

RFP 2026-032 MRF RECYCLING MATERIALS RECOVERY FACILITY (MRF)- SOLID WASTE

Executive Summary

AX Recycling Trading Inc respectfully submits this proposal to operate the City of Laredo Recycling Center (MRF). This proposal presents a sustainable, performance-driven operating model for the City of Laredo Recycling Center. The objective is to protect the City from operational inefficiencies, align incentives toward maximizing commodity recovery and quality, and restore the facility to optimal performance.

Our proposal is based on a revenue-sharing model in which the City does not incur a fixed cost to operate the recycling center. Instead, operations are funded through the sale of commodities generated by the facility. AX Recycling Trading Inc generates revenue only when the recycling center operates profitably, after which a revenue-sharing structure with the City is applied.

This model aligns incentives by driving our team to increase production, secure the best possible market prices, reduce downtime, improve material quality, and maintain equipment at optimal performance levels.

1. Company Background

AX Recycling Trading Inc began operations in 2004 as a customs brokerage and forwarding services company. Over the years, the company has continuously adapted to changing market conditions and developed expertise in import/export customs, warehousing services, and commodity trading.

In 2012, the management team had the opportunity to operate the recycling center of city of Laredo, expanding and diversifying the company's capabilities. In 2019, the management team decided to refocus its efforts on developing AX Recycling Trading Inc into a professional recycling operations and commodities management company, specializing in the marketing and consulting of commodities from the Material Recovery Facilities (MRFs).

Our management team have more than 9 years' experience in operating Recycling Centers, we help successfully transitioned the city of Laredo to go from the Blue Bag recycling system to a fully automated single-stream facility. Tripling recycling volumes within the first year and contributing to significant operational savings.

2. Relevant Experience

Our company have the expertise operating Machinex automated sorting systems. We possess in-depth knowledge of optical sorters, fiber screens, Eddy Current, magnet conveyor, dual Ram baler operation, contamination control strategies, and preventive maintenance systems.

Our leadership team brings extensive hands-on experience operating automated sorting systems, maximizing material recovery, implementing preventive maintenance programs, and managing commodity sales.

A) MANAGEMENT TEAM AND EXPERTISE

Luis Jaimes- Director/Owner

Mr. Jaimes have 30 years of experience in several business and 14+ years on the recycling markets, on 2012 he was in charge of the MRF in Laredo TX and was responsible to change the Blue bag system into a single stream recycling. Have the expertise on Machinex Recycling Systems and one of his main role was to optimized operational effectiveness across all facets of the MRF. He ensures high standards of safety, maintenance, and operational quality through daily performance management and cost control.

He brings expertise in international business, logistics management, and recycling facility operations. He has led ISO 9000 implementation projects and maintenance best-practice programs. Mr. Jaimes holds a BS in International Business from Monterrey Tech (ITESM) and a Masters in Business Administration from EGADE Business School.

Diana Gonzalez- Plant Manager

Mrs. Gonzalez have 10+ years of experience Managing Laredo MRF (from 2012-2019) and extended expertise on Machinex Machinery System. She was in charge of supervising personnel and manages daily processing operations. She oversees productivity, quality control, contamination monitoring, and workforce management. Her experience includes staff training, performance evaluation, and operational efficiency tracking.

Getzsa Harsanyi- Financial, Accounting and Reporting

Ms. Harsanyi provides leadership and support for general MRF operations and coordinates directly with the Solid Waste Department. She oversees materials procurement, safety compliance, OSHA adherence, reporting, and production tracking. She holds a Bachelor's Degree with high honors in Industrial and Systems Engineering from Monterrey Tech (ITESM).

B) CLIENT CONTACT INFORMATION

AX Recycling Trading have developed long term relationships with big players on the Recycling industry; here are some information on some of our best partners in business.

Canusa Hershman Recycling

Canusa Hershman is one of the world's leading independent commodity trading and supply chain management companies. Canusa Hershman provides producers and consumers of raw materials around the globe with superior market knowledge and legendary customer service in combination with creative and effective financing and supply chain solutions.

