.9 | $ 124.8 | $ 118.1 |

In assessing the realizability of deferred tax assets, we consider 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.

During the three months ended December 31, 2013, we determined that it is more likely than not that we will realize a portion of our deferred tax asset related to certain state loss carryforwards. Most of these loss carryforwards are attributable to a specific subsidiary for which we have historically provided a valuation allowance due to uncertainty surrounding the future utilization of these carryforwards in the taxing jurisdictions where the loss carryforwards exist. The realization of this deferred tax asset depends upon the existence of sufficient taxable income in future periods. We evaluated both positive and negative evidence and determined it is more likely than not that a portion of these loss carryforwards will be realized. This resulted in a reduction to our valuation allowance for these loss carryforwards of approximately $43.5 million for the year and three months ended December 31, 2013.

In our evaluation of the need for a valuation allowance, the most significant piece of evidence considered was the objective, direct positive evidence of recent financial results. We also considered our future projections of positive annual income for the specific subsidiary where the majority of the state loss carryforwards reside. From this subsidiary's inception in 1996 through 2008, significant annual losses were reported. Subsequent to our 2008 merger with Allied, annual losses were reported in both 2009 and 2010. In 2011, this subsidiary reported a profit for the first time in its operating history and reported improving annual income in both 2012 and 2013. The primary factors for this gradual migration towards profitability were the continued refinancing of our senior notes and debentures, reductions in this subsidiary's intercompany indebtedness and ongoing operational improvements that have included operational restructurings within our consolidated group. These factors, combined with the expected stable, predictable nature of our business, have led us to conclude that it is more likely than not that we will recognize an incremental benefit from our existing state loss carryforwards.

In prior periods, the most significant piece of negative evidence we considered was this subsidiary's cumulative loss position. As of December 31, 2013, this subsidiary was no longer in a cumulative loss position, thus, this piece of negative evidence, which is given significant weight, no longer exists.

We have state net operating loss carryforwards with an estimated tax effect of $126.4 million available as of December 31, 2013. These state net operating loss carryforwards expire at various times between 2014 and 2033. We believe that it is more likely than not that the benefit from certain state net operating loss carryforwards will not be realized due to limitations on loss carryforward periods in certain states. In recognition of this risk, as of December 31, 2013, we have provided a valuation allowance of $70.6 million. Also, as of December 31, 2013, we have provided a valuation allowance of $6.3 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 $41 million and $40 million as of December 31, 2013 and 2012, 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 $288 million, $185 million and $173 million for 2013, 2012 and 2011, respectively.

Income taxes paid in 2013 reflect the favorable tax depreciation provisions of the American Tax Relief Act of 2012, signed into law on January 2, 2013. This legislation extended 50% bonus depreciation for property placed in service during 2013. This extension helped mitigate the negative impact from the reversal of bonus depreciation taken in prior years.

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 50% bonus depreciation for property placed in service in 2012.

We and our subsidiaries are subject to income tax in the United States 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.

The following table summarizes the activity in our gross unrecognized tax benefits for the years ended December 31:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Balance at beginning of year | $ 84.7 | $ 54.3 | $ 222.8 |
| Additions based on tax positions related to current year | 0.3 | 0.9 | - |
| Additions for tax positions of prior years | 11.4 | 64.0 | 0.6 |
| Reductions for tax positions of prior years | (2.4) | - | (162.2) |
| Reductions for tax positions resulting from lapse of statute of limitations | (1.3) | (7.3) | - |
| Settlements | (20.7) | (27.2) | (6.9) |
| Balance at end of year | $ 72.0 | $ 84.7 | $ 54.3 |

During 2013, we settled with the IRS appeals division and the Joint Committee on Taxation our 2009 and 2010 tax years. The resolution of these tax periods in addition to various state tax resolutions during the year reduced our gross unrecognized tax benefits by $20.7 million.

During 2012, we settled with the IRS appeals division our 2004 to 2008 tax years. The resolution of these tax periods reduced our gross unrecognized tax benefits by $27.2 million. During 2011, we settled with the IRS appeals division our 2000 to 2003 tax years. 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.

Included in our gross unrecognized tax benefits as of December 31, 2013 and 2012 are $46.8 million and $59.9 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 $1.2 million during 2013 and, in total as of December 31, 2013, have recognized a liability for penalties of $0.5 million and interest of $17.0 million.

During 2012, we accrued interest of approximately $1 million and, in total as of December 31, 2012, had 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.

Gross unrecognized tax benefits that we expect to settle in the following twelve months are in the range of $10 million to $20 million; however, it is reasonably possible that the amount of unrecognized tax benefits will increase or decrease in the next twelve months.

We are under state examination in various jurisdictions for various tax years. 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.

## 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, and in May 2011 our stockholders ratified the Amended and Restated Plan Republic Services, Inc. 2007 Stock Incentive Plan. In May 2013, our board of directors approved the Republic Services, Inc. Amended and Restated 2007 Stock Incentive Plan (the Amended and Restated Plan). We currently have 17.1 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.

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 Republic as the new sponsor of the Plan, and that any references to shares of common stock are to shares of common stock of Republic, and to adjust outstanding awards and the number of shares available under

the Plan to reflect the Allied 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 and its subsidiaries who were not employed by Republic prior to such date. As of December 31, 2013, there were approximately 15.6 million shares of common stock reserved for future grants under the 2006 Plan.

