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McLoone's Filta Proposal

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Proposal Overview

This service proposal was prepared by John Michals of Dorado Environmental, Inc. (DEI/Filta) for Tim McMahon, President/COO of Tim Mcloone's Restaurants. This document serves as a potential scope of work upon the commencement of services. Please note, this proposal has been prepared based upon the infrastructure observed and specifically, on information obtained during the site evaluations performed during the week of June 10th at The Rum Runner in Sea Bright, The Robinson Ale House in Red Bank & McLoone's Boathouse in West Orange. Any changes to infrastructure would subject this proposal to modification.

Assumptions

This proposal was generated from the analysis and observations made at three Tim McLoone's locations. Each location was observed at least two times over the course of a seven day period to generate perspective on how fryer cooking oil was used within each kitchen. All of the fryer units within the three McLoone's restaurant kitchens were 50 pound fryers and in total eight fryers were examined. On observation days, the analytics measured were oil quality, fill level, the active temperature of the oil and the quality of how the fryer itself was maintained. Before

we delve into the physical characteristics of each kitchen, an explanation of the benchmarks used to measure against is required.

Benchmark Calculation

To perform a comparative analysis and propose what we believe DEI can save McLoone's in the long run, benchmarks needed to be established for both price and oil use. Our team decided that the best way to establish the price benchmark was to use the oil cost we observed, .73 cents per gallon and convert it to a per box cost when necessary. For oil use, the benchmark was calculated by averaging what we observed with what we were told about oil use. The information relied upon to establish each location's benchmark is presented below in table format, Table One. Additionally, the last column is a tabulation of the total amount of waste oil that is currently generated by McLoone's restaurants.

Table 1

Location	Price per #	Change Frequency	Benchmark Oil Used	Benchmark Frequency	Total Waste Oil (80%)
Boathouse	.73 pp	3-4x per week	15 boxes p.w.	4x per week	21,840
Robinson Ale H.	.73 pp	5-7x per week	15 boxes p.w.	5x per week	21,840
Rum Runner	.73 pp	2-3x per week	7.5 boxes p.w.	2.5x per week	10,920

Total Waste Oil, in DEI's view, should always be calculated as an amount less than one hundred percent. The reason is as oil is used, a portion becomes "lost" within the fryer. Processes such as evaporation and saturation lend themselves to the disappearance of oil from the fryer in such a way that one hundred percent of what is originally input is never truly recaptured. Our firm conservatively estimates that one captures eighty percent of what one puts into a fryer when it comes time to remove the waste cooking oil or "WVO". We now move to our Location review.

Location Review

The Rum Runner

The Rum Runner has two fifty pound fryers that, according to staff, are changed two to three times per week by utilizing a bulk oil delivery and removal system. The Executive Chef mentioned that staff filters the frying oil every night through the use of the fryer's internal filtration mechanism.

Given the staff input as well as the fryer sizes and refill rates (2-3 times per week), approximately six to nine boxes of oil per week would be required to perform the filling task as it is currently performed. For the purposes of our analysis, we marked 7.5 boxes of oil (2.5 changes per week) as our metric to measure against.

The Rum Runner uses an oilmatic system for bulk supply and removal of waste oil into onsite tanks. These tanks are then later filled and drained according to a schedule.

Of particular importance and as mentioned, the Executive Chef mentioned that staff filters the oil every night. This is a wonderful practice that regardless of Filta's presence, should be maintained as it will only help in the conservation of frying oil. By removing surface and larger particles in the oil, chemical bonds are better preserved, leading to longer lasting, more stable and better quality frying oil.

Both fryers were in good working order and good to great appearance. There were no observed missing parts nor any potential safety risks.

McLoone's Boathouse

The Boathouse has three fifty pound fryers with two of the three fryers (no specific two) in regular service and the third supporting the work load during peak kitchen times. According to staff, the fryers are changed between four times a week. During the weekend, all three fryers are changed out at least twice. During the week, the two in service fryers are changed out twice with one remaining offline until the weekend.