Canusa Hershman is proud to trace its roots back 135 years to collecting recyclables on the streets of New Haven, CT. From its beginning in providing solutions for the recycling industry, "CH" has evolved with the worlds markets to meet the needs of its suppliers and customers. Today, CH provides supply chain solutions for Recyclable Commodities, Plastic Resins, Containerboard & Packaging Papers, and Pulp & Alternative Fibers.

We have worked for several years with Canusa as both a buyer and seller of recyclable commodities. Over time, we have developed a strong and trusted partnership, supported by an established \$50,000 credit line.

Contact: Lee Norsworthy
Position: Vice President of Sales
Phone: +1 (615) 430-6120
Email: lnorsworthy@chrecycling.com
Open Credit Line: \$50,000

Gertima S.A. de C.V.

Gertima is a company with over 30 years of experience focused on the plastic recycling industry, based in Monterrey, Mexico. Specializing in both post-industrial and post-consumer recycling, the company is committed to helping protect the environment through the collection, processing, and commercialization of recycled plastic products.

Currently, Gertima operates two processing plants located in Escobedo and Apodaca, Nuevo León, and maintains at least 10 collection centers across Mexico. The company has a global presence, primarily focused on the domestic and North American markets, as well as Asia and Europe, continuously expanding its business network and participation in these regions.

We have over 10 years of experience working with Gertima, one of the leading recycling companies in Mexico. Throughout this time, we have built a strong and trusted relationship, facilitating the cross-border movement of significant volumes of recyclable materials into Mexico.

Contact: Mauricio Mitre
Position: President/Owner
Phone: +52 (81) 8396-9933
Email: mauricio.mitre@gertima.com.mx
Open Credit line: \$75,000

3. Operational Plan

A) STAFFING MODEL

We have established the roles and responsibilities required for each position to operate the Recycling Center at a high standard of efficiency and performance. This structure is designed to help us achieve our operational goals and position the City of Laredo MRF as one of the leading facilities in Texas.

Attached (**Attachment 1**) is our proposed organizational structure for MRF operations, along with detailed descriptions and responsibilities for each position.

LUIS JAIMES
Director

Is responsible for operational effectiveness in all facets of the company. He guarantees high standards of safety, maintenance and operational quality by managing the day to day operations and cost management.

Main Activities

- Develops strategic initiatives and long term direction of the company
- Revises short term goals, objectives and tasks
- Works together with the City of Laredo towards strategic direction and identifies market opportunities
- Secures capital investment
- Responsible for financial infrastructure growth
- Creates a positive work environment that encourages teamwork, cooperation and collaboration among the organization
- Responsible for daily performance operation of the MRF
- Provides direction and plant leadership
- Responsible of the operational efficiency, maintenance and cost control measures

DIANA GONZALEZ
Plant Manager

Mrs. Gonzalez have more than 10 years on the recycling operation experience and she is in charge of the supervision and motivation of 15+ employees and effectively manages all aspects of the MRF operations. She assembles leadership by ensuring production growth and takes care of businesses contingencies, report analysis and day-to-day operation management and production teams. She has solid experience in planning, personnel training and operation management. She oversees personnel needs by selecting, coaching, training and evaluating employees' performance.

Main Activities

- Communicates daily /weekly the operating goals and expected performance to plant staff
- Manages new projects and its implementation
- Maximizes the profitable operation of the plant
- Seeks new clients and keeps contact with existing clients
- Revises and analyses monthly reports of efficiency, costs, sales and production
- Represents the company on city meetings, cover all TV media and representing city events.
- Analyze new projects, follow price and market behavior for long term planning
- Controls all inbound trucks with the recycling materials
- Inspects and monitors all outbound trucks
- Keeps quality material control (contamination)
- Interacts and maintains relationship with customers, vendors, and Solid Waste employees
- Record and analysis of daily system running time
- Supervises the alarm system (emergency stops) and oversees the machinery down times
- Ensures employee productivity and controls "pick track" per minute of employees
- Tracks lunch and break periods

GETZSA HARSANYI
Procurement and Recycling Coordinator

Ms. Harsanyi main role is to provide complete direction, leadership and support for the general performance and operation of the MRF. She promotes the Curbside Recycling Program with the Solid Waste Department and gives fully support to Production, Quality and Safety areas of the facility.

