BURNS McDONNELL

Solid Waste and Recycling Procurement Workshop

Houston-Galveston Area Council

August 19, 2015

Today's Agenda

8:30 am	Welcome and Introduction
8:45 am	Procurement Process
9:15 am	General Contract Provisions
10:00 am	Collection Contract Provisions
10:30 am	Processing Contract Provisions
11:15 am	Disposal Contract Provisions
11:30 pm	Industry Panel
12:15 pm	Concluding Remarks

Workshop Purpose

- Guidance to procure any combination of solid waste and recycling services

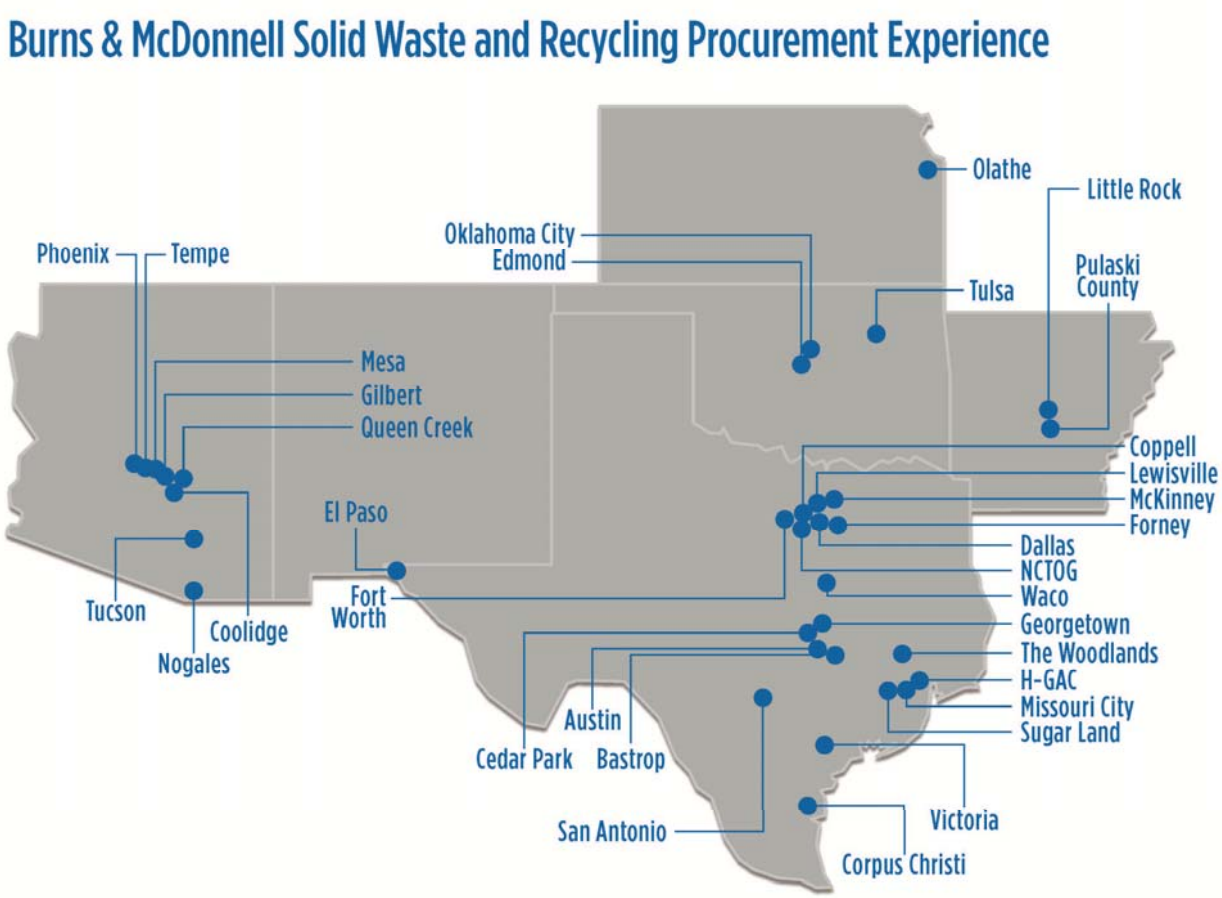
Collection Services

Processing Services

Disposal Services

Introductions

- Scott Pasternak, Senior Project Manager, leads the Southwest Solid Waste and Resource Recovery Practice
- Veronica Roof, Senior Environmental Policy Specialist, is a licensed attorney



NCTCOG is North Central Texas Council of Governments

Extensive Solid Waste and Recycling Procurement Experience

Recycling After the Crash

Market prices for recyclables declined severely in 2008, creating serious issues for many local government recycling programs.

BY SCOTT PASTERNAK AND VERONICA ROOF

Problems faced by local governments included significant revenue decreases, requests from processors to renegotiate agreements, and, in some cases, termination of existing agreements. For cities seeking to procure services after the 2008 market crash, there was a great deal of uncertainty concerning the terms and financial commitments that processors would be willing to include in new agreements.

Two cities facing the need for new agreements included Tucson, AZ, and Olathe, KS. This article chronicles the strategic approaches employed by these two cities to secure long-term processing agreements with favorable financial terms. To assist with the procurement, both cities enlisted SAIC, an engineering and technology applications company with consulting expertise in solid waste and recycling, to identify opportunities to develop competitive and successful procurements.

Program Overviews

Both Tucson and Olathe provide solid waste and recycling collection service for single-family residential households. In addition, each city provides commercial collection services and has proactive recycling programs for the commercial and multi-family sectors.

The city of Tucson is located in southern Arizona, approximately 120 miles from Phoenix, with a population of about 525,000. Tucson has provided its residents with weekly single-stream recycling using 96-gallon carts since 2002. From its residential, neighborhood drop-off and commercial front-end recycling programs, Tucson collects approximately 48,000 tons of single-stream material annually. Tucson needed a new agreement to replace its current contract that expires in 2012.

The city of Olathe has a population of 125,000 and is located in the greater Kansas City metropolitan area in Johnson County. In January 2010, Olathe transitioned from a subscription, curbside-sort recycling program to an every other week single-stream recycling program for all single-family residential customers using 65-gallon carts. As a new program, the city has an average of 500-600 tons per month of collected single-stream material. Prior to 2010, Olathe did not have a formal agreement in place with a recycling processor. With the implementation of single-stream recycling, the city recognized the need for a formal agreement.

Multiple Processing Locations and Options

Prior to initiating their procurement processes, both cities evaluated various public and private recycling processing locations and options. This approach helped the cities to understand the financial feasibility of multiple options and identified various alternatives for vendors to consider as a part of the procurement process.

Olathe was interested in having a facility located within its city limits. Olathe evaluated two options:

- Expanding its existing transfer station to include a material recovery facility (MRF) or to allow for the transfer of recyclable materials
- Purchasing and converting a vacant industrial food processing facility into a material recovery facility

In evaluating whether to expand the transfer station, the city concluded that there was insufficient space on the site to allow for a MRF. However, there was potentially sufficient space to expand the station to allow for the separate transfer of recyclable material. Regarding the food processing facility, Olathe concluded that while a MRF could be constructed and would provide certain advantages (e.g. proximity to collection routes and rail access), it was a much larger facility than what the city alone could expect to utilize as a MRF in a cost-effective manner.

Figure 1: Estimated Annual Tonnage of Recyclables Collected by the City of Tucson

Program	Tons	Percent of Total
Residential Collection	41,200	85.7%
Commercial Collection	4,000	8.3%
Neighborhood Recycling Centers	2,900	6.0%
Total	48,100	100.0%

66 MSW MANAGEMENT [SEPTEMBER/OCTOBER 2011]

RECYCLING CONTRACT NEGOTIATION GUIDEBOOK

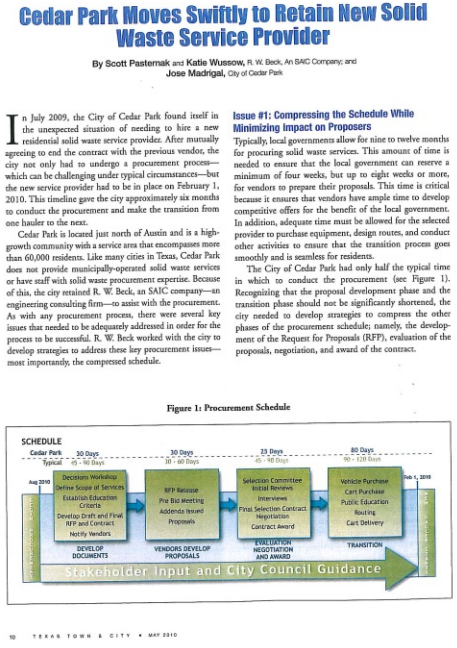
NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS

FINAL | May 2009

This study was funded through a solid waste management grant provided by the Texas Commission on Environmental Quality through the North Central Texas Council of Governments. This funding does not necessarily indicate endorsement of the study's findings and recommendations.