**Stock Options**

We use a lattice 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 periods 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, 2013, 2012 and 2011 were $5.27, $4.77 and $5.35 per option, respectively, which were calculated using the following weighted-average assumptions:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Expected volatility | 28.9% | 27.8% | 27.3% |
| Risk-free interest rate | 0.7% | 0.8% | 1.7% |
| Dividend yield | 3.2% | 3.2% | 2.7% |
| Expected life (in years) | 4.5 | 4.5 | 4.4 |
| Contractual life (in years) | 7.0 | 7.0 | 7.0 |

The following table summarizes stock option activity for the years ended December 31, 2013, 2012 and 2011:

| | 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, 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 as of 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 as of December 31, 2012 | 13.7 | 27.51 | | |
| Granted | 3.0 | 31.21 | | |
| Exercised | (5.5) | 26.48 | | $ 36.0 |
| Forfeited or expired | (0.7) | 30.02 | | |
| Outstanding as of December 31, 2013 | 10.5 | $ 28.91 | 4.3 | $ 44.8 |
| Exercisable as of December 31, 2013 | 4.3 | $ 27.11 | 3.0 | $ 26.3 |

During 2013, 2012 and 2011, compensation expense for stock options was $12.9 million, $13.2 million and $13.1 million, respectively.

As of December 31, 2013, 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 2013, 2012 and 2011 was $10.8 million, $10.9 million and $8.7 million, respectively.

We classified excess tax benefits of $3.8 million, $1.9 million and $2.5 million as cash flows from financing activities for 2013, 2012 and 2011, respectively. All other tax benefits related to stock options have been presented as a component of cash flows from operating activities.

**Other Stock Awards**

The following table summarizes restricted stock unit and restricted stock activity for the years ended December 31, 2013, 2012 and 2011:

| | 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) |
|---|---|---|---|---|
| Unissued as of 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 as of 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 as of December 31, 2012 | 905.3 | 27.51 | | |
| Granted | 361.8 | 30.16 | | |
| Vested and issued | (243.0) | 28.16 | | |
| Forfeited | (27.1) | 30.66 | | |
| Unissued as of December 31, 2013 | 997.0 | $ 28.48 | 0.6 | $ 33.1 |
| Vested and unissued as of December 31, 2013 | 618.0 | $ 26.96 | | |

During 2013, we awarded our non-employee directors 72,842 restricted stock units, which vested immediately. During 2013, we awarded 237,721 and 21,223 restricted stock units to executives and employees, respectively, that vest in four equal annual installments beginning on the anniversary date of the original grant. In addition, 30,009 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.

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. Also, we granted 22,805 shares of restricted stock to an executive that vested upon his retirement in January 2013.

During 2011, we awarded our non-employee directors 82,500 restricted stock units, 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.

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.

During 2013, 2012 and 2011, compensation expense related to restricted stock units and restricted shares totaled $6.3 million, $8.0 million and $7.5 million, respectively. As of December 31, 2013, total unrecognized compensation expense related to outstanding restricted stock units and restricted shares was $7.8 million, which will be recognized over a weighted average period of four years.

**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.

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 enacted in 2006 (the PPA). No contributions were made in 2013 or 2012.

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.

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, 2013 and 2012:

| | Defined Benefit Pension Plan | |
|---|---|---|
| | 2013 | 2012 |
| Accumulated benefit obligation | $ 261.7 | $ 301.4 |
| Change in projected benefit obligation: | | |
| Projected benefit obligation at beginning of year | $ 301.4 | $ 343.5 |
| Interest cost | 11.0 | 13.1 |
| Actuarial gain | (14.9) | (6.9) |
| Benefits paid | (35.8) | (48.3) |
| Projected benefit obligation at end of year | $ 261.7 | $ 301.4 |
| Change in plan assets: | | |
| Fair value of plan assets at beginning of year | $ 295.3 | $ 303.6 |
| Actual return on plan assets | 13.2 | 43.0 |
| Estimated expenses | (2.9) | (3.0) |
| Benefits paid | (35.8) | (48.3) |
| Fair value of plan assets at end of year | $ 269.8 | $ 295.3 |
| Funded (unfunded) status | $ 8.1 | $ (6.1) |
| Amounts recognized in the statement of financial position consist of: | | |
| Noncurrent assets and (liabilities) | $ 8.1 | $ (6.1) |
| Net amount recognized | $ 8.1 | $ (6.1) |
| Weighted average assumptions used to determine benefit obligations: | | |
| Discount rate | 4.50% | 3.70% |
| 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 as of December 31, 2013 and 2012 were $35.5 million and $27.1 million, respectively.