Main Activities

- Responsible of direct materials and spare parts fulfillment
- Responsible of employee's safety by keeping track of incidents and its prevention. Ensures the reduction of liability exposures by investigating the scene of an accident or unsafe situation and prepares recommendations for corrective actions based on findings.
- Ensures to operate under OSHA compliances and regulations
- Analysis and prepares Monthly Reports
- Keeps recycling reports and tonnage of: Incoming Materials, contamination ratios, production, baling materials, inventories, sales and Invoicing
- Assists in the design of brochures, presentations and the City Newsletter
- Receives and controls POs from customers and determines loading amounts, and prepares documentation for clients and broker agents
- Controls Residential and Commercial recycling tonnages in order to determine together with Solid Waste possible new recycling spots
- Responsible to maintain a safe and secure work environment by updating procedures, emergency plans and training of new sorters
- Coordinates School trips and visits to the plant with Solid Waste Department
- Maintain data on the recycling material collected and provides daily documentation for the number of recyclables collected

Maintenance Engineer Service

The engineer is responsible for ensuring operational effectiveness by providing hands on leadership, machinery maintenance and keeping all equipment at optimum performance. He also contributes to the development and implementation of a preventive and corrective maintenance records to keep equipment in optimal condition.

Main Activities

- Responsible to specify the maintenance plan and strategy for each equipment system.
- Responsible to lead the weekly and monthly maintenance of the machines and equipment
- Keep track of the predictive maintenance tasks, preventive maintenance tasks, and corrective maintenance tasks.
- Responsible of day to day inspections and monitoring production activities
- Identifies and ensures spare parts requirements and replacement of the general plant requirements.
- To assist fully in new project's and any installations of equipment
- To fulfill sanitary products and any pest control required to the warehouse and offices
- Perform repairs and maintenance on front-end loader, roll off and other rolling stock, machines and heavy equipment and MRF equipment to maximize safe and productive operations.
- Troubleshoot problems and evaluate repairs to ensure proper and safe completion.

The rest of the positions Plant Superintendent, Baler Operator, Front Loader operator, Forklift (floor operator) and all sorters positions would be filled thru staffing companies if this employees perform at a high level then we would hire them as full time employees of AX Recycling Trading.

B) MAINTENACE PLAN

AX Recycling Trading Inc will implement a structured maintenance program designed to ensure maximum equipment reliability, minimize downtime, and extend the life of all MRF assets (**Attachment 2**).

Our maintenance approach is based on three core principles:

- **Preventive First:** Avoid failures before they occur
- **Data-Driven Decisions:** Use performance tracking to guide actions
- **Rapid Response:** Minimize downtime through efficient corrective actions

This program is specifically tailored to **Machinex systems** and high-throughput single-stream MRF operations.

A dedicated EAM Software maintenance record will be created for each piece of equipment, including:

- Screens
- Optical sorters
- Conveyors
- Baler system
- Electrical and control systems

Each equipment file will include:

- Preventive maintenance logs
- Corrective repair history
- Parts replacement records
- Downtime tracking
- Performance observations

Records will be maintained in both:

- Physical format (paper files at the facility)
- Digital tracking logs (for reporting and analysis)

All emergency repairs and required spare parts will be funded by the City of Laredo upon submission of a formal request, supported by documentation demonstrating that the repair is urgent and necessary. AX Recycling Trading Inc will be responsible for properly documenting all such repairs and obtaining City approval prior to proceeding, except in cases where immediate action is required to ensure safety or prevent significant operational disruption, in which case the City will be notified as soon as practicable.

C) SAFETY PLAN

AX Recycling Trading Inc is committed to maintaining a zero-incident safety culture. Safety is treated as a core operational priority and is fully integrated into daily plant operations, maintenance activities, and management oversight.