R·W·BECK

Mind Powered: Insight with Impact.



Cedar Park Moves Swiftly to Retain New Solid Waste Service Provider

By Scott Pasternak and Katie Wussow, R. W. Beck, An SAIC Company; and Jose Madrigal, City of Cedar Park

In July 2009, the City of Cedar Park found itself in the unexpected situation of needing to hire a new residential solid waste service provider. After mutually agreeing to end the contract with the previous vendor, the city not only had to undergo a procurement process—which can be challenging under typical circumstances—but the new service provider had to be in place on February 1, 2010. This timeline gave the city approximately six months to conduct the procurement and make the transition from one hauler to the next.

Cedar Park is located just north of Austin and is a high-growth community with a service area that encompasses more than 60,000 residents. Like many cities in Texas, Cedar Park does not provide municipally-operated solid waste services or have staff with solid waste procurement expertise. Because of this, the city retained R. W. Beck, an SAIC company—an engineering consulting firm—to assist with the procurement. As with any procurement process, there were several key issues that needed to be adequately addressed in order for the process to be successful. R. W. Beck worked with the city to develop strategies to address these key procurement issues—most importantly, the compressed schedule.

Issue #1: Compressing the Schedule While Minimizing Impact on Proposers

Typically, local governments allow for nine to twelve months for procuring solid waste services. This amount of time is needed to ensure that the local government can reserve a minimum of four weeks, but up to eight weeks or more, for vendors to prepare their proposals. This time is critical because it ensures that vendors have ample time to develop competitive offers for the benefit of the local government. In addition, adequate time must be allowed for the selected provider to purchase equipment, design routes, and conduct other activities to ensure that the transition process goes smoothly and is seamless for residents.

The City of Cedar Park had only half the typical time in which to conduct the procurement (see Figure 1). Recognizing that the proposal development phase and the transition phase should not be significantly shortened, the city needed to develop strategies to compress the other phases of the procurement schedule; namely, the development of the Request for Proposals (RFP), evaluation of the proposals, negotiation, and award of the contract.

Figure 1: Procurement Schedule

10 TEXAS TOWN & CITY • MAY 2010

Utilize Innovative Strategies

Insight for Partnerships

History of completing RFPs in a timely manner

Table Introductions

Introductions: Name, organization, position

Question: What is the #1 issue that you would like to be addressed in today's workshop?

Procurement Process

Steps to a Successful Procurement

Steps to a Successful Procurement

Developing the Procurement Approach

1. Who should be on the procurement team?
2. What is the timeline?
3. Should you use an Invitation for Bids, Request for Proposals, or two-step process?
4. Should you issue a separate, integrated, or open-ended solicitation?

Selecting the Procurement Team

	Potential Procurement Team Members
Recommended	▪ Public Works or Solid Waste Department ▪ Solid Waste Coordinator ▪ Recycling Coordinator ▪ City Manager or designee ▪ Billing and Customer Service ▪ Purchasing Department ▪ Legal Department or outside counsel ▪ Solid waste and recycling procurement advisor
Optional	▪ Elected officials ▪ Citizen group representatives ▪ Consultant or outside advisor

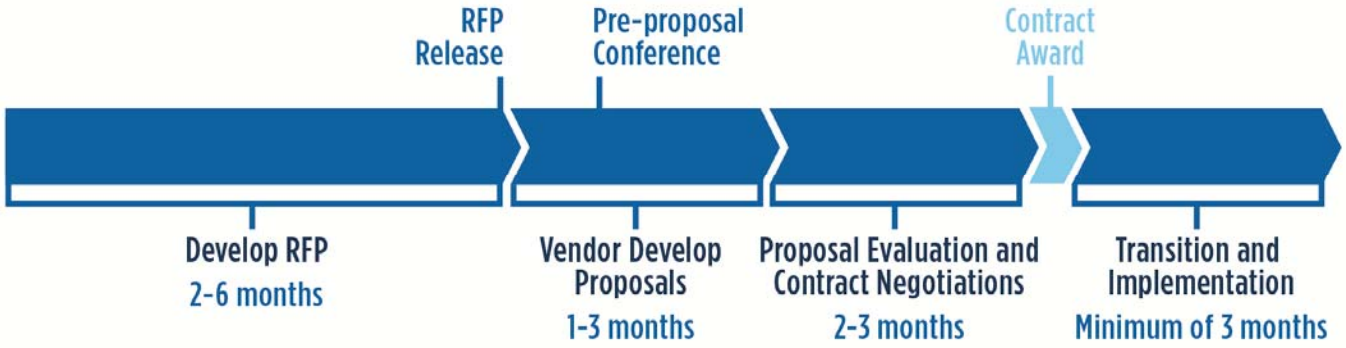
Procurement Team Member Responsibilities

- Team Member's responsibilities may vary. Key responsibilities are:
  - Development of Request for Proposals
  - Facilitation of procurement process
  - Evaluation of proposals
- Recommend 5 to 9 team members (odd number) evaluate proposals
- Burns & McDonnell is a non-voting resource throughout the procurement process

Developing the Procurement Timeline

Procurement timeline varies based on type of services and other factors.

Collection Services Procurement Timeline



Processing or Disposal Services Procurement Timeline

Handout 1:
Procurement Timeline Tool

Bids vs. Proposals

	Invitation for Bids (IFB)	Request for Proposals (RFP)
Definition	Evaluation is based on *minimum standards* and *lowest price.*	Evaluation is based on *best value*, which includes a variety of and criteria defined by city.
Works Well When	▪ Services can be specifically defined ▪ All bidders are qualified ▪ Sole evaluation criteria is price	▪ City is receptive to different approaches to service ▪ Price is not the only evaluation criteria

Bids vs. Proposal

	Invitation for Bids (IFB)	Request for Proposals (RFP)
Pros	▪ Simple evaluation process ▪ Little risk of protest from unsuccessful bidders	▪ Evaluation based on factors beyond price ▪ Allows proposers to present alternatives
Cons	▪ City obligated to select lowest bidder ▪ No incentive for bidders to present alternatives or higher level of service	▪ Complex evaluation process ▪ Higher risk of protest from unsuccessful proposers

One-Step vs. Two-Step Process

- One-Step – Proposals are opened all at once and in-depth analysis is conducted for all proposals

- Two-Step – Only proposals that meet minimum qualifications are evaluated

One-Step vs. Two-Step Process

	Pros	Cons
One-Step	▪ Can independently select collection, disposal and processing providers ▪ Can increase competition	▪ Risk of unqualified proposal being selected due to low financial proposal ▪ All proposals must be evaluated in detail
Two-Step	▪ Early elimination of unqualified proposers ▪ Reduced time for evaluation ▪ Eliminates risk of unqualified proposers being selected due to low financial proposal	▪ Can't see the "full picture" for proposers that are eliminated ▪ Potentially longer timeline

City of Fort Worth: Two-Step Process

▸Step One: Qualifications

- Minimum experience
- Financial Information
- Certificate of insurability
- Proof of ability to acquire bonding

▸Step Two: Evaluation

- Company history and ownership
- Subcontractors and MBE participation
- Relevant experience and reference projects
- Financial capacity
- Performance and litigation history
- Personnel
- Proposed approach
- Diversion potential and added value
- Financial proposal

Separate, Integrated, or Open-Ended

- **Separate** – Proposals solicited for separate providers of collection, disposal, and processing service. Also known as "*un-bundled*" services.
- **Integrated** – Proposals solicited for a single provider of collection, disposal, and processing service. Also known as "*bundled*" services.
- **Open-Ended** – Proposals solicited for collection, disposal, and/or processing. Proposers may propose on any or all services.