The components of the net periodic benefit cost for the years ended December 31 are summarized below:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Components of net periodic benefit cost: | | | |
| Service cost | $ 2.9 | $ 3.0 | $ 3.0 |
| Interest cost | 11.0 | 13.1 | 17.0 |
| Expected return on plan assets | (16.2) | (18.9) | (23.5) |
| Recognized net actuarial gain | (0.2) | - | (0.5) |
| Amortization of prior service cost | 0.1 | 0.1 | 0.1 |
| Settlement income | (3.5) | (2.2) | (5.9) |
| Net periodic benefit cost | $ (5.9) | $ (4.9) | $ (9.8) |
| Weighted average assumptions used to determine net periodic benefit cost: | | | |
| Discount rate | 3.90% | 3.60% | 5.25% |
| Expected return on plan assets | 6.00% | 6.50% | 7.25% |
| Rate of compensation increase | N/A | N/A | N/A |

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 2013 and actual asset allocation as of December 31, 2013 and 2012 for our defined benefit pension plan:

| | Target Asset Allocation | 2013 Actual Asset Allocation | 2012 Actual Asset Allocation |
|---|---|---|---|
| Debt securities | 70% | 70% | 70% |
| Equity securities | 30 | 30 | 30 |
| Total | 100% | 100% | 100% |

For 2014, 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 6.35%. While we believe we can achieve a long-term average return of 6.35%, 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 reduces 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, 2013 and 2012:

| | | Fair Value Measurements Using | | |
|---|---|---|---|---|
| | Total as of December 31, 2013 | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Money market accounts | $ 5.1 | $ 5.1 | $ - | $ - |
| Common stock | 13.5 | 13.5 | - | - |
| Mutual funds and real estate investment trusts | 170.7 | 128.5 | 42.2 | - |
| Bonds | 80.1 | - | 80.1 | - |
| Limited partnerships | 0.4 | - | - | 0.4 |
| Total assets | $ 269.8 | $ 147.1 | $ 122.3 | $ 0.4 |

| | | 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) |
| Money market accounts | $ 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 |

Estimated future benefit payments for the next ten years under the Plan are as follows:

| | |
|---|---|
| 2014 | $ 19.7 |
| 2015 | 18.8 |
| 2016 | 18.8 |
| 2017 | 18.7 |
| 2018 | 18.4 |
| 2019 through 2023 | 89.2 |

**Collective Bargaining Agreements**

As of December 31, 2013, approximately 26% of our workforce was represented by various labor unions, and approximately 5% of our workforce was covered by collective bargaining agreements that are set to expire during 2014.

**Multiemployer Pension Plans**

We contribute to 26 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 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 position, results of operations or cash flows.

Republic's participation in individually significant multiemployer pension plans for the year ended December 31, 2013 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 2013 and 2012 is for the plans' year ended September 30 or December 31, 2012 and 2011, 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 2013, 2012 and 2011 contributions.

| | | Pension Protection Act Zone Status | | Funding Improvement or Rehabilitation Plan Status Pending / | Republic Contributions to Plan | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Legal Plan Name | EIN | 2012 | 2011 | Implemented | 2013 | 2012 | 2011 | Surcharge Imposed | Expiration of CBA |
| Central States, Southeast and Southwest Areas Pension Fund | 36-6044243 | Critical | Critical | Implemented | $ 1.8 | $ 3.5 | $ 3.9 | No | N/A |
| Local 731 Private Scavengers and Garage Attendants Pension Trust Fund | 36-6513567 | Critical | Endangered | Implemented | 6.9 | 6.3 | 3.4 | No | 10/01/13 - 9/30/18 |
| Western Conference of Teamsters Pension Plan | 91-6145047 | Safe | Safe | No | 25.3 | 26.7 | 31.6 | No | 12/31/09 - 12/31/18 |
| Individually significant plans | | | | | 34.0 | 36.5 | 38.9 | | |
| All other plans | N/A | N/A | N/A | N/A | 9.8 | 9.0 | 9.8 | N/A | |
| Total | | | | | $ 43.8 | $ 45.5 | $ 48.7 | | |

We are listed in the Form 5500 for Local 731 Private Scavengers and Garage Attendants Pension Trust Fund as providing more than 5% of the total contributions. At the date these financial statements were issued, Forms 5500 were not available for the plan years ending September 30, 2013 or December 31, 2013.

***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 partially withdrew from participation in the Fund in 2012 and completely withdrew from the Fund in 2013. Accordingly, we will be required to make payments to the Fund for our allocated share of its unfunded vested liabilities.

As of December 31, 2013, we accrued a liability associated with our withdrawal from the Fund of $169.3 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 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.

**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 2013, 2012 and 2011 was $30.1 million, $28.7 million and $28.9 million, respectively.

**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 DCP, 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 $65.1 million and $49.9 million as of December 31, 2013 and 2012, respectively, and is classified in other assets in our consolidated balance sheets. The DCP liability was $67.0 million and $50.0 million as of December 31, 2013 and 2012, 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 our common stock for 95% of its quoted market price on the last day of each calendar quarter. For the years ended December 31, 2013, 2012 and 2011, issuances under this plan totaled 142,217 shares, 169,624 shares and 136,621 shares, respectively. As of December 31, 2013, shares reserved for issuance to employees under this plan totaled 0.9 million and Republic held employee contributions of approximately $1.1 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, 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 2013, we repurchased 6.5 million shares of our stock for $213.6 million at a weighted average cost per share of $32.92. 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.

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 $357.3 million, $332.5 million and $314.1 million for the years ended December 31, 2013, 2012 and 2011, respectively. As of December 31, 2013, we recorded a quarterly dividend payable of $93.7 million to stockholders of record at the close of business on January 2, 2014.