Our objective is to:

- Protect employees, visitors, and City personnel
- Maintain full regulatory compliance
- Prevent incidents through proactive risk management

We will maintain:

- Updated safety procedures
- Required postings and documentation
- Training records and certifications

All employees will receive:

Initial Training

- Facility safety orientation
- Equipment operation safety
- Emergency procedures
- PPE requirements

Ongoing Training

- Monthly safety meetings
- Refresher training programs
- Equipment-specific instruction

Specialized Training

- Lockout/Tagout (LOTO)
- Hazard communication (HAZCOM)

The facility will maintain clear procedures for:

- Fire emergencies
- Equipment failures
- Medical incidents
- Evacuations

Includes:

- Emergency contact lists
- Clearly marked exits and assembly points
- Fire extinguishers and first aid kits
- Coordination with local emergency services

D) TRANSITION PLAN

AX Recycling Trading Inc will implement a structured and phased transition plan designed to ensure:

- Zero disruption to City recycling services
- Rapid stabilization of current operations
- Progressive improvement in efficiency, recovery rates, and revenue generation
- Full operational optimization within the first 90 days

This plan (**SEE ATTACHMENT 3**) is based on proven operational experience managing this specific MRF and Machinex systems.

PHASE 1 Immediate Transition (Day 1 - Day 30)

Objective:

Secure operational control, stabilize the facility, and eliminate critical inefficiencies.

Key Actions:

1. Operational Takeover

- Full transition of management and supervision
- Retention and evaluation of existing workforce
- Immediate implementation of AX management structure

2. Safety & Compliance Reset

- Full safety audit of facility and equipment
- Reinforcement of OSHA compliance protocols
- Immediate correction of high-risk conditions

3. Equipment Assessment

- Complete mechanical and electrical inspection of:
 - Screens
 - Optical sorters
 - Conveyors
 - Baler system
- Identification of critical repair priorities

4. Maintenance Recovery Plan

- Launch of Preventive Maintenance Program
- Creation of maintenance schedule by equipment
- Immediate intervention on bottlenecks and downtime drivers

5. Material Flow Analysis

- Evaluate:
 - Throughput restrictions
 - Contamination sources
 - Inefficient sorting points
- Adjust line balancing

6. Reporting System Implementation

- Establish daily and weekly tracking of:
 - Tons processed
 - Downtime
 - Labor productivity
 - Commodity recovery

PHASE 2 Stabilization (Day 31 - Day 60)

Objective:

Achieve consistent, reliable, and predictable plant performance.

Key Actions:

1. Workforce Optimization

- Training and re-training of sorting personnel
- Establish performance metrics:
 - Picks per minute
 - Quality control standards
- Adjust staffing levels based on productivity

2. Downtime Reduction

- Target reduction in unplanned downtime
- Preventive maintenance fully active
- Spare parts strategy implemented

3. Contamination Control

- Identify major contamination streams
- Improve sorting line efficiency
- Coordinate with City on contamination feedback

4. Commodity Quality Improvement

- Improve bale quality consistency
- Reduce outthrows and residual losses
- Optimize material separation

5. Initial Marketing Optimization

- Review current buyers and pricing
- Begin optimization of:
 - Buyer mix
 - Logistics
 - Pricing strategies

PHASE 3 Ramp-Up & Optimization (Day 61 - Day 90)

Objective:

Maximize performance, increase revenue, and position the facility for long-term success.

Key Actions:

1. Throughput Optimization

- Increase processing capacity toward optimal levels
- Improve line balancing and flow efficiency

2. Recovery Rate Improvement

- Increase capture rates for:
 - PET
 - HDPE (especially clear)
 - Aluminum
- Reduce residue loss

3. Revenue Optimization

- Actively manage commodity sales:
 - Market timing strategies
 - Regional vs national buyers
- Improve pricing performance

4. Cost Control Alignment

- Align labor, maintenance, and operational costs with revenue performance
- Ensure sustainability within \$75K baseline

E) CONTAMINATION REDUCTION STRATEGY

1. Objective

Reduce inbound contamination from ~60% to $\leq 35\%$ within 90 days, to achieve this goal we would need set several steps and a plan improving machinery operation, people training and marketing campaign to reduce contamination rate.