Separate, Integrated, or Open-Ended

	Pros	Cons
Separate	▪ Can independently select collection, disposal and processing providers ▪ Can increase competition	▪ Separate procurements require more time/effort ▪ Manage and negotiate three contracts
Integrated	▪ One procurement and one contract ▪ Relationship between collection, disposal and processing providers	▪ Can minimize competition by eliminating companies that only provide one service
Open-Ended	▪ Can independently select collection, disposal and processing providers ▪ Can analyze all options	▪ Complex evaluation ▪ Risk to not receive proposals for all services

Steps to a Successful Procurement

Gather Input from Stakeholders

- Prospective Vendor Questionnaire
- Prospective Vendor Interviews
- Customer Surveys
- Public Forums
- City Council Meetings
- Benchmark Analysis
- Studies of Potential Program Options
- Staff Procurement Options and Strategies Workshop

City of Tulsa: Prospective Vendors Provided Critical Insight

- 16 prospective vendors interviewed for input on:
  - Collection services
  - Processing services
  - Recovery of energy services

- Provided critical insight as to:
  - Interest in proposing to provide any or all services
  - Procurement process timeline
  - Contract terms (i.e. length of contract, subscription vs. universal program, performance bond)
  - Program requirements (i.e. collection frequency, automation, out of cart set-outs)
  - Factors that increase/decrease costs

Handout 2:
Procurement Scope and Scope of Services Tool

Factors that Increase/Decrease Fees

Factor	Increase Base Fee	Decrease Base Fee
Performance Standards	Strict	Lenient
Collection Frequency	Increased	Decreased
Size of Service Area/ Quantity of Material	Small	Large
Contract Term	Short	Long
Public Education	Payment required	No requirements

Steps to a Successful Procurement

Developing the RFP: Background and Objectives

- Gives the contractor the complete picture to meet the city's needs
  - Geographic and demographic data
  - Reasons why the RFP is being developed
  - Goals and objectives of the program
  - Historical program data, including material quantities and composition

Developing the RFP: Scope of Services

- Clearly state baseline services as well as any alternatives
  - Contract term
  - Description of services
  - Location of facilities
  - Hours of operation
  - Customer service responsibilities
  - Program materials
  - Personnel requirements
  - Equipment requirements
  - Public education and outreach responsibilities
  - Performance standards
  - Performance assurances
  - Payment procedures

Developing the RFP: Evaluation Process & Criteria

- Assign weights or points to each criteria to indicate relative importance to city. Criteria can include:
  - Cost
  - Experience and qualifications
  - Proposed approach (e.g. facilities, personnel, equipment)
  - Financial stability
  - Litigation history

City of Missouri City: Best Value to City

Evaluation Criteria	Percent of Total
Letter of Intent and Company Overview	Prerequisite
Proposed Approach	25%
Experience	20%
Financial Stability and Exceptions to Contract	5%
Financial Proposal	50%
Total	**100%**

Developing the RFP: Instructions for Proposers

- The RFP should include clear instructions for vendors
  - Deadlines and key milestones
  - Format of submittal
  - Content to be included
  - Standardized forms
  - Location of submittal
  - Contact person for questions

Developing the RFP: Proposal Content Requirements

▸ Experience and qualifications

- Require that proposers provide most recent references for similar service
- Not just company experience but experience of personnel assigned to the project

▸ Project approach and implementation

- Description of facilities
- Description of personnel and equipment
- Demonstrate that they have resources to service the City

▸ Financial proposal

- City should provide a form for financial proposal
- City should state preferred fee structure

Steps to a Successful Procurement

Identify & Contact Potential Proposers

- Formal announcements
  - Ads in local publications and media
  - Ads in solid waste and recycling publications
  - Direct communication
- When directly communicating with potential proposers
  - Use knowledge of local market to generate list of companies to be contacted directly
  - Companies should be contacted at same time and in same manner

Pre-Proposal Meeting

- A pre-proposal meeting provides the opportunity to:
  - Explain the desired services to vendors
  - Address questions an comments from vendors
  - Receive feedback on scope of services (issue amendments as needed)

	Pros
Mandatory	▪ Ensures all vendors have the same information ▪ Provides City an idea of how many proposals to anticipate
Voluntary	▪ Creates a more competitive environment (vendors do not know who will propose) ▪ Does not disqualify vendors that have scheduling conflicts

Steps to a Successful Procurement

Technical Evaluation:
Identify Strengths, Weaknesses and Clarifications

	Example Technical Considerations
Collection	▪ Collection days (i.e. all services offered on same day, no Saturdays) ▪ Average households per route ▪ Collection equipment (i.e. manual vs. automated, used vs. new) ▪ Additional services in excess of RFP requirements
Processing/ Disposal	▪ Available capacity ▪ Distance from City to facility ▪ Priority access and truck turnaround time guarantees ▪ For processing, expansion of program materials

Financial Evaluation: Estimating Proposed Costs/Revenues

	Example Financial Considerations	
Collection	▪ Residential costs ▪ Commercial and roll-off costs	▪ Public education contribution ▪ Total program costs
Processing	▪ Recyclable revenue share ▪ Processing fee ▪ Public education contribution	▪ Net costs/revenues in low, average, or high commodity markets ▪ Collection cost impacts
Disposal	▪ Disposal fee	▪ Collection cost impacts

Steps to a Successful Procurement

Negotiate and Award the Contract

- Include draft contract in RFP
  - Minimizes contract negotiations
  - Proposers to include any exceptions in the proposal document
- Option to move to next highest ranked proposer if negotiations are unsuccessful
- Can also negotiate with two proposers simultaneously if permitted by City Purchasing Department

Steps to a Successful Procurement

Key Transition and ImplementationIssues

- Collection Services
  - Changes in services
  - Changes in collection days
  - Distribution of carts and commercial containers
  - Training of contractor staff
- Processing Services
  - Addition of Materials
  - Construction of MRF
- Disposal Services: generally minimal issues

General Contract Provisions

Use of Workshop

- The Workshop is not meant to be used as a substitute for legal counsel in procurement or contract negotiation.
- We strongly recommend consulting with City Attorneys or outside counsel.
- The Workshop does not constitute legal advice, recommendations, counsel, or guidance.

Cost Impacts of Contract Provisions

- This presentation discusses many options for provisions and requirements that can be placed on contractors.
- Important to understand that *increased requirements on the contractor result in increased cost to provide service.*

General Provisions for All Contracts

- Definitions
- Contract term
- Performance assurances
- Fee Adjustments
- Liability assurances
- Ownership and Risk of Loss
- Contract enforcement and remedies
- Dispute resolution
- Assignment/subcontracting
- Compliance with laws

Sample contract language may be found in the North Central Texas Council of Governments Recycling Contract Negotiation Guidebook.

Handout 3:
Sample Contract Provisions

Definitions

- Provides clarification on key terms and terms that could be misleading or ambiguous
- Example processing contract definitions:
  - Program Recyclable Materials
  - Single-Stream
  - Recovered Materials
  - Residuals
  - Contamination
  - Processing
  - Marketing
  - Processing Facility
  - Disposal
  - Disposal Facility
  - Load
  - Unaccepted Load
  - Processing/Marketing Fee
  - Recyclable Revenue Share

Contract Term

	Initial Term	Renewal Term
Description	▪ Begins on date that service begins ▪ Recover capital costs	▪ Begins on date that prior term ends. ▪ Usually shorter
Collection	▪ Vehicle life: 7 years ▪ Typical: 5-10 years	▪ Typical: 1-3 years
Processing	▪ Facility life: Up to 30 years ▪ Equip. life: Up to 15 years ▪ Typical: 3-15 years (depends on need for new facility equipment)	▪ Typical: 1-3 years
Disposal	▪ Facility life: Varies ▪ Typical: Consistent with initial term of collection contract	▪ Typical: Consistent with initial term of collection contract

Renewal Term

- **Automatic Renewal:** Unless there is notice given to contractor a certain number of days before expiration, contract will automatically be renewed.
- **Optional Renewal:** Allows city the option to renew the contract. Optional renewals can be at:
  - City's sole discretion;
  - Mutual agreement; or
  - City's option if contractor does not provide notice a certain number of months before expiration that contractor elects to not renew.

Recommendation: Optional Renewal Term

Performance Assurances

DURING THE CONTRACT TERM	▪ Assure contract compliance ▪ Evaluate program and services ▪ Burns & McDonnell Recommends: Recordkeeping, reporting, administrative charges, auditing, and inspection rights
AFTER THE CONTRACT IS TERMINATED	▪ Covers cost associated with early termination ▪ Burns & McDonnell Recommends: Performance bond or letter of credit

Recordkeeping and Reporting

Collection Contactor	▪ Improper set-outs ▪ Participation and set-out rates ▪ Customer complaints
Processing Contractor	▪ Gross and net weight delivered to MRF by route ▪ Results of composition audit ▪ Estimated tons by commodity ▪ Commodity pricing ▪ Estimated tons of residual/contamination ▪ Rejected loads
Disposal Contractor	▪ Gross and net weight delivered to MRF by route ▪ Rejected loads

Performance Bonds and Letter of Credit

- Performance assurances for after the contract is terminated (performance bonds and letters of credit) need to be priced to cover all costs associated with early contract termination, including:
  - Termination costs
  - Re-procurement costs
  - Interim services costs

Administrative Fees

- May be established to compensate city for the cost of non-performance
- Payment methods include:
  - Withholding from monthly payment: City subtracts administrative fees from monthly payment to contractor.
  - Escrow account: City may draw upon account for payment of administrative fees.
  - Standard invoicing: City may submit a standard invoice to contractor for administrative fees.

