

EXHIBIT A

(MRI Letters)



February 23, 2007

Mr. Steven A. Kotke, P.E.
City Engineer, Director
Department of Public Works
City of Minneapolis
350 South 5th Street, Room 203
Minneapolis, MN 55415

FEB 26 2007

Dear Mr. Kotke:

We appreciate the opportunity to provide comments regarding the system of organized collection in the City of Minneapolis. From our meetings during this planning process, we have understood the question before you is simply: "How does the City contract for its organized collection system?" We all agree that the current system has worked well for years. The concept of organized collection in the City of Minneapolis (with the 50/50 split) provides for competitive comparison. It is through this system of "managed competition" that the City is already in possession of the tools necessary to mandate competitive pricing. This is the outcome of the organized collection system the City currently employs.

Please consider the following:

About MRI

Minneapolis Refuse, Incorporated is a group of 14 independently-owned garbage haulers, employing nearly 70 people. Of the 14 members, 12 are small business enterprises, including women and minority-owned businesses. MRI was formed as a "partnership" with the City. For over 35 years, MRI has worked in cooperation with city haulers to provide award-winning solid waste disposal and recycling services to city residents.¹

The MRI Partnership and "Managed Competition"

MRI was set up as a partnership with the City of Minneapolis not as a vendor/contract. The partnership was witnessed by language in the contract stating that the City intended to renegotiate the contract at the end of its conclusion each and every five-year period. (The Charter limits such contracts to five years.) That language was lost under duress and replaced by the passage of Minnesota Statue 115A which protected the small hauler by a process of input to the system and negotiations on the comments to that system.

¹ The history of the MRI/City partnership is attached to this letter.

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Small haulers from MRI were involved in the writing of this language and they clearly understood the legislative intent of the statute.

This competitive partnership is further witnessed by the fact that at its original conception, MRI collected 70% of the stops in the City of Minneapolis. Based on the expectation of a long-standing partnership, MRI released enough stops so that the 50/50 split could be created. The 50/50 split provided the City the exact management tool it needed to make this system competitive. Minneapolis could now afford to create a real partnership because of the competitive advantage of the 50/50 split, resulting in a system of managed competition unique to city government.

The City's Current Collection System is Cost-Effective and Efficient

The City's current organized collection system of managed competition works well, combining routes together to make it profitable for locally-owned businesses to divide and organize routes in an efficient and cost-effective way for the City residents. Every five years, the City and MRI have successfully renegotiated MRI's contract at competitive prices. Furthermore, the City residents receive more hauling service at the price charged than any other community or service provider in the region.

The City Has Missed Opportunities to Use the 50/50 Split as a Competitive System

Organized collection systems without a 50/50 split must seek competitive proposals in order to "check pricing." However, Minneapolis has a unique opportunity to compare costs of the two separate systems inside the 50/50 split to ensure that the City's costs are the most competitive in the region. This tool for competitive comparison has been lost in the City process over the past many years. It is time to recognize the partnership of the City's system and use the competitive split to ensure service standards and cost efficiencies by comparing the City's costs to the price offered by the MRI consortium.

MRI's Price is the City's Cost

The City has argued that it needs to know and understand MRI's costs in order to analyze the competitive system. MRI being made up of a variety of small haulers, each of whom has different costs, cannot assign a single cost to the price it offers to haul the City services. Small haulers often consider their time free as it relates to maintenance and other administrative requirements of the hauling business. This is to the City's advantage as witnessed by the price comparison of suburban city costs to the price charged Minneapolis residents. Price becomes cost.

Cart Service in Minneapolis

Minneapolis regulates its residential collection by facilitating the organized collection system in the 50/50 split. However, for the past several years, our style of housing has changed from single family to multi-unit town homes, etc. Many of these housing units are serviced by private haulers with cart service, not commercial dumpsters. The City

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could/should choose to put all cart service in the organized collection system. As a partner in City service, MRI would welcome these new haulers to come to the table at MRI and become corporate members of the organization.

The City's Business Plan will Likely Put MRI's Haulers, Totally Out of Business

The City's RFP plan sought to carve up MRI's routes into four quarters and bid them out separately. At some point, city action could have such a severe impact on MRI's ability to compete, that local haulers would go out of business.

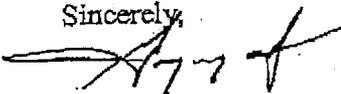
If it is not Broken . . . ?

The current system provides top-rated collection services to city residents. The 50/50 split provides a system which is competitive in its very nature without displacing local small haulers. If it's not broken, why fix it?

The City of Minneapolis has this exciting opportunity to utilize the organized collection system originally intended. The City should continue the relationship between the City crews and the private organization of haulers (MRI) to continue to provide the residents with the highest standard of service at the most cost-effective price in the region. As partners, we look forward to continued discussion and opportunity to work with the City.

Thank you.

Sincerely,



Gregory (Red) Burt
Chairman, Minneapolis Refuse, Inc.

