



May 30, 2008

Robert A Smith  
President  
Inland Service Corporation  
701 Santa Isabel Blvd.  
Laguna Vista, Texas 78578

Dear Mr. Smith,

I appreciate the time you spent speaking with city staff and me last week. I must be honest with you and express my disappointment with the quality and consistency of service from Inland Services up to this point. However, I now believe we are on our way to solving the problems and working on solutions.

Below is a list of issues that need to be resolved for this operation to be successful

Back Calls or Missed Collections

Let me direct your attention to Page 7 of the contract: *"If a missed collection is reported to contractor prior to 5 on the collection day, the Contractor shall return and make the collection the same day. After 5, the contractor is required to make the collection within 24 hours. If the entire street is missed, due the contractor's oversight, the contractor shall collect on the same day."* The City may require the contractor to treat late set outs as a missed collection. Monty Davison suggested that the 5 P.M. report time was problematic due to the goal of having the work done before 5. The City agreed that all calls before 4:00 will be picked up the same day. Anything after 4:00 will be picked up within 24 hours. The City Attorney has been asked to prepare an addendum to the contract to reflect this change.

We know that there are issues with late setouts and verification of a miss from a late setout. The City and Inland will work together to verify this situation and continue to promote a 7:00 a.m. setout time. In fact, it is our goal to promote setouts the night before the collection day. However, please note the contract states the City may require the contractor to treat late setouts as a missed collection. The contractor has 24 hours to pick-up those types of missed collections. We have 1500 of these noted in our contract. After the 1500, we still may require the contractor to pick up, but we pay.

The City is committed to working with Inland to communicate to residents. Inland will work at communicating with the City so accurate information regarding back calls, customer expectation and quality service can be achieved. The City will

contact the residents at addresses that show up consistently on the customer service log as "late setouts", and explain the setout time.

#### Collection Points on Private Drives

The City has a couple concerns on this issue. We visited each area with Inland staff and agreed on the most appropriate collection points for non premium service. There has been much communication on this issue trying to keep Inland employees safe and give our residents quality service. We were surprised to hear that the letter to Mr. Davison was not communicated to other Inland management. The letter was written to reduce to writing the understanding as to how these special circumstances would be handled. (Please see attached letter) We relied on this understanding when we communicated to the residents how these special pick-ups would be handled. We expect you to stand by the understanding reached with Mr. Davison as to the appropriate collection points.

Also, there was confusion over the usage of the term Cushman Route. As explained previously, that term was used to note a smaller vehicle would be needed. If there are access problems caused by our residents, we will intervene to make sure your delivery of service is not impeded.

#### Medical Exemptions

I don't understand why the pickup of recycling and yard waste for residents with base service waivers is still an open issue. The City sees base service as solid waste, recyclables and yard waste, and a base service waiver as an exemption from curb side service. Prior to Inland taking over the solid waste service all recyclables and yard waste were picked up at the curb except for those residents who had a medical exemption waiver. The City provided residents who requested a waiver garage or house-side collection for all their waste including recyclables and yard waste.

As to the number of waivers that are absorbed by the contract, I believe we can come to a reasonable resolution. Up to this point Inland has not picked up any recyclables or yard waste. The City, in an act of good faith, has continued to provide this service with minimal equipment and manpower. Beginning in June our manpower will be leaving. We need to resolve this by the end of June so we know what action is necessary. You have asked that we reopen negotiations concerning this service. I would ask first that you provide us with a detailed explanation as to how many trucks and crew are being used daily to provide solid waste services.

#### Premium Service

Members of Inland's staff have agreed to allow the City to open the list for a two week period. The City will submit the current waiting list of 23 to Inland to be added the first week of June. In addition, the City will open the opportunity for additional residents to purchase premium service for a two week period. After

that time, the option will be closed until 2009. I need to know if this agreement stands.

Recycling Hoppers

The City will go out to bid for the school and business recycling program. If Inland is interested in bidding on this, it will be separate from the current service.

Reports

In an effort to improve communications, Inland has agreed to supply three daily reports:

- a) Same Day Status Report
- b) Next Day Daily Totals Report
- c) The Customer Service Log which includes the address, time of attempted collection and the reason for the non collection by 10:00 A.M. the next business day

Mr. Smith, let me reiterate that the City is committed to working with you and your staff to come to resolution on these matters. We look forward to a long healthy relationship with you and Inland Services. I believe we have a good contract in place. As we agreed, the City has been fair in suspending aspects of the contract to allow time for Inland Services to get up and running during the transition to enable the quality service we both expect. Neither the City nor Inland by agreement has been counting missed collections other than for purposes of training the staff.

I appreciate the offer to have a no fault termination to the contract, however at this time the City is committed to making Inland successful and the residents satisfied with the service.

Sincerely,



Virginia Barney  
City Manager

Cc: Joe Valentino  
Cathe Armstrong  
Jeanine Hummer