Given staff input as well as the fryer size and refill rates, approximately fifteen boxes of oil per week would be required to perform the filling task as it currently is performed. For the purposes of our analysis, we marked 15 boxes of oil (approximately 4 changes per week) as our metric to measure against.

The Boathouse utilizes a bulk oil supply and removal system that is located on the opposite wall near the dishwashing station. The oil equipment is in working order but dated. The fryers themselves are in working order but in decent to poor condition from an appearance standpoint. All three fryers had visible damage that could present safety risks to staff while in operation. Management should look to fix and replace some of the missing or deformed parts. Replacement of the fryers is not recommended at this time.

McLoone's The Robinson Ale House (Red Bank)

The Robinson Ale House in Red Bank has three fifty pound fryers that are connected to a bulk oil supply and removal tank system. Only two of the fryers are used as the third fryer is offline and was not observed to be in use.

According to the front of the house management, the menu caters to more higher-priced dining options and the fryers are generally used for light appetizers and french fries. Regardless, the Executive Chef explained that the fryers are either changed or filtered every night. Given the staff input as well as the fryer sizes and refill rates (5-7 times per week), approximately fifteen to twenty-one boxes of oil per week would be required to perform the filling task as it currently is performed. For the purposes of our analysis, we marked 15 boxes of oil (5 changes per week) as our metric to measure against.

The fryer equipment was observed to be in good working order but in fair to poor condition with some missing parts and potential safety risks. Management should look to replace the broken and missing pieces. Replacement of the fryers is not recommended at this time.

Analysis Findings: Savings with Filta

Our team sees significant savings in both the short and long runs. To unlock these savings, Dorado Environmental is requesting the overall management of oil beginning immediately.

To clarify, DEI would assume management of all filling/refilling, cleaning and filtering processes as it pertains to the kitchen fryers within these three additional locations. The management of these processes would be done in accordance with any executed contracts entered into by McLoone's Restaurants prior to DEI assuming oil management duties. Such contracts may predetermine oil supply and oil waste retention for specific McLoone's locations. Dorado Environmental believes that these contracts will not impede our team from harvesting the savings forecasted through our management processes.

A summary of these forecasted savings is available in Table 2. Of importance, all savings have been conservatively estimated based upon the benchmarks established in the prior section of this proposal.

A quick note on the Tables. Tables 3a, 3b, 4a and 4b differ based upon the amount of service visits provided to The Boathouse and Robinson Ale House. These locations are the heaviest oil users and thus, we took a careful approach to plan for "worst case" and forecast savings on this scenario. In all subsequent tables, the "b" table refers to an increased filtration service for these two locations when compared to table "a".

Table 2

Location	Oil Saved (Per Week)	Oil Saved in #s (Per Year)	Est. Oil Savings (Per Week)	Est. Oil Savings (Per Year)
Boathouse	9 boxes	16,380	$229.95	$11,957.40
Robinson Ale H.	9 boxes	16,380	$229.95	$11,957.40
Rum Runner	4.5 boxes	8,190	$114.98	$5,978.96
	22.5 boxes	**40,950**	**$574.88**	**$29,893.76**

Tables 3a and 3b, below, outline the approaches DEI would undertake to attempt to realize the savings presented in Table 2. Column two indicates the frequency of service per week. Column three highlights the proposed days that our technicians would clean the fryers and filter the oil, as well as the proposed days our technicians would clean the fryers and discard/refill the fryers with fresh oil. Lastly, columns four and five outline the cost of service both per week and per

year. All information is broken out as it relates to each individual location. The totals appear at the bottom of both tables.