Administrative Fees for Collection Services

- Example administrative charges for collection contracts:
  - Unresolved customer complaints
  - Failure to provide services during hours of operation
  - Non-collection of individual residences or neighborhoods
  - Commingling of materials
  - Disposal of recyclable materials
  - Property damage
  - Failure to distribute public education
  - Failure to submit reports
  - Failure to submit accurate invoicing
  - Failure to maintain a local office

Fee Adjustment

- Important to compensate contractor for increases in cost to provide service
  - Solid waste and recycling contracts are medium to long term
  - Any fee can be subject to escalation
- Most common method is index-based

Selecting an Index

- Consumer price index (CPI): Measures changes in average prices paid by consumers for goods and services.
- Producer price index (PPI): Family of indices that measure the average change in selling prices received for goods.
- Important to identify specific index that you want to use (see Guidebook for details).

Fuel-Related Adjustments

- Recommended for collection services and disposal services and generally not for processing services
- Recommended to decide ahead of time on methods to adjust fees based on fuel cost
- Utilize a percent-cost method
  - Determine the percent of the fee that can be adjusted based on fuel
  - Fuel portion can increase or decrease
  - Schedule adjustments to be semi-annual

Liability Assurances: Indemnification

- Identifies the party responsible for defending against legal actions as the result of contractor's actions or omissions.
  - Example: Provision may require hauler to pay for property damages caused by hauler's employee even if claim is filed against city
  - Recommended coordination with City Attorney

Liability Assurances: Insurance

- General insurance requirements may include:
  - Payment of insurance premiums and deductibles
  - Submit copy of insurance certificate to city
  - City to be named as additional insured
  - Notification of material change or cancellation of coverage
  - Notice of accident or occurrence to city
- Specific insurance coverage requirements may include:
  - Worker's compensation
  - Employer's liability
  - Commercial general liability
  - Automobile

Ownership & Risk of Loss

- Ownership: Defines who owns (or has title) to materials.
- Risk of loss: Defines which party bears the burden of loss of or damage to materials.

At what point does ownership (and the risk of loss) for materials transfer?

	Point of Collection	Acceptance at MRF or Disposal Site
Integrated Contracting	City → Contractor	Contractor → MRF
Separate Contracting	Remains with City	City → MRF

Contract Enforcement & Remedies

- **Payment withheld:** City withholds payment until a particular circumstance is resolved
- Right to terminate:
  - **Termination for cause**: Allows for termination in case of breach
  - **Termination for convenience**: Allows termination without cause
  - **Termination for unavailability of funds**: Allows for termination in the event that funds are not allocated to the program

Recommendation: Payment Withheld and Termination for Cause

Dispute Resolution

- For disputes involving judicial system, provision should include:
  - Whether city is required to participate in mediation/arbitration
  - Responsibility for attorney's fees
  - Laws governing the dispute
  - Where judicial proceeding will be held
- For disputes between parties, provision to include:
  - Provision of services during dispute
  - Entity responsible for deciding outcome of dispute
  - Appeal process

Assignment & Subcontracting

- Local government may allow or prohibit assignment or subcontracting
  - Assignment: Ability of the contractor to assign part or all of the responsibilities under contract to a third party
  - Subcontracting: Ability of the contractor to assign part or all of responsibilities to a third party, while *contractor remains liable*

Compliance with Laws & Regulations

- All contractors are subject to federal, state, and local laws and regulations
- Many local governments include a provision requiring contractors to be informed of and comply with all applicable laws and regulations

Collection Contract Provisions

Types of Collection Contract Provisions

- Operational obligations
- Administrative obligations
- Diversion incentives

Operational Obligations

- Customer base
- Residential collection services
- Residential collection method and frequency
- Collection schedule
- Collection vehicles
- Collection containers
- Disposal/processing of materials
- Non-collection

Customer Base

- Single-family residential

- Other Customers
  - City buildings
  - Multi-family residential
  - Commercial refuse
  - Commercial recycling
  - Temporary roll-offs
  - Other roll-offs

Customer Base: Single-family vs. City-wide Program

	Pros	Cons
Single-family Customers Only	▪ Understanding of cost of service for residential services	▪ Higher overhead costs per customer
Inclusion of Other Customers	▪ Generally lower costs for residential services ▪ Lower overhead costs per customer ▪ Lower administrative burden on City (i.e. one versus multiple vendors)	▪ If currently not franchised, higher legal risk

Residential Collection Services

- Refuse
- Recyclables
- Yard Trimmings
- Bulky/Brush
- HHW and Electronics

Residential Refuse Collection Method

	Manual	Semi-automated	Fully-automated
Containers			
Trucks			

Residential Refuse Collection Frequency

Once a Week

- Less expensive
- Requires 60-90 gallon rolling carts for storage of materials and ease of use
- Many cities have replaced twice per week refuse with once per week refuse and recycling
- Cities with once week refuse: Houston, Austin, Dallas, Fort Worth, The Woodlands, Carrolton, and Allen

Twice a Week

- Inefficient use of labor and equipment since second collection day is “lighter”
- If manual service, more injuries and higher worker’s compensation costs
- More trucks traveling across City and in neighborhoods; increased vehicle emissions; negative impact on roads
- Cities with twice week refuse: Pasadena, League City, Missouri City, Pearland, and Sugar Land

Residential Recycling Collection Method

	Single Stream	Dual Stream	Source-Separated
Containers			
Trucks			

Residential Recycling Collection Frequency

Every Other Week

- Less expensive
- Requires 60-90 gallon rolling carts for storage of materials and ease of use
- Some cities have replaced once per week recycling with every other week recycling
- Cities that provide every other week with recycling: Houston, Missouri City*, and Bastrop*

Once a Week

- More trucks traveling across City and in neighborhoods; increased vehicle emissions; negative impact on roads
- Cities that provide every other week with recycling: League City and Pearland

* Services to be provided under contract recently awarded.

Residential Yard Trimmings Collection Method

Customer-provided rigid container

Compostable paper bag

Program-provided rolling cart

Compostable plastic bag

Residential Yard Trimmings Collection Frequency

	Seasonal	Every Other Week	Weekly
Description	Collection is provided during only certain times of the year when material is generated.	Collection is provided every other week.	Collection is provided weekly (same as refuse schedule).
Pros	▪ Focuses resources on heaviest seasons ▪ Greater collection efficiency when operating	▪ Convenient for residents ▪ Lower operating cost than weekly	▪ Convenient for residents
Cons	▪ Residents may generate material out of season ▪ Higher need for resident education	▪ Higher operating cost ▪ Potential for low route density	▪ Highest operating cost ▪ Potential for low route density

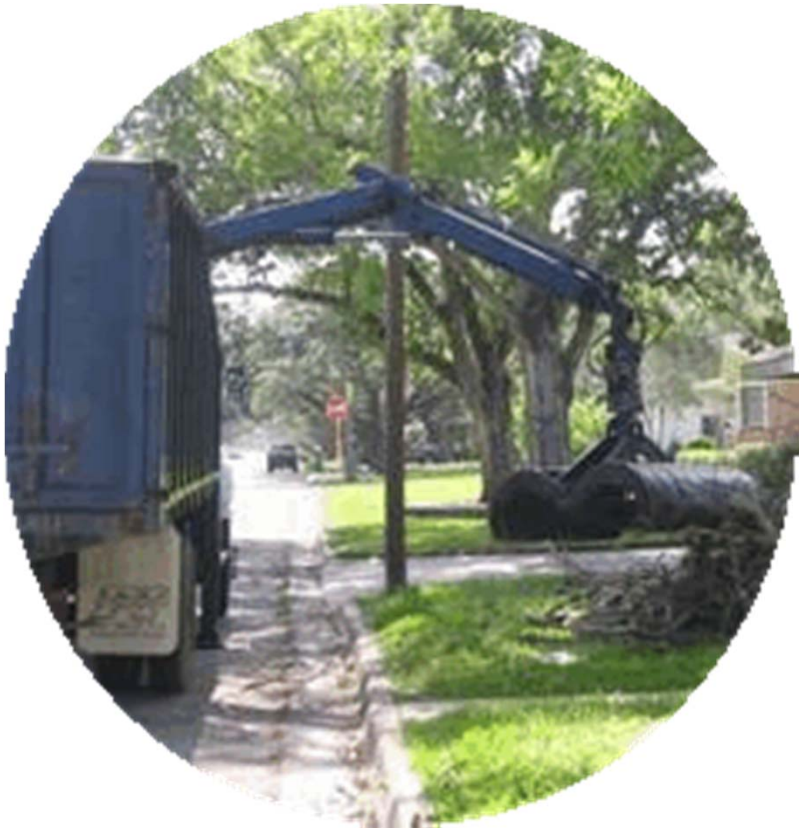
Residential Yard Trimmings Excludes Disaster Debris

- Reasons to exclude disaster debris from yard trimmings service:
  - Costs not included in base fee
  - Requires specific equipment
  - Ensure federal reimbursement if available
- Reserve right to negotiate provision of disaster debris services with contractor or contract with other vendor