## 13. EARNINGS PER SHARE

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 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, 2013, 2012 and 2011 are calculated as follows (in thousands, except per share amounts):

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Basic earnings per share: | | | |
| Net income attributable to Republic Services, Inc. | $ 588,900 | $ 571,800 | $ 589,200 |
| Weighted average common shares outstanding | 362,054 | 366,883 | 375,961 |
| Basic earnings per share | $ 1.63 | $ 1.56 | $ 1.57 |
| Diluted earnings per share: | | | |
| Net income attributable to Republic Services, Inc. | $ 588,900 | $ 571,800 | $ 589,200 |
| Weighted average common shares outstanding | 362,054 | 366,883 | 375,961 |
| Effect of dilutive securities: | | | |
| Options to purchase common stock | 1,332 | 1,008 | 1,495 |
| Unvested restricted stock awards | 36 | 129 | 149 |
| Weighted average common and common equivalent shares outstanding | 363,422 | 368,020 | 377,605 |
| Diluted earnings per share | $ 1.62 | $ 1.55 | $ 1.56 |
| Antidilutive securities not included in the diluted earnings per share calculations: | | | |
| Options to purchase common stock | 1,658 | 7,876 | 4,546 |

## 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 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 domestic non-hazardous solid waste.

Summarized financial information concerning our reportable segments for the years ended December 31, 2013, 2012 and 2011 is shown in the following table:

| | Gross Revenue | Intercompany Revenue | Net Revenue | Depreciation, Amortization, Depletion and Accretion | Operating Income (Loss) | Capital Expenditures | Total Assets |
|---|---|---|---|---|---|---|---|
| **2013:** | | | | | | | |
| East | $ 2,857.4 | $ (401.4) | $ 2,456.0 | $ 257.6 | $ 451.0 | $ 260.7 | $ 4,972.3 |
| Central | 3,098.5 | (586.4) | 2,512.1 | 304.6 | 494.5 | 297.5 | 5,794.7 |
| West | 4,049.8 | (725.4) | 3,324.4 | 342.8 | 766.6 | 303.4 | 8,274.9 |
| Corporate entities | 139.0 | (14.3) | 124.7 | 49.0 | (501.8) | 19.2 | 907.3 |
| Total | $ 10,144.7 | $ (1,727.5) | $ 8,417.2 | $ 954.0 | $ 1,210.3 | $ 880.8 | $ 19,949.2 |
| **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 | $ 9,731.5 | $ (1,613.2) | $ 8,118.3 | $ 926.9 | $ 1,320.6 | $ 903.5 | $ 19,616.9 |
| **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 | $ 9,758.9 | $ (1,566.0) | $ 8,192.9 | $ 921.6 | $ 1,552.7 | $ 936.5 | $ 19,551.5 |

Intercompany revenue reflects transactions within and between segments that are generally made on a basis intended to reflect the market value of such services. Capital expenditures for corporate entities primarily include vehicle inventory acquired but not yet assigned to operating locations and facilities. Corporate functions include legal, tax, treasury, information technology, risk management, human resources, corporate accounts, closed landfills and other administrative functions. During the years ended December 31, 2013 and 2012, environmental remediation charges were incurred at our closed Bridgeton Landfill in Missouri. See Note 8, *Landfill and Environmental Costs*, for a summary of these charges. During 2013 and 2012, we recorded charges related to our withdrawal from the Central States, Southeast and Southwest Areas Pension Fund. See Note 11, *Employee Benefit Plans*, for a summary of our withdrawal and the related estimated withdrawal liability.

The following table shows our total reported revenue by line of business for the respective years ended December 31 (in millions and as a percentage of revenue). Intercompany revenue has been eliminated.

| | 2013 | | 2012 | | 2011 | |
|---|---|---|---|---|---|---|
| Collection: | | | | | | |
| Residential | $ 2,175.5 | 25.8% | $ 2,155.7 | 26.6% | $ 2,135.7 | 26.1% |
| Commercial | 2,616.9 | 31.1 | 2,523.2 | 31.1 | 2,487.5 | 30.4 |
| Industrial | 1,639.4 | 19.5 | 1,544.2 | 19.0 | 1,515.4 | 18.5 |
| Other | 34.7 | 0.4 | 33.4 | 0.4 | 32.9 | 0.4 |
| Total collection | 6,466.5 | 76.8 | 6,256.5 | 77.1 | 6,171.5 | 75.4 |
| Transfer | 1,021.8 | | 964.5 | | 994.2 | |
| Less: Intercompany | (615.2) | | (575.3) | | (572.8) | |
| Transfer, net | 406.6 | 4.8 | 389.2 | 4.8 | 421.4 | 5.1 |
| Landfill | 1,927.2 | | 1,863.3 | | 1,867.6 | |
| Less: Intercompany | (902.2) | | (862.5) | | (846.9) | |
| Landfill, net | 1,025.0 | 12.2 | 1,000.8 | 12.3 | 1,020.7 | 12.5 |
| Sale of recyclable materials | 374.6 | 4.5 | 349.0 | 4.3 | 438.6 | 5.4 |
| Other non-core | 144.5 | 1.7 | 122.8 | 1.5 | 140.7 | 1.6 |
| Other | 519.1 | 6.2 | 471.8 | 5.8 | 579.3 | 7.0 |
| Total revenue | $ 8,417.2 | 100.0% | $ 8,118.3 | 100.0% | $ 8,192.9 | 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.