AX will address contamination at three control points:

1. Inbound material (collection quality)
2. Processing efficiency (equipment + labor)
3. Outbound quality control (bale integrity)

AX Recycling Trading Inc's approach prioritizes execution, discipline, and data-driven adjustments over capital-intensive solutions. By restoring proper equipment function, improving sorting efficiency, and coordinating targeted education efforts with the City, contamination can be significantly reduced in a short period of time while protecting public resources.

4. FINANCIAL PROPOSAL

This proposal is structured around a revenue-based model that eliminates fixed operating costs for the City. The recycling center's operations are sustained through the sale of recovered commodities. AX Recycling Trading Inc only earns revenue when the facility generates a surplus, at which point a revenue-sharing arrangement with the City is applied.

A) No Processing Fee Structure

The City will not pay a per-ton processing fee. AX Recycling Trading Inc will operate the facility using commodity revenue as the primary funding source for operational expenses.

B) Revenue Protection Mechanism

If monthly commodity revenue is below \$75,000, the City will provide financial support to ensure operational continuity up to the \$75,000 threshold.

C) Profit Sharing Structure

When revenue exceeds \$75,000 in a given month, net profit above that threshold will be distributed 70% to AX Recycling Trading Inc and 30% to the City.

Given the current depressed commodity market conditions, it is anticipated that revenues could be below the \$75,000 (**ATTACHMENT 4**) operational thresholds for a sustained period, during which AX Recycling Trading Inc will operate without generating any profit. Under these circumstances, the proposed 70% / 30% revenue-sharing structure (AX / City) during periods of positive performance is designed to fairly balance risk and reward.

This approach ensures that AX Recycling absorbs the operational burden during low-market conditions, while allowing for appropriate recovery and compensation when market conditions improve and revenues exceed the baseline. The structure aligns long-term incentives, supports operational stability, and ensures the City benefits from improved market performance without bearing operational risk during downturn periods.

Risk Allocation

Daily Operations & Staffing	AX Recycling Trading Inc
Operational Efficiency & Performance	AX Recycling Trading Inc
Commodity Marketing	AX Recycling Trading Inc
Major Capital Investment	City of Laredo
3erd Party Repairs and Spear Parts	City of Laredo
Market Downside (Below \$75K)	Shared – City Floor Support
Market Upside (Above \$75K)	Shared – 70% AX / 30% City

Residue Disposal Cost

The City of Laredo will continue to be responsible for the handling and disposal of all residual materials generated at the recycling center. This includes providing the necessary equipment, labor, and transportation to move residue from the MRF to the landfill, as well as absorbing all associated disposal costs.

AX Recycling Trading Inc's operational approach is designed to significantly reduce contamination levels through improved processing efficiency, better material recovery, and enhanced quality control. As contamination decreases, the volume of residual waste requiring disposal will be reduced, resulting in lower pressure on landfill capacity and more efficient use of available space.

This structure ensures continuity with current City operations while creating a clear path to measurable reductions in disposal volumes through operational improvements.

Capital Replacement Assumptions

The City of Laredo MRF is currently operating with equipment that is approximately 13 years old. Due to limited oversight and the absence of a structured maintenance program under previous operations, the facility has experienced significant deterioration and is currently not operating at optimal performance levels.

Based on initial observations, several critical components require replacement or rehabilitation, including but not limited to conveyor belts, screening elements (rods/discs), and other key processing equipment necessary to restore the system to proper operating standards.

AX Recycling Trading Inc will conduct a comprehensive technical assessment of all equipment upon commencement of operations to identify required repairs, replacements, and upgrades. Based on this evaluation, the City will need to allocate a capital improvement budget to restore the facility to reliable and efficient operating conditions.

AX Recycling Trading Inc will be responsible for coordinating and supervising all major repair and replacement activities. All work will be carefully planned and scheduled in phases to minimize operational disruption and ensure continuity of recycling services throughout the improvement process.

This approach ensures that the facility is restored in a structured and efficient manner while maintaining ongoing operations and protecting the long-term value of the City's assets.

Revenue Transparency & Dedicated Account

AX Recycling Trading Inc will maintain a dedicated operating account for all MRF-related revenues and expenses. Monthly financial summaries will be provided to ensure transparency and auditability.