Recommendation: Reserve the right to negotiate disaster debris services

Residential Bulky/Brush Waste Collection Method

- Set-out limits
  - Number of items
  - Volume
  - Unlimited (not recommended)
- Collection Frequency
  - Weekly
  - Monthly
  - Seasonal
- Scheduling
  - Scheduled collection day/week
  - Call-in basis



Residential Bulky/Brush Waste Collection

Volume Limits

On-call & Seasonal programs can result in reasonable set-outs

No Volume Limits

Programs providing collection once a month or more can result in unreasonable set-outs

Residential HHW and Electronics Collection

- Program Materials
  - Televisions, Computers, etc.
  - Household Cleaners
  - Paint
  - Cooking Oil
  - Batteries
  - Automobile Products
  - Sharps and Medical Waste
  - Other HHW and Electronics
- Collection Location
  - Special Events
  - Customer location
- Scheduling
  - Scheduled collection day/week
  - Call-in basis
- Other Program Protocol

Residential Collection Schedule

	Options	Considerations
Number of Service Areas	▪ One service area ▪ Multiple service areas	▪ Size of City ▪ Public education ▪ Number of days which collection vehicles are in City
Same Day Service for all Services	▪ Recycling services provided on refuse collection day ▪ "Green" day	▪ Public education and vendor training ▪ Fewer days with collection vehicles in neighborhood ▪ City aesthetics
Saturday Collection	▪ Saturday vs. No Saturday	▪ Potential for reduced service costs
Holiday Collections	▪ Impacted service area only vs. all service areas for remainder of week	▪ Potential for Saturday collection
Amend Collection Days	▪ Require approval ▪ Provide justification ▪ Provide notice	▪ Public education ▪ Customer satisfaction

Collection Vehicles

Baseline Requirements	▪ Sufficient front-line and spare vehicles to provide service
Additional Issues *(see Guidebook for additional issues that can be addressed regarding collection vehicles)*	▪ Vehicle age requirements (new, average age, maximum age) ▪ Identification with contractor's name, phone number, and truck number ▪ Minimum frequency for cleaning and deodorizing vehicles ▪ Compliance with U.S. EPA noise emission regulations ▪ Alternative fuels

Residential Collection Carts

Cart Issues to be Addressed in Collection Contracts

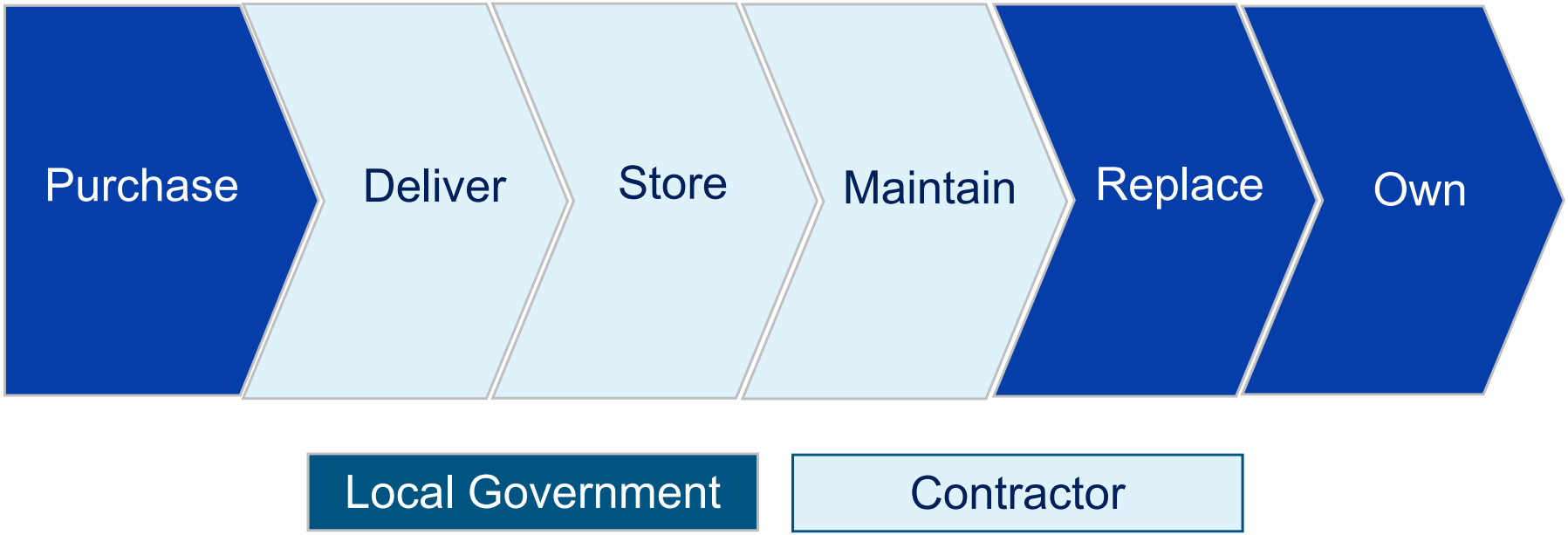
**For carts assembly is required before delivery.*

Options for Residential Cart Ownership

Option 1: City purchases carts and manages carts during contract term. Contractor liable for damaged carts caused by contractor's employees.

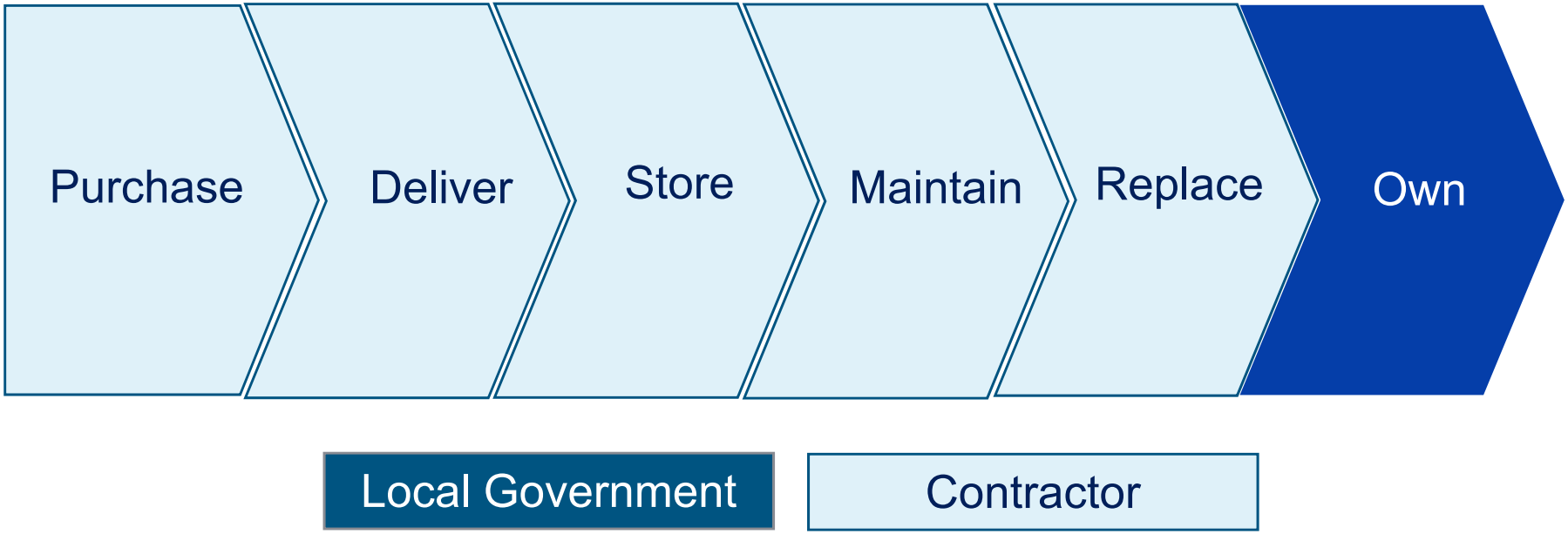
Options for Residential Cart Ownership (*cont.*)

Option 2: City purchases carts and contractor manages carts during contract term. Contractor liable for damaged carts caused by contractor.



Options for Residential Cart Ownership (*cont.*)

Option 3: Contractor purchases carts and manages during contract term. Contractor liable for all damaged carts. Ownership transfers to local government at the end of the contract.



Options for Residential Cart Ownership (*cont.*)

- Option 1: City purchases and manages containers.
  - City needs personnel and staff
  - Gives city complete control over containers
- Option 2: City purchases and contractor manages containers.
  - City does not need personnel and staff
  - Contractor has vested interest in condition of containers
- Option 3: Contractor purchases and manages containers. Ownership transfers to city at end of contract.
  - City does not have to make capital outlay
  - Smooth transition at end of contract (no removal of containers)

City of Cedar Park: City Purchased Carts

- Highest-ranked vendors would provide carts for $1.00 - $1.15 monthly (per cart)
- City-purchased carts cost residents $0.56 monthly (per cart)
- Contractor manages delivery, ongoing repair, replacement, warranty issues, etc.