## 15. CHANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME BY COMPONENT

A summary of changes in accumulated other comprehensive loss (income) by component, net of tax, for the years ended December 31, 2013, 2012 and 2011 follows:

| | Gains and Losses on Cash Flow Hedges | Defined Benefit Pension Items | Total |
|---|---|---|---|
| Balance as of December 31, 2010 | $ 5.4 | $ (27.3) | $ (21.9) |
| Other comprehensive income before reclassifications | 24.0 | 20.7 | 44.7 |
| Amounts reclassified from accumulated other comprehensive income | (4.9) | 3.6 | (1.3) |
| Net current-period other comprehensive income | 19.1 | 24.3 | 43.4 |
| Balance as of December 31, 2011 | 24.5 | (3.0) | 21.5 |
| Other comprehensive income before reclassifications | (3.7) | (15.6) | (19.3) |
| Amounts reclassified from accumulated other comprehensive income | 2.3 | 1.3 | 3.6 |
| Net current-period other comprehensive income | (1.4) | (14.3) | (15.7) |
| Balance as of December 31, 2012 | 23.1 | (17.3) | 5.8 |
| Other comprehensive income before reclassifications | (4.0) | (7.1) | (11.1) |
| Amounts reclassified from accumulated other comprehensive income | 0.2 | 2.1 | 2.3 |
| Net current-period other comprehensive income | (3.8) | (5.0) | (8.8) |
| Balance as of December 31, 2013 | $ 19.3 | $ (22.3) | $ (3.0) |

A summary of reclassifications out of accumulated other comprehensive income for the years ended December 31, 2013, 2012 and 2011 is as follows:

| Details about Accumulated Other Comprehensive Income Components | 2013 | 2012 | 2011 | Affected Line Item in the Statement Where Net Income is Presented |
|---|---|---|---|---|
| | Amount Reclassified from Accumulated Other Comprehensive Income | | | |
| Gains (losses) on cash flow hedges: | | | | |
| Recycling commodity hedges | $ 0.2 | $ 3.3 | $ (7.8) | Revenue |
| Fuel hedges | 2.9 | 2.8 | 0.9 | Cost of operations |
| Interest rate contracts | (2.7) | (2.2) | (1.4) | Interest expense |
| | 0.4 | 3.9 | (8.3) | Total before tax |
| | (0.2) | (1.6) | 3.4 | Tax benefit (expense) |
| | 0.2 | 2.3 | (4.9) | Net of tax |
| Pension gains: | | | | |
| Pension settlement | $ 3.5 | $ 2.2 | $ 6.1 | Selling, general and administrative |
| | (1.4) | (0.9) | (2.5) | Tax expense |
| | 2.1 | 1.3 | 3.6 | Net of tax |
| Total gains (losses) reclassified into earnings | $ 2.3 | $ 3.6 | $ (1.3) | |

## 16. 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 December 31, 2013:

| Year | Gallons Hedged | Weighted Average Contract Price per Gallon |
|---|---|---|
| 2014 | 27,000,000 | $3.81 |
| 2015 | 18,000,000 | 3.74 |
| 2016 | 12,000,000 | 3.68 |

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 counterparty.

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 aggregate fair values of our outstanding fuel hedges as of December 31, 2013 and 2012 were current assets of $6.7 million and $3.1 million, respectively, and current liabilities of $0.1 million and $0.4 million, respectively, and have been recorded in other 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 years ended December 31, 2013, 2012 and 2011, and have been recorded in other income (expense), net in our consolidated statements of income.

Total gain (loss) recognized in other comprehensive income for fuel hedges (the effective portion) was $2.4 million, $3.4 million and $(1.7) million, for the years ended December 31, 2013, 2012 and 2011, respectively.

### 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 (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 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 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. 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 variability of cash flows for forecasted sales of OCC and ONP between two designated strike prices.

As of December 31, 2013, we had outstanding costless collar hedges for OCC totaling 90,000 tons with a weighted average floor strike price of $90.20 per ton and a weighted average cap strike price of $139.20 per ton, all of which will be settled in 2014. As of December 31, 2013, there were no outstanding costless collar hedges for ONP. Costless collar hedges are recorded on our consolidated balance sheets at fair value. Fair values of 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 as of December 31, 2013 and 2012 were current assets of $0.3 million and $1.0 million, respectively, and current liabilities of $0.6 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 each of the years ended December 31, 2013, 2012, and 2011, and have been recorded in other income (expense), net in our consolidated statements of income.

Total gain (loss) recognized in other comprehensive income for recycling commodity hedges (the effective portion) was $(0.1) million, $(0.6) million and $3.0 million for the years ended December 31, 2013, 2012 and 2011, respectively.

**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.

The carrying value for certain of our financial instruments, including cash, accounts receivable, accounts payable and certain other accrued liabilities, approximates fair value because of their short-term nature.

The following tables summarize the carrying amount and fair value of our other financial instruments as of December 31, 2013 and 2012:

| | December 31, 2013 | | | | |
|---|---|---|---|---|---|
| | | Fair Value | | | |
| | Carrying Amount | Total | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Assets: | | | | | |
| Money market mutual funds | $ 176.0 | $ 176.0 | $ 176.0 | $ - | $ - |
| Bonds - restricted cash | 36.6 | 36.6 | - | 36.6 | - |
| Fuel hedges - other current assets | 6.7 | 6.7 | - | 6.7 | - |
| Commodity hedges - other current assets | 0.3 | 0.3 | - | 0.3 | - |
| Total assets | $ 219.6 | $ 219.6 | $ 176.0 | $ 43.6 | $ - |
| Liabilities: | | | | | |
| Fuel hedges - other accrued liabilities | $ 0.1 | $ 0.1 | $ - | $ 0.1 | $ - |
| Commodity hedges - other accrued liabilities | 0.6 | 0.6 | - | 0.6 | - |
| Interest rate swaps - other liabilities | 4.4 | 4.4 | - | 4.4 | - |
| Total debt | 7,018.1 | 7,538.1 | - | 7,538.1 | - |
| Total liabilities | $ 7,023.2 | $ 7,543.2 | $ - | $ 7,543.2 | $ - |