Table 3a

Location	Proposed Service	Service Schedule	Service Cost (Per Week)	Service Cost (Per Year)
Boathouse	2x per week	Filter & Discard Monday Discard Thursday	$195	$10,140
Robinson Ale House	2x per week	Discard Tuesday Discard Friday	$160	$8,320
Rum Runner	2x per week	Filter Monday Discard Friday	$130	$6,760
			$485	**$25,220**

Table 3b

Location	Proposed Service	Service Schedule	Service Cost (Per Week)	Service Cost (Per Year)
Boathouse (O2)	3x per week	Filter & Discard Monday Filter Wednesday Discard Friday	$225	$11,700
Robinson Ale House (O2)	3x per week	Discard Monday Filter Wednesday Discard Friday	$225	$11,700
Rum Runner	2x per week	Filter Monday Discard Friday	$130	$6,760
			$580	**$30,160**

The last two tables, Table 4a and 4b, tie everything together when it comes to the cost for the Filta service compared to what the ultimate savings will be with the reduction of unnecessary oil consumption. Each amount is broken out by location and finally presented in an aggregated format in the bottom right corner. It is our estimation that with proper management, DEI can

utilize our Filta technology and potentially save McLoone's restaurant group between $2,800.00 and $7,800.00 per year across these three locations.

Table 4a

Location	Oil Cost Before Filta (per week)	Labor Cost ($20 per week)	Oil Cost With Filta (per week)	Filta Cost (per week)	Oil Saved (#s)	Total Savings (Per Year)
Boathouse	$383.25	$20	$153.30	$195	16,380	$2,857.40
Robinson Ale House	$383.25	$20	$153.30	$160	16,380	$4,677.40
Rum Runner	$191.63	$20	$76.65	$130	8,190	$258.96
	$958.13	**$60**	**$383.25**	**$485**	**40,950**	**$7,793.76**

Table 4b

Location	Oil Cost Before Filta (per week)	Labor Cost ($20 per week)	Oil Cost With Filta (per week)	Filta Cost (per week)	Oil Saved (#s)	Total Savings (Per Year)
Boathouse (O2)	$383.25	$20	$153.30	$225	16,380	$1,297.40
Robinson Ale House (O2)	$383.25	$20	$153.30	$225	16,380	$1,297.40
Rum Runner	$191.63	$20	$76.65	$130	8,190	$258.96
	$958.13	**$60**	**$383.25**	**$580**	**40,950**	**$2,853.76**

Will This Actually Work?

We believe the oil conservation plan will work because we believe in the power of our micro-filtration. When combined with our fryer cleaning techniques and the kitchens excellent history of filtration, oil conservation savings should be realized.

As we have stated in the past, the cleanliness of a fryer will impact waste. Sediment and food particles will eventually settle at the bottom of the fryer, around the heating elements. If this sediment is not routinely removed, adding fresh oil on top of it merely clouds the oil and accelerates the natural degradation process. It is akin to eating food off of a dirty plate. Over the course of the evaluation, we observed quite a bit of cloudy oil. Our conclusion was that the fryers were not being thoroughly cleaned during downtime, leading to faster breakdown of oil.

Staff practices of filtering oil through internal filtration equipment is a very good practice to remove large particles from the oil. However, gravity filtration is most similar to large skimming. This can help extend the life of oil, but only when combined with microfiltration, will the chances of extended oil life increase dramatically. Only microfiltration, pressurized filtering of oil, can remove particles that are minute in size yet as damaging to oil as their larger counterparts. With our microfiltration practices and the kitchen's best practices continued, oil reduction and conservation will be realized.

Service Benefits and Savings

By utilizing the Filta service, McLoone's would receive the following, immediate benefits:

1. **An estimated annualized savings** (based on 52 weeks), of almost **$8,000 dollars. These savings are solely based on using our service over current practices**
2. An **annualized oil reduction of nearly 1,170 boxes of oil or roughly 41,000 pounds!**
3. **Cleaner** and **more efficient** cooking **fryers**
4. **Relaxing of critical employee retention concerns**
5. A **safer work environment** and generally **happier staff**

Conclusion

It was a pleasure to provide you with this proposal. As mentioned, we would be happy to provide you with a demonstration of our services at a later date. Please let us know when you are ready for that next step. We thank you for the opportunity and look forward to hearing from you.