Commercial Recycling Collection and Temporary Roll-off Collection

- Texas cities have the right "to provide, or contract with a private company to provide, exclusive garbage collection services within the city limits"
  - Adopt Rules for regulating solid waste collection - Health and Safety Code § 363.111(a)
  - Assure that solid waste collection services are provided to all persons within the city - Health and Safety Code § 363.113
  - Enter into contracts to enable it to furnish or receive solid waste collection services - Health and Safety Code § 363.116(a)
  - Contract for solid waste collection services - Health and Safety Code § 363.117
- H.B. 1251 should arguably have no effect on municipal solid waste franchises

Disposal and Processing of Materials

- If using separate contracting, can approach in two ways
  - If known: Specify facilities and addresses
  - If unknown: Specify that facilities will be within a certain number of miles of city
- If using integrated contracting, disposal and processing facilities are at discretion of contractor
  - Example: City of Missouri City*

* Services to be provided under contract recently awarded.

Non-Collection

- When is it acceptable for the driver to not collect a set out?
  - Visible non-acceptable material (ex. HHW in solid waste set-out or solid waste in recycling set-out)
  - Improper cart set outs
- Who should be notified of non-collection?
  - Customers should receive written notice
  - Local government

Types of Collection Contract Provisions

- Operational obligations
- Administrative obligations
- Diversion incentives

Administrative Obligations

- Public education
- Customer service
- Residential Rate Structure
- Billing & Payment
- Local office
- Personnel standards

Public Education

- **Be specific:** Requirements can include
  - Appearing at certain events
  - Conducting a certain number of presentations
  - Maintaining a website
  - Development, printing, or distribution of materials
- **Maintain control:** Ensure City right to review and approve all materials
- **Require funding:** Include provision for contractor and/or city to provide funding

City of El Paso: Public Education Partnership

- Developed single-stream recycling program in 2007
- First year public education budget: $375,000
  - $2.34 per household
  - Funding required by City and Friedman per contract
- Marketing firm developed messaging for all media
  - Firm responsible for design, media placement, research, art preparation, etc.
  - “Drop it in the Blue”

Example: City of El Paso (*cont.*)

Example: City of El Paso (*cont.*)

Drop It In The Blue!

Environmental Services

City of El Paso and Friedman Recycling Co. Curbside Recycling Program

Acceptable materials for recycling:

Paper
Cardboard (flattened)
Newspaper & Magazines
Brown paper bags
White, colored & computer paper
Junk mail & Envelopes
Paperboard (cereal boxes, pasta boxes, soda cartons)
Phone books

Metal containers – this includes all beverage and food cans
Aluminum Cans
Steel, tin and bimetallic cans, food cans, Aluminum foil and baking tins

Plastic Containers (look on bottom of bottle for code)
Only bottles and jugs with

1 2

Non-acceptable items for recycling:
Containers with #3-#7, motor oil containers, glass or plastics bags.

All recyclables may be placed in bin without separating.

Your recyclables will be collected on your regular trash day.
For more information please call Environmental Services at 621-8700.

www.elpasorecycle.com

Servicios del Medio Ambiente

Programa de Reciclaje de la Ciudad de El Paso y Friedman Recycling Co.

Material Aceptado para Reciclar:

Papel
Cartón debidamente doblado.
Periódico y revistas.
Bolsas de papel café.
Papel de computadora, blanco y de color.
Derechos de correspondencia y sobres y propaganda
Cajas de cartón (cereal, avena, pastas y sodas)
Directorios Telefónicos.

Contenedores Metálicos
(esto incluye latas)
Latas de comida y bebida.
Latas de Aluminio
Acero y latas bimetalicas.
Charolas para hornear y papel aluminio.

Contenedores de Plástico
(Verifique los códigos en el fondo de las botellas)
Solo botellas plásticas y galones marcados con los códigos

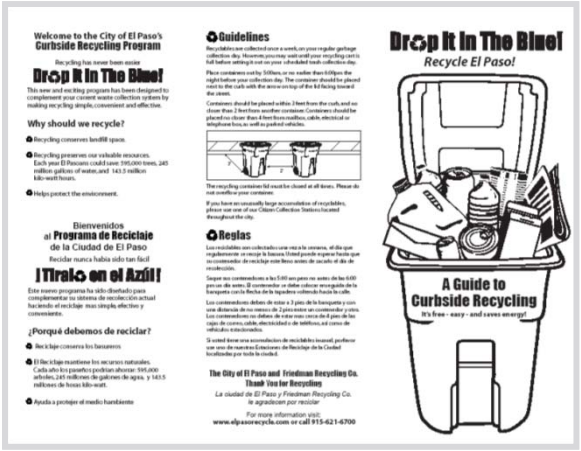
1 2

Productos no aceptables para reciclar
Ningún artículo con los codigos del #3 al #7, ni contenedores de aceite de motor, vidrio o bolsas plásticas.

No es necesario separar los reciclables para depositarlos en el contenedor

Tus reciclables serán recogidos los días regulares de recolección de basura.
Porfavor llame a Servicios del Medio Ambiente al 621-8700

www.elpasorecycle.com



Welcome to the City of El Paso's Curbside Recycling Program

Drop It In The Blue!

Recycling has never been easier.

This new and exciting program has been designed to complement your current waste collection system by making recycling simple, convenient and effective.

Why should we recycle?

- Recycling conserves landfill space.
- Recycling preserves our valuable resources. Each year El Pascans could save 595,000 trees, 245 million gallons of water, and 143.5 million kilo-watt hours.
- Helps protect the environment.

Bienvenidos al Programa de Reciclaje de la Ciudad de El Paso

Reciclar nunca había sido tan fácil

¡Tíralo en el Azúl!

Este nuevo programa ha sido diseñado para complementar su sistema de recolección actual haciendo el reciclaje mas simple, efectivo y conveniente.

¿Porqué debemos de reciclar?

- Reciclaje conserva los basureros
- El Reciclaje mantiene los recursos naturales. Cada año los pasenos podrían ahorrar: 595,000 arboles, 245 millones de galones de agua, y 143.5 millones de horas kilo-watt.
- Ayuda a proteger el medio hambiente

Guidelines

Recyclables are collected once a week, on your regular garbage collection day. However, you may wait until your recycling cart is full before setting it out on your scheduled trash collection day.

Place containers out by 5:00am, or no earlier than 6:00pm the night before your collection day. The container should be placed next to the curb with the arrow on top of the lid facing toward the street.

Containers should be placed within 2 feet from the curb, and no closer than 2 feet from another container. Containers should be placed no closer than 4 feet from mailbox, cable, electrical or telephone box, as well as parked vehicles.

The recycling container lid must be closed at all times. Please do not overflow your container.

If you have an unusually large accumulation of recyclables, please use one of our Citizen Collection Stations located throughout the city.

Reglas

Los reciclables son colectados una vez a la semana, el día que regularmente se recoje la basura. Usted puede esperar hasta que su contenedor de reciclaje este lleno antes de sacarlo el día de recolección.

Saque sus contenedores a las 5:00 am pero no antes de las 6:00 pm en la noche anterior. El contenedor se debe colocar enseguida de la banqueta con la flecha de la tapadera volteada hacia la calle.

Los contenedores deben de estar a 2 pies de la banqueta y con una distancia de no menos de 2 pies entre un contenedor y otro. Los contenedores no deben de estar mas cerca de 4 pies de los cajas de correo, cable, electricidad o de teléfonos, así como de vehículos estacionados.

Si usted tiene una acumulación de reciclables inusual, porfavor use uno de nuestros Estaciones de Recolaje de la Ciudad localizadas por toda la ciudad.

The City of El Paso and Friedman Recycling Co. Thank You for Recycling

La ciudad de El Paso y Friedman Recycling Co. le agradecen por reciclar

For more information visit:
www.elpasorecycle.com or call 915-621-6700

Drop It In The Blue!

Recycle El Paso!

Recycling is as easy as taking out your trash

All of your recyclable materials can be mixed together (without bundling or bagging) in your blue recycling container.

Curbside Recycling Begins The Week of April 22, 2007.

No es necesario separar los reciclables al ponerlos en bolsas para depositarlos en su contenedor azúl.

El Programa de Reciclaje Empieza en la Semana del 22 de abril.

How to prepare your recyclables

Empty and rinse out all bottles and cans. Flatten cardboard boxes, remove and discard any packing materials.

Vacíe y enjuague todas las latas y botellas. Desdoble las cajas de cartón y tire cualquier material de empaque.