| | December 31, 2012 | | | | |
|---|---|---|---|---|---|
| | | Fair Value | | | |
| | Carrying Amount | Total | 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 | $ 62.8 | $ - | $ - |
| Bonds - restricted cash | 40.1 | 40.1 | - | 40.1 | - |
| Fuel hedges - other current assets | 3.1 | 3.1 | - | 3.1 | - |
| Commodity hedges - other current assets | 1.0 | 1.0 | - | 1.0 | - |
| Total assets | $ 107.0 | $ 107.0 | $ 62.8 | $ 44.2 | $ - |
| Liabilities: | | | | | |
| Fuel hedges - other accrued liabilities | $ 0.4 | $ 0.4 | $ - | $ 0.4 | $ - |
| Commodity hedges - other accrued liabilities | 1.2 | 1.2 | - | 1.2 | - |
| Total debt | 7,070.5 | 8,099.2 | - | 8,099.2 | - |
| Total liabilities | $ 7,072.1 | $ 8,100.8 | $ - | $ 8,100.8 | $ - |

The fair value of our fixed rate senior notes and debentures using observable market inputs was $6.4 billion and $6.9 billion as of December 31, 2013 and 2012, respectively. The carrying value of these notes and debentures was $5.8 billion as of December 31, 2013 and 2012. The carrying amounts of our remaining notes payable and tax-exempt financing approximate fair value because interest rates are primarily variable and, accordingly, approximate current market rates for instruments with similar risk and maturities. See Note 9, *Debt,* for further information related to our debt.

## 17. 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*; and (2) environmental remediation liabilities, which are discussed in Note 8, *Landfill and Environmental Costs.*

We accrue for legal proceedings when losses become probable and reasonably estimable. We have recorded an aggregate accrual of approximately $51 million relating to our outstanding legal proceedings as of December 31, 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 $67 million higher than the amount recorded as of December 31, 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 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 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 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 Congress Landfill. The remediation liability recorded as of December 31, 2013 is $82.7 million, of which $9.9 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 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 8, *Landfill and Environmental Costs*, 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 December 31, 2013, the remediation liability recorded for this site is $93.9 million, of which $30.9 million is expected to be paid during the next twelve months. We believe the remaining reasonably possible range of loss for remediation costs is $63.0 million to $342.0 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.

**Lease Commitments**

We and our subsidiaries lease real property, equipment and software under various operating leases with remaining terms from one month to 23 years. Rent expense during the years ended December 31, 2013, 2012 and 2011 was $47.8 million, $46.0 million and $49.9 million, respectively.

Future minimum lease obligations under non-cancelable operating leases with initial terms in excess of one year as of December 31, 2013 are as follows:

| | |
|---|---|
| 2014 | $ 26.1 |
| 2015 | 21.6 |
| 2016 | 18.3 |
| 2017 | 17.6 |
| 2018 | 14.5 |
| Thereafter | 64.0 |
| | $ 162.1 |

**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 2033 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 as of December 31, 2013 are as follows:

| | |
|---|---|
| 2014 | $ 266.7 |
| 2015 | 58.4 |
| 2016 | 38.4 |
| 2017 | 34.4 |
| 2018 | 29.3 |
| Thereafter | 231.3 |
| | $ 658.5 |

**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 as of December 31:

| | 2013 | 2012 |
|---|---|---|
| Letters of credit | $ 782.7 | $ 1,007.6 |
| Surety bonds | 2,819.9 | 2,741.5 |

The letters of credit used $722.1 million and $909.4 million as of December 31, 2013 and 2012, respectively, of availability under our Credit Facilities. Surety bonds subject to expiration will expire on various dates through 2037.

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:

| | 2013 | 2012 |
|---|---|---|
| Financing proceeds | $ 21.9 | $ 24.7 |
| Capping, closure and post-closure obligations | 56.0 | 54.8 |
| Self-insurance | 88.4 | 81.3 |
| Other | 3.4 | 3.4 |
| Total restricted cash and marketable securities | $ 169.7 | $ 164.2 |

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 this 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 $1,175.6 million was outstanding as of December 31, 2013. Our reimbursement obligations under these bonds are secured by an indemnity agreement with the investee and letters of credit totaling $15.8 million and $23.4 million as of December 31, 2013 and 2012.

**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.

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.