Monthly Reporting

AX Recycling Trading Inc will provide monthly reports that will include inbound tonnage, production by commodity, contamination ratios, inventory levels, commodity sales, buyer information, and operational performance metrics.

Insurance and Indemnification

AX Recycling Trading Inc will maintain commercial general liability insurance as required by the city contract. The City will be named as an additional insured where required.

Conclusion

AX Recycling Trading Inc is uniquely positioned to restore, stabilize, and optimize the City of Laredo Recycling Center based on proven experience operating this specific facility and deep expertise in Machinex systems and commodity markets.

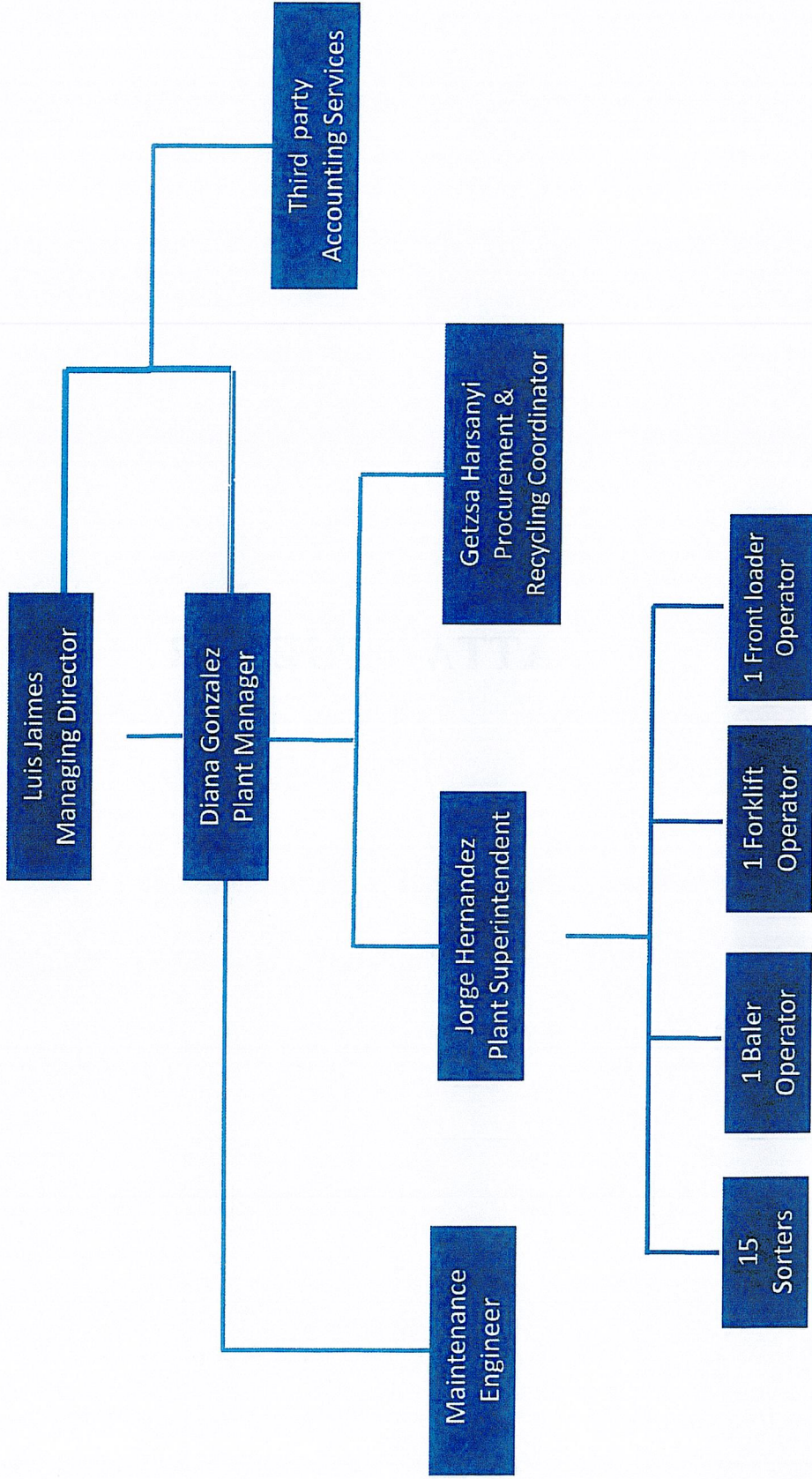
This proposal is not only an operating model, but a structured solution to the challenges that have impacted the facility in recent years. It directly addresses the need for operational discipline, maintenance accountability, contamination reduction, and financial sustainability. Our approach minimizes financial risk to the City by eliminating fixed processing costs, aligning incentives through a performance-based structure, and ensuring full transparency in operations and reporting. At the same time, it establishes a clear path to improving recovery rates, reducing residue, and maximizing the value of recyclable materials.