Acceptable Materials for Curbside Recycling
Material Aceptado para Reciclar

Paper / Papel
- Cardboard (flattened) *Cartón (plano)*
- Newspaper and magazines *Periódico y revistas*
- Brown paper bags *Bolsas de papel café*
- White, colored and computer paper *Papel de computadora, blanco y de color*
- Junk mail and envelopes *Derechos de correspondencia, sobres y propaganda*
- Paperboard (cereal, pasta, soda cartons) *Cajas de cartón (cereal, avena, pastas y sodas)*
- Phone books *Directorios*

Metal containers – this includes all beverage and food cans
Contenedores metálicos - Incluye todas las latas de comida y bebidas
- Aluminum cans *Latas de aluminio*
- Steel, tin and bimetallic cans *Acero, latas y contenedores bimetálicos*
- Aluminum foil and baking tins *Charolas para hornear y papel aluminio*

Plastic Containers / Contenedores de Plastico

- Only bottles and jugs with a #1 or #2 inside a triangle are currently recyclable in El Paso.

Located on bottom. Se localizan en el fondo

Solo botellas plásticas y galones marcados con los códigos #1 o #2 son actualmente reciclables en El Paso.

Typical examples of recyclable containers:
Ejemplos típicos de contenedores reciclables:

- Water / Soda bottles *Botellas de agua y soda*
- Detergent bottles, milk jugs *Contenedores de detergente y galones de leche*

Drop It In The Blue!
Recycle El Paso!
www.elpasorecycle.com

Non-acceptable Items for Curbside Recycling / *Artículos No Aceptables para Reciclar*

Plastic Containers with #3 through#7, motor oil containers, glass or plastic bags.
Please - no liquids, trash, electronics, food, yard waste or hazardous waste.

Ningún contenedor de plástico con los codigos del #3 al #7, ni contenedores de aceite de motor, vidrio o bolsas plásticas.
Porfavor - no líquidos, basura, electrónicos, comida, basura de jardín o residuos químicos.

Example: City of El Paso (*cont.*)

City of Missouri City: Commitment to Public Education and Outreach

- Contractor will provide:
  - Internet website
  - School and other group programs
  - Recycling assessments
  - Other education and outreach
- City to approve all public education and outreach

- In addition, Contractor to contribute $1.14 per household per year to City

Customer Service: City vs. Contractor

- City-operated customer service call center
  - Preferred if city has personnel, capabilities
  - Greater level of control and monitoring
- Contractor-operated customer service call center
  - Establish mechanisms for ensuring proper handling of complaints
  - Conduct periodic surveys
  - Cities should utilize right to audit

Customer Service: Contractor Provided

- If contractor-operated, city should specify
  - Operating hours of the call center
  - Amount of time allowed for complaint resolution
  - Local telephone number
  - Procedure for recording and notifying city of complaints
- Important to monitor customer service
  - Auditing of records
  - Periodic customer surveys

Residential Service Rate Structure

- **Variable Rates:** Rates vary based on cart size
  - Requires rolling carts
  - Creates financial incentives to encourage recycling and reuse
  - Provides the most equitable rates for small and large generators
  - May increase illegal dumping and recycling contamination
  - City with Variable Rates: Fort Worth

- **Flat Rates:** Same rate regardless of cart size
  - Base level of service can be offered uniformly to all residents
  - Additional service can be added to base service at cost

Residential Service Rate Structure

	Universal	Subscription
Description	All residents receive same level of service	All residents receive base level of service and may subscribe for additional services
Pros	▪ Greater collection efficiency ▪ Lower cost per household in comparison to subscription service	▪ Residents pay for services utilized
Cons	▪ Residents pay for services not utilized ▪ Decreased incentive to recycle	▪ Increased public education ▪ Lower collection efficiency ▪ Higher cost per household for subscription services

Recommendation: Universal Service Rate Structure

Billing & Payment

- Most common for cities to collect residential base service fees from customers and contractor collect all other fees
- If city collects residential base service fees, recommended that payment to contractor should be based on
  - Active accounts on a monthly basis (not physical households)
  - Accounts receivable (not services performed)
  - Deduct administrative fees

Local Office

- Some cities choose to require contractor to maintain a local office
  - Hours of operation
  - Location (distance from City Hall)
- May or may not be call center location
  - May not be practical for the operation
  - Discuss with contractor

Personnel Standards

- Intended to protect local governments and the contractor's employees
- Example personnel standard requirements:
  - Personnel be qualified to perform duties
  - Provide service in a courteous and professional manner
  - Adhere to Federal, State, and local laws
  - Standards for uniforms and/or safety equipment
  - New employee training
  - Regularly scheduled operational and safety training

Processing Contract Provisions

Provisions in Processing Contracts

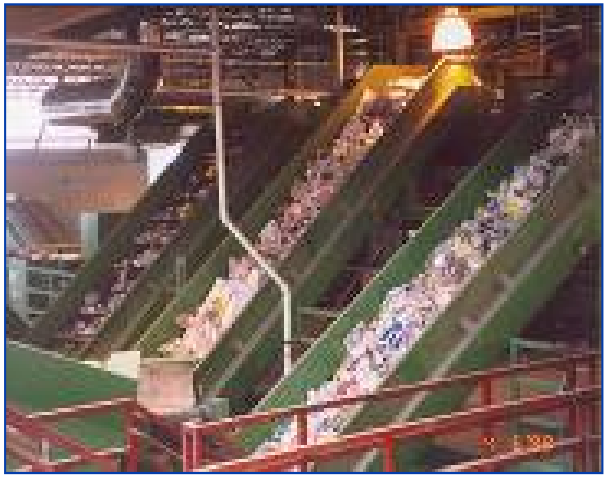
- Operational obligations
- Diversion incentives

Operational Obligations

- Processing method
- Marketing requirements
- Facility provisions
- Rejected loads
- Recycling material audits
- Addition or removal of materials
- Commingling

Recycling Processing Method

Single-Stream



Dual-Stream

Source-Separated

- Single-stream is the predominant processing method in Houston-Galveston Area
- Contracts should identify materials included in the program

Yard Trimmings Processing Method

Mulching

Composting

- If City has a preferred yard trimmings processing method, identify the preferred yard trimmings method in the RFP

Marketing Requirements

- Contractor is generally responsible to:
  - Develop market specifications
  - Provide copies of marketing agreements
  - Assure materials are not landfilled or disposed
  - Develop protocol for managing materials that do not have markets

Facility Provisions

- Processing capacity
- Identification of alternate facility
- Staging, dumping, maneuvering
- Facility specifications
- Truck turn-around time
- Scale house capabilities
- Litter and odor

Rejected Loads

Contract Should Include	Example Provision
Threshold of non-recyclables that is considered unacceptable	Threshold is typically less than 5% for yard trimmings and between 15-25% for recycling
Whether a city representative must be present	City can require a representative to be present to confirm unacceptable amount exceeds X%
Procedure for notifying city of rejected loads	Within a certain time frame
Whether the City has the option to pick-up and dispose of material	City may reserve right to dispose of material, especially if they have a landfill and hauling operation
Who is responsible for disposal costs	Contractor will pay for a number each month, City will pay for the rest
Fees associated with rejected loads	City should not pay processing fees for rejected loads

Rejected Loads

- Contractor will incur disposal costs associated with contamination and residuals.
  - Cost of doing business
  - Contractor should be responsible for disposal costs
- Important to establish threshold for rejecting loads so that Contractor does not have to dispose of excessive contamination.

Recycling Material Audits

- Refers to a materials characterization of a city's recycling stream
- Critical for processing contracts that include revenue sharing
- Two types utilized
  - Manual audit
  - Mechanized audit

Handout 4:
Example Recycling Material Audit Protocol

Provisions in Processing and Disposal Contracts

- Operational obligations
- Processing Contract Diversion incentives

Revenue Sharing and Rebates

- **Revenue sharing:** City receives a percentage of revenues based on market prices for recyclable materials and Contractor retains the remainder of revenues.
  - Focus of this project.
  - Best if part of separate processing agreements.
- **Rebates:** City receives a fixed payment based on incoming tonnage and Contractor retains the remainder of revenues.
  - If using rebates, may not have a processing fee.
  - Can be structured to increase based on volume.

Residual Allowance

- Residual Allowance: City may be responsible for disposal of residuals over a certain threshold
- Two questions
  - How much of the contaminated material is the city responsible for?
  - What price should be paid for disposal?