Attachment to MRI's February 23, 2007 Comment Letter

HISTORICAL BACKGROUND

The MRI and City "Partnership" for Collection of Solid Waste

Prior to the 1971 federal burning ban implemented by the City of Minneapolis, so-called "wet" garbage was collected by the City. Everything else was either burned by city residents or collected by private, independent haulers. Dozens of private haulers, including some of the haulers currently part of MRI, had provided garbage hauling services to the City's residents. Once burning was banned, it was clear there would be an enormous increase in collection demand. Many of the approximately 120,000 households that had previously burned their "dry" garbage were required to have collection services. There were mixed feelings among the private haulers at this time. The ban provided a significant business opportunity, both for existing haulers to expand their businesses and new haulers to enter the Minneapolis market. However, the ordinance enacted by the City Council at the same time as the burning ban authorized the City Engineer to organize and operate a combined public collection service, meaning the potential displacement of the existing private haulers.

Extensive negotiations took place between the City, on one hand, and individual private haulers and their association, the Minneapolis Suburban Refuse Removal Association, on the other. These talks ultimately resulted in the adoption of a visionary cooperative plan for a new, organized collection system. First, a new Minnesota corporation named Minneapolis Refuse, Inc. was formed, and all licensed residential haulers wishing to participate were invited to join as shareholders. In order to participate, each hauler was required to present its customer list to MRI. Forty-nine haulers, representing some 56,000 customers, did so. Cy Baker, the first general manager of MRI then retained a survey company to verify the customer lists and identify

the total number of stops. Once verified, each hauler, which contributed \$1.00 per stop toward MRI administrative expenses, was issued one share of MRI stock for each stop, and was originally guaranteed that it would receive back from MRI the right to service a number of stops at least equal to the number of stops it had placed in the system.

The customers previously serviced by City crews, and those now held by MRI on behalf of its shareholders, were organized into systematic collection routes and were first reallocated between the City and MRI and then the MRI-assigned routes were allocated by MRI among the MRI shareholders.

Beginning in 1971, the City and MRI in fact entered five-year contracts for MRI to collect solid waste in the City. Under the original 1971 contract between the City and MRI, MRI received 70,021 residential units and the City approximately 50,000. The MRI share eventually increased to approximately 76,000 when it was discovered that the new system was working so well that the owners of apartment buildings in excess of four units requested to join the system.

By the mid 1970's, City equipment and employees had been increased to the point where the City wanted to collect from more of the total number of residential units. Charles A. Kutter, as the president of MRI, and Clayton Sorenson, the Director of Public Works, reached an agreement by which the MRI collection routes would be phased down over time to a point where MRI and the City each had responsibility for servicing fifty (50) percent of the total stops. That arrangement, a 50/50 split of all residential units, has generally remained in place until today. Currently, MRI and the City split the residential routes in half with MRI and the City each servicing approximately 53,000 residential units.

The sole consideration for participation by the private haulers in the newly organized collection system in 1971 was the assurance that they would receive, in return, the right to

perform collection services under the City contracts. MRI's haulers were given to believe that their future would be secure under this arrangement in that if the haulers provided acceptable levels of service at a reasonable fee they could expect to enjoy an ongoing relationship with the City through the MRI contracts. The haulers pooled their routes in consideration for routes contracted by MRI with the City. MRI and the City formed a unique partnership to provide for the collection of the City's solid waste.

City officials represented that it was the City's intent that this new relationship would in fact be long-term. As evidence, the City inserted into the first and succeeding five-year contracts a provision that "on the expiration of the five-year term of this contract it is the present intention of the parties to renew this contract for a second five-year term and this renewal shall not be arbitrarily refused by either of the parties so long as MRI shall have complied in all respects with the provisions of this contract." In reliance on the City's promise to continue the relationship with MRI, the haulers agreed to form MRI and enter five-year contracts with the expectation of the renewal of their relationship every five years.

In the early 1970's, there was a lot of discussion nationally about attempts by cities to "organize" garbage collection services and the matter was very controversial. During MRI's organizational discussions with the City in 1971, private haulers had been fully advised that if the City (a) attempted to put a purely public collection system in place or (b) sought to solicit proposals for one or more private organizations to provide the services that MRI had been providing, in either case displacing existing private haulers that had collection agreements with residential dwelling unit owners, they would have a legal claim against the City for "just compensation" under the United States and Minnesota Constitutions. Though MRI's agreement

with the City avoided the compensation matter for the time, it was premised upon a good-faith belief that MRI haulers' rights would be protected then and in the future.

For the past 35 years, MRI and its constituent members, currently 14 independent haulers, have provided garbage collection services to the residents and the City of Minneapolis.

The Current MRI and City Contract

On December 27, 2001, the City and MRI entered the current contract for MRI to provide for the combined collection and removal of all solid waste from residential premises (the "Contract"). The Contract is effective for five (5) years commencing January 1, 2002, and expiring on December 31, 2006. At the request of the Hennepin County District Court, the contract was extended to June 30, 2007.