AX Recycling Trading Inc is committed to rebuilding the Recycling Center into a reliable, efficient, and high-performing operation that protects public assets and delivers long-term value to the City of Laredo and its residents.

We look forward to the opportunity to partner with the City and bring the facility back to the level of performance it was designed to achieve.

ATTACHMENT 1

AX RECYCLING TRADING LLC
ORGANIZATIONAL CHART



ATTACHMENT 2

MAINTENANCE SCHEDULE

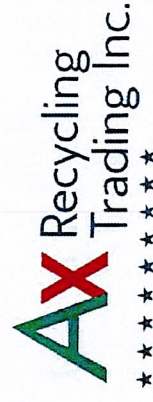
PROJECT LOCATION: MATERIAL RECOVERY FACILITY EQUIPMENT: BALER

SUPERVISOR: EQUIP NO: B1 LIST NO:

MAINTENANCE EMPLOYEE: MONTH:

WEEKLY MAINTENANCE						
	WEEKS	1	2	3	4	5
1.- KEEP LIMIT & PROXIMITY SWITCHES PROPERLY ADJUSTED						
2.- CHECK GAUGES ARE IN WORKING ORDER AND WITHIN GOOD READS						
3.- ELECTRICAL BOXES SHOULD BE KEPT CLEAN AND CLOSE						
4.- CHECK WIRE GUIDES THAT ARE PROPERLY CLEAN AND ADJUST						
5.- KEEP INFRARED CLEAN AND PROPERLY ADJUSTED						
6.- CHECK THE HIGH PRESSURE REACHED ON EACH GAUGE						
7.- CHECK OIL FILTER INDICATOR WHEN BALER IS RUNNING CHECK IF 10 PSI OR HIGHER						
8.- BLOW DIRT AND MATERIAL OUT OF THE HEAT EXCHANGER AND RADIATOR						
9.- CHECK OIL LEVEL OIL LEVEL SHOULD BE IN UPPER HALF OF SIGHT GLASS						
10.- CHECK BALER FOR OIL LEAKS						
11.- CLEAN FLOOR BEHIND PLUNGER AND TOP OF HYDRAULIC TANK						

LEGEND		
☐	MAINTENANCE REQUIRE	
☐	MAINTENANCE IF REQUIRE	
☒	MAINTENANCE DONE	
☐	REMARKS	
BEFORE MAINTAINING, SERVICE OR INSPECTING THE SYSTEM. THE CIRCUIT BREAKER AND POWER CIRCUIT BREAKER MUST BE OFF AND LOCKED		



ATTACHMENT 3

[illegible]

ATTACHMENT 4

BASIC OPERATION COST ESTIMATION

LABOR

SORTERS	\$26,000
FORKLIFT OPERATOR	\$2,200
BALER OPERATOR	\$2,900
FRONT LOADER	\$2,100
PROCUREMENT & RECYCLING	\$2,900
OPERATION SUPERVISOR	\$3,200
MAINTENACE ENGEENER	\$5,200
PLANT MANAGER	\$6,200
DIRECTOR	\$8,100
CLEANING SERVICES	\$500

OTHER EXPENSES

OFFICE/PARTS SUPPLY	\$1,000
BALER WIRE	\$2,500
LIABILITY INSURACE	\$1,300
ACCOUNTING	\$400
ELECTRICITY	\$6,000
GAS/DIESEL	\$1,500
MISCELANOUS OR UNKNOWN	\$3,000
	\$75,000