## 18. SELECTED QUARTERLY FINANCIAL DATA (unaudited)

The following tables summarize our unaudited consolidated quarterly results of operations as reported for 2013 and 2012:

| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
|---|---|---|---|---|
| **2013:** | | | | |
| Revenue | $1,998.6 | $2,111.7 | $2,165.4 | $2,141.5 |
| Operating income | 274.2 | 181.2 | 352.3 | 402.6 |
| Net income | 124.9 | 56.4 | 171.1 | 236.7 |
| Net income attributable to Republic Services, Inc. | 124.6 | 56.3 | 171.4 | 236.6 |
| Diluted earnings per common share | 0.34 | 0.15 | 0.47 | 0.65 |
| **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 |

During the years ended December 31, 2013 and 2012, environmental remediation charges were incurred at our closed Bridgeton Landfill in Missouri. See Note 8, *Landfill and Environmental Costs*, for a summary of these charges. During 2013 and 2012, we recorded charges related to our withdrawal from the Central States, Southeast and Southwest Areas Pension Fund. See Note 11, *Employee Benefit Plans*, for a summary of our withdrawal and the related estimated withdrawal liability. During the fourth quarter of 2013, we reduced our valuation allowance related to certain deferred tax assets for state net operating loss carryforwards. See Note 10, *Income Taxes*, for a summary regarding this valuation allowance adjustment.

## 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, 2013, 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 in 1992. Based on this assessment, we concluded that we maintained effective internal control over financial reporting as of December 31, 2013, 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 2014 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 2014 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 2014 Annual Meeting of Stockholders.

The following table sets forth certain information regarding equity compensation plans as of December 31, 2013 (number of securities in millions):

| Plan Category | Number of Securities to be Issued Upon Exercise of Outstanding Options and Rights (b) | Weighted Average Exercised Price of Outstanding Options and Rights (c) | Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in the first column) (d) |
|---|---|---|---|
| Equity compensation plans approved by security holders (a) | 10.5 | $ 28.91 | 33.5 |
| Equity compensation plans not approved by security holders | - | - | - |
| Total | 10.5 | $ 28.91 | 33.5 |

(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 10,425,293 stock options, 997,016 shares of restricted stock and shares underlying restricted stock units, and 33,378 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 32,628,064 shares under our Plans and 873,022 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 2014 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 2014 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.

| Exhibit Number | Description |
|---|---|
| 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). |
| 4.1 | Republic Services, Inc. Common Stock Certificate (incorporated by reference to Exhibit 4.4 of the Company's Registration Statement on Form S-8, Registration No. 333-81801, filed with the Commission on June 29, 1999). |
| 4.2 | Indenture dated as of August 15, 2001, by Republic Services, Inc. to The Bank of New York, as trustee (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K dated August 9, 2001). |
| 4.3 | Second Supplemental Indenture, dated as of March 21, 2005 by Republic Services, Inc. to The Bank of New York, as trustee, including the form of 6.086% Note due March 15, 2035 (incorporated by reference to Exhibit 4.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005). |

| Exhibit Number | Description |
|---|---|
| 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). |
| 4.14 | Indenture, dated as of May 21, 2012, by and between Republic Services, Inc. and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K dated May 21, 2012). |

| Exhibit Number | Description |
|---|---|
| 4.15 | First Supplemental Indenture, dated as of May 21, 2012, to the Indenture dated as of May 21, 2012, by and among Republic Services, Inc., the guarantors named therein and Wells Fargo Bank, National Association, including the form of 3.55% Notes due 2022 (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K dated May 21, 2012). |
| 4.16 | 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). |
| 4.17 | Amendment No. 1, dated as of May 8, 2012, to the Amended and Restated Credit Agreement, dated as of April 20, 2011, by and among Republic Services, Inc., 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 May 8, 2012). |
| 4.18 | Amendment No. 2, dated as of October 29, 2012, to the Amended and Restated Credit Agreement, dated as of April 20, 2011, by and among Republic Services, Inc., 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 Quarterly Report on Form 10-Q for the quarter ended September 30, 2012). |
| 4.19 | Amendment No. 3, dated as of July 24, 2013, to the Amended and Restated Credit Agreement, dated as of April 20, 2011, by and among Republic Services, Inc., 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 Quarterly Report on Form 10-Q for the quarter ended June 30, 2013). |
| 4.20 | Amended and Restated Credit Agreement, dated as of May 8, 2012, by and among Republic Services, Inc., as borrower, Bank of America N.A., as administrative agent, swing line lender and L/C issuer and the other lenders party thereto (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K dated May 8, 2012). |
| 4.21 | Amendment No. 1, dated as of October 29, 2012, to the Amended and Restated Credit Agreement, dated as of May 8, 2012, by and among Republic Services, Inc., 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 September 30, 2012). |
| 4.22 | Amendment No. 2, dated as of July 24, 2013, to the Amended and Restated Credit Agreement, dated as of May 8, 2012, by and among Republic Services, Inc., 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, 2013). |
| 4.23 | 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)). |
| 4.24 | 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)). |
| 4.25 | 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). |
| 4.26 | 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). |

| Exhibit Number | Description |
|---|---|
| 4.27 | 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). |
| 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 effective May 12, 2011 (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). |

| Exhibit Number | Description |
|---|---|
| 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+ | Employment Agreement, effective as of March 30, 2012, 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 March 30, 2012). |
| 10.23+ | Employment Agreement, effective as of October 29, 2013, by and between Republic Services, Inc. and Donald W. Slager (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013). |
| 10.24+ | 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). |
| 10.25+ | Retirement Agreement, dated June 22, 2012, by and between Tod C. Holmes and Republic Services, Inc. (incorporated by reference to Exhibit 10.60 of the Company's Annual Report on Form 10-K for the year ended December 31, 2012). |
| 10.26+ | 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). |
| 10.27+ | 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). |
| 10.28+ | 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). |