MRI continues to perform its obligations under the Contract, and has a strong interest in a renewed contract with the City. At stake is the renewal of its contract, which if renewed for a five-year term, could be worth approximately \$30 million.

The City's Policy and Process Has Been Biased To Select Another Hauler

The City's 2005 - 2010 Business Plan for Minneapolis Public Works includes the Business Plan for Solid Waste and Recycling Services. The Business Plan's Key Initiatives, includes "1. Ensure competitive process for all Solid Waste and Recycling Contracts." Moreover, on or about December 9, 2006, Council Member Ostrow sought and received a staff recommendation on the timeline needed for an RFP process. A December 9, 2006 Memorandum in response outlines a one-year process from the date of initial council action to the signing of a contract, and concludes, "This provides six months for a contractor other than MRI to purchase vehicles, hire employees, develop routes, train employees to the City system and be ready for a seamless beginning on January 1, 2007."

The City Refused to Re-Negotiate MRI's Contract. Proceeding with an RFP Without Following The Organized Collection Act

On February 10, 2006, instead of pursuing negotiations to renew the contract for solid-waste services with MRI, the City Council voted to have the Contract put up for a competitive request-for-proposals ("RFP") process. The City Council voted to have the RFP issued on or before April 17, 2006. The City Council also directed its Transportation and Public Works Committee ("TPW") to report back to the full City Council no later than March 31, 2006, with its recommendations regarding the RFP's requirements.

In contrast, immediately after that vote, the City Council voted to have a contract for solid-waste services for residential property with more than four (4) units, commercial properties, and the properties in the downtown core be subject to organized collection under the Organized Collection Act, Minnesota Statutes section 115A.94 (the "Act").

The City Continued Full Steam With Its RFP

On March 31, 2006, TPW reported back to the full City Council with its recommendations regarding the RFP's requirements. On April 21, 2006, the City issued its RFP. On May 25, 2006, MRI submitted its confidential proposal to the City in response to the RFP. At least two other haulers have also submitted proposals to the City in response to the RFP.

MRI's Would be Harmed by Displacement

The members of MRI have anywhere from one to eight employees that service their routes for MRI. Collectively, for 2006, the members received annualized gross revenues of about \$6,415,000 from MRI under the contract with the City of Minneapolis. The members own anywhere from one to six collection trucks that service the routes for MRI.

Currently, the MRI members collectively serve a total of approximately 53,000 residential premises in the City for MRI. The members of MRI continue to perform their

obligations under the current arrangement with the City, and have strong interests in a renewed contract with the City. The members of MRI have built their business property and good will, and developed and maintained employment for their employees in reliance on the contracts with the City for the past 35 years.

The City of Minneapolis has required MRI's haulers to retrofit their collection trucks with a specific type of lift called a Zoeller lift, which required a capital investment of approximately \$20,000 per truck. The trucks that have been retrofitted to meet the City's specifications are significantly less marketable to any other market in the United States.

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Heidi

FEB 21 2007

Feb.19,2007

Dear Mr. Kotke,

I am responding to your letter of Feb. 7, 2007. My Name is Charles Kutter, and I own Kutter's Rubbish Removal, Inc., As Kutter's Rubbish, I own stock in MRI. (Mpls. Refuse Inc.). I am one of the few left that were original stockholders of MRI in 1971. Most are second generations, and a few third generations. I really do not have any new suggestions to improve the service to the residents in Mpls.

I would really appreciate it if someone could let me know (or explain) why the city is looking for different systems of collecting garbage, compost, large items, and recyclables. I know MRI has done an excellent job of all four of the collections (above). I have been told that the city did its own survey and found that 93% of Mpls. Residents thought that garbage, etc was the best service that Mpls provided, one half city crews and one half MRI crews. That service alone should be enough to renegotiate the MRI contract with MRI.

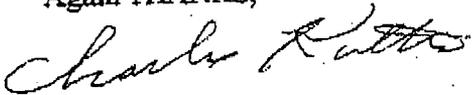
Let me go one step further and explain, I was the president of MRI for the first 20 some years of its existence. I always told the stockholders that even if the city started shipping Mpls garbage, etc. to the moon, someone has to get it to the rocket ships. As long as we (MRI stockholders) did a good job for a fair price, why wouldn't we be the haulers collecting and hauling it to the rocket ships, or to put another way why should we have to worry about our jobs.

Now you might say how do we know your doing a good job. Simply compare MRI complaints to the city's. who is hauling the other half of Mpls. (MRI complaints have always been 1/10th of 1 % of the national average.).

As for the fair price, again compare city's cost , to that of MRI.

Thank you for reading my comments, we have worked together for 35 years .I would hope it could continue .

Again THANKS,



Chuck Kutter
Route 231 MRI

P.S. If you or anyone would like to call me to discuss my letter or comments, feel free to call me anytime. Cell# 715-379-1001

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