| Exhibit Number | Description |
|---|---|
| 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-Competition, Non-Solicitation, Confidentiality and Arbitration Agreement, effective as of October 30, 2013, by and between Republic Services, Inc. and Michael Rissman (incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013). |
| 10.32+ | Amended and Restated Employment Agreement, effective December 8, 2008, by and between Jeffrey A. Hughes and Republic Services, Inc. (incorporated by reference to Exhibit 10.61 of the Company's Annual Report on Form 10-K for the year ended December 31, 2012). |
| 10.33+ | 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). |
| 10.34+ | 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). |
| 10.35+ | 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). |
| 10.36+ | 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). |
| 10.37+ | 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). |
| 10.38+ | 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). |
| 10.39+ | 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). |
| 10.40+ | 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 December 10, 2004). |
| 10.41+ | 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). |
| 10.42+ | 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). |
| 10.43+ | 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). |

| Exhibit Number | Description |
|---|---|
| 10.44+ | 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). |
| 10.45+ | 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). |
| 10.46+ | 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). |
| 10.47+ | 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). |
| 10.48+ | 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). |
| 10.49+ | 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). |
| 10.50+ | 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). |
| 10.51+ | 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). |
| 10.52+ | 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). |
| 10.53+ | 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). |
| 10.54+ | 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). |
| 10.55+ | 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). |
| 10.56+ | 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). |
| 10.57+ | Republic Services, Inc. Executive Separation Policy, as amended as of March 29, 2012 (incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013). |

| Exhibit Number | Description |
|---|---|
| 10.58+ | Amendment No. 2 to Republic Services, Inc. Deferred Compensation Plan, effective February 7, 2012 (incorporated by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012). |
| 10.59+ | Republic Services, Inc. Amended and Restated 2007 Stock Incentive Plan effective May 9, 2013(incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013). |
| 10.60+ | Amendment No. 3 to Republic Services, Inc. Deferred Compensation Plan, effective October 29, 2013 (incorporated by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013). |
| 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.

## Signatures

Pursuant to the requirements of Sections 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant, has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

REPUBLIC SERVICES, INC.

Date: February 12, 2014

By: /s/ DONALD W. SLAGER
Donald W. Slager
President and
Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

| Signature | Title | Date |
|---|---|---|
| /s/ DONALD W. SLAGER<br>Donald W. Slager | President, Chief Executive Officer and Director (Principal Executive Officer) | February 12, 2014 |
| /s/ GLENN A. CULPEPPER<br>Glenn A. Culpepper | Executive Vice President and Chief Financial Officer (Principal Financial Officer) | February 12, 2014 |
| /s/ BRIAN A. GOEBEL<br>Brian A. Goebel | Vice President and Chief Accounting Officer (Principal Accounting Officer) | February 12, 2014 |
| /s/ JAMES W. CROWNOVER<br>James W. Crownover | Chairman of the Board of Directors | February 12, 2014 |
| /s/ TOMAGO COLLINS<br>Tomago Collins | Director | February 12, 2014 |
| /s/ ANN E. DUNWOODY<br>Ann E. Dunwoody | Director | February 12, 2014 |
| /s/ WILLIAM J. FLYNN<br>William J. Flynn | Director | February 12, 2014 |
| /s/ MICHAEL LARSON<br>Michael Larson | Director | February 12, 2014 |
| /s/ NOLAN LEHMANN<br>Nolan Lehmann | Director | February 12, 2014 |
| /s/ W. LEE NUTTER<br>W. Lee Nutter | Director | February 12, 2014 |
| /s/ RAMON A. RODRIGUEZ<br>Ramon A. Rodriguez | Director | February 12, 2014 |
| /s/ ALLAN C. SORENSEN<br>Allan C. Sorensen | Director | February 12, 2014 |
| /s/ JOHN M. TRANI<br>John M. Trani | Director | February 12, 2014 |

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## Board of Directors

James W. Crownover
*Chairman of the Board*

Tomago Collins
*Director*

General Ann E. Dunwoody (Ret.)
*Director*

William J. Flynn
*Chair, Management Development and Compensation Committee*

Michael Larson
*Chair, Nominating and Corporate Governance Committee*

Nolan Lehmann
*Director*

W. Lee Nutter
*Director*

Ramon A. Rodriguez
*Chair, Audit Committee*

Donald W. Slager
*President and Chief Executive Officer*

Allan C. Sorensen
*Chair, Integration Committee*

John M. Trani
*Director*

***Front row (left to right):*** Donald W. Slager, James W. Crownover, W. Lee Nutter. ***Middle row (left to right):*** Tomago Collins, John M. Trani, Ramon A. Rodriguez, Ann E. Dunwoody. ***Back row (left to right):*** Michael Larson, Allan C. Sorensen, William J. Flynn, Nolan Lehmann.

## Executive Leadership Team

Don Slager
*President and Chief Executive Officer*

Brian Bales
*Executive Vice President, Business Development*

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*

Jon Vander Ark
*Executive Vice President, Customer Development*

Ken Wilcox
*Executive Vice President, Sales and Customer Experience*

## Corporate Information

CORPORATE OFFICE

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Phoenix, Arizona 85054
480-627-2700 republicservices.com

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irelations@republicservices.com

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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One Renaissance Square, Suite 2300
Two N. Central Avenue
Phoenix, Arizona 85004

COMMON STOCK TRANSFER AGENT & REGISTRAR

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St. Paul, Minnesota 55164
800-468-9716

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