Diversion Incentives

- Incentives to maximize efficiency
- Incentives to maximize volume
- Incentives to develop markets

Incentives to Maximize Efficiency

- If the contractor receives revenues from recovered materials, the contractor has an inherent incentive to:
  - Maximize volume of material collected
  - Minimize contamination and residuals
- If there is a need to provide additional incentive, can include a provision for:
  - Residual allowances
  - Material Audit

Incentives to Maximize Volume

- Contractors have opportunity to increase volume by
  - Supporting city's efforts as a technical advisor
  - Providing funding for public education
- Increase financial incentive to maximize volume by
  - Increasing revenue sharing to contractor with increasing tonnage levels
  - Choose a fixed rebate to city rather than revenue share

Incentives to Develop Markets

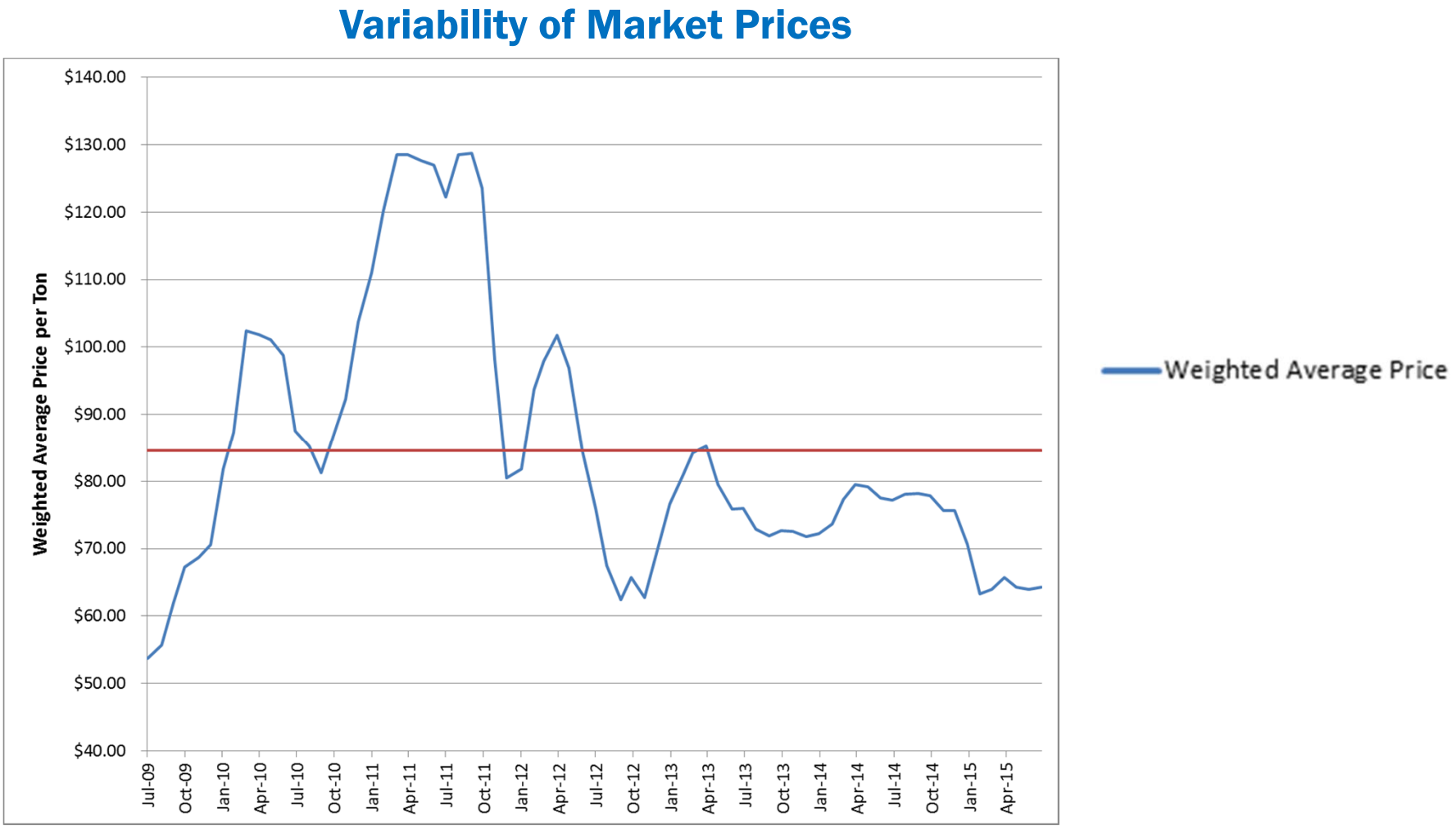
- Cities expressed interest in increasing efforts to develop markets
- Cities can incent market development
  - Allow contractor to keep 100% of revenue from new materials
  - Pay a cash bonus for developing a market
  - Increase revenue share to contractor for all materials if new market is developed

Revenue Sharing

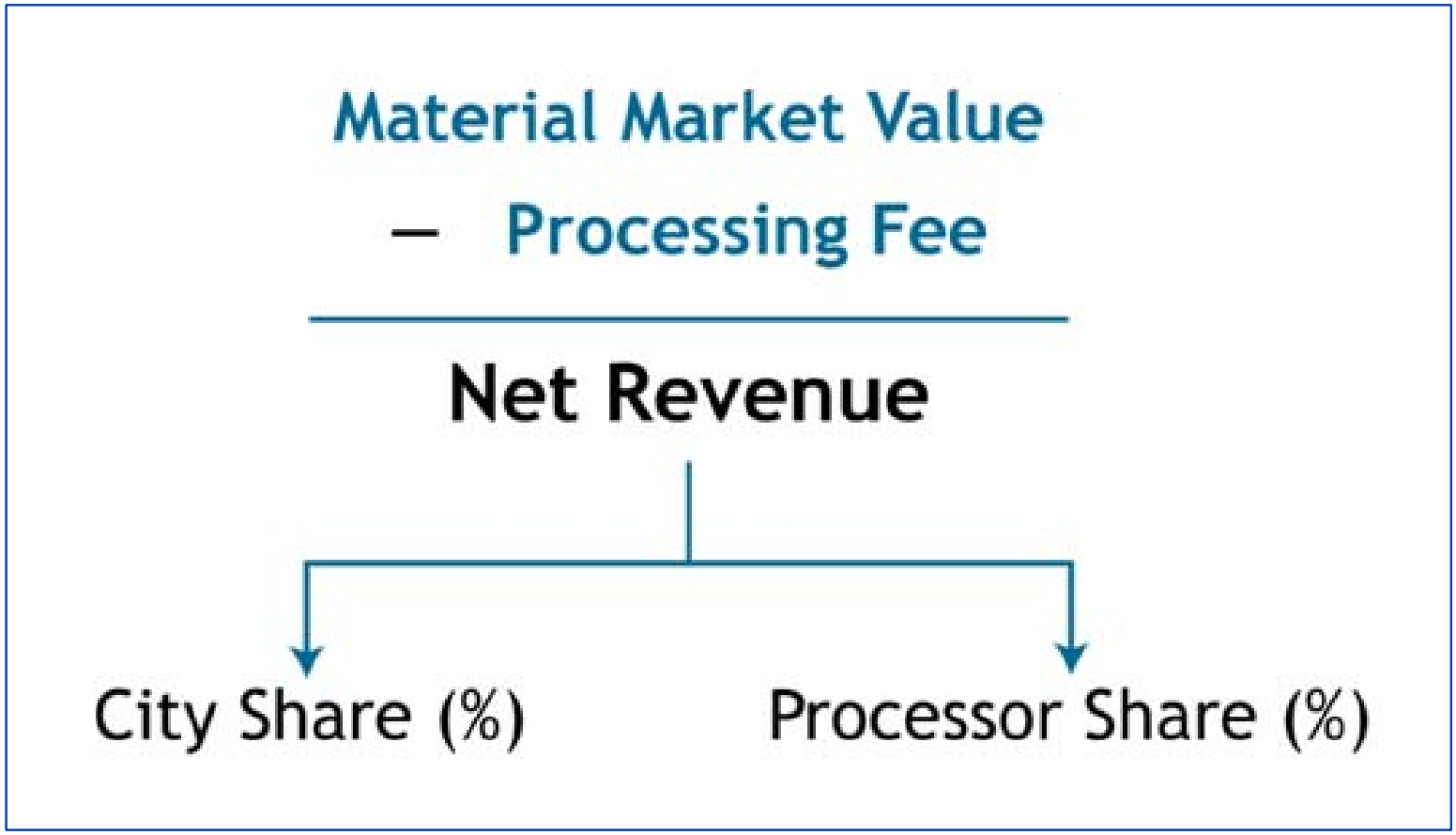
- Critical to develop financial terms that are fair in "good" and "bad" markets
- Consider financial terms that include a processing fee and revenue share
  - Processing fee: compensate processors for cost to provide service, typical range of $50–85 per ton
  - Revenue share: Based on market prices and/or actual sales proce for recyclable materials, typical range of 40–80 percent

Handout 5:
Example Revenue Sharing Basis

Southcentral USA Weighted Average Commodity Pricing



Recommended Revenue Share Formula



City of Moscow, Idaho: Contract Language can Substantially Impact Revenue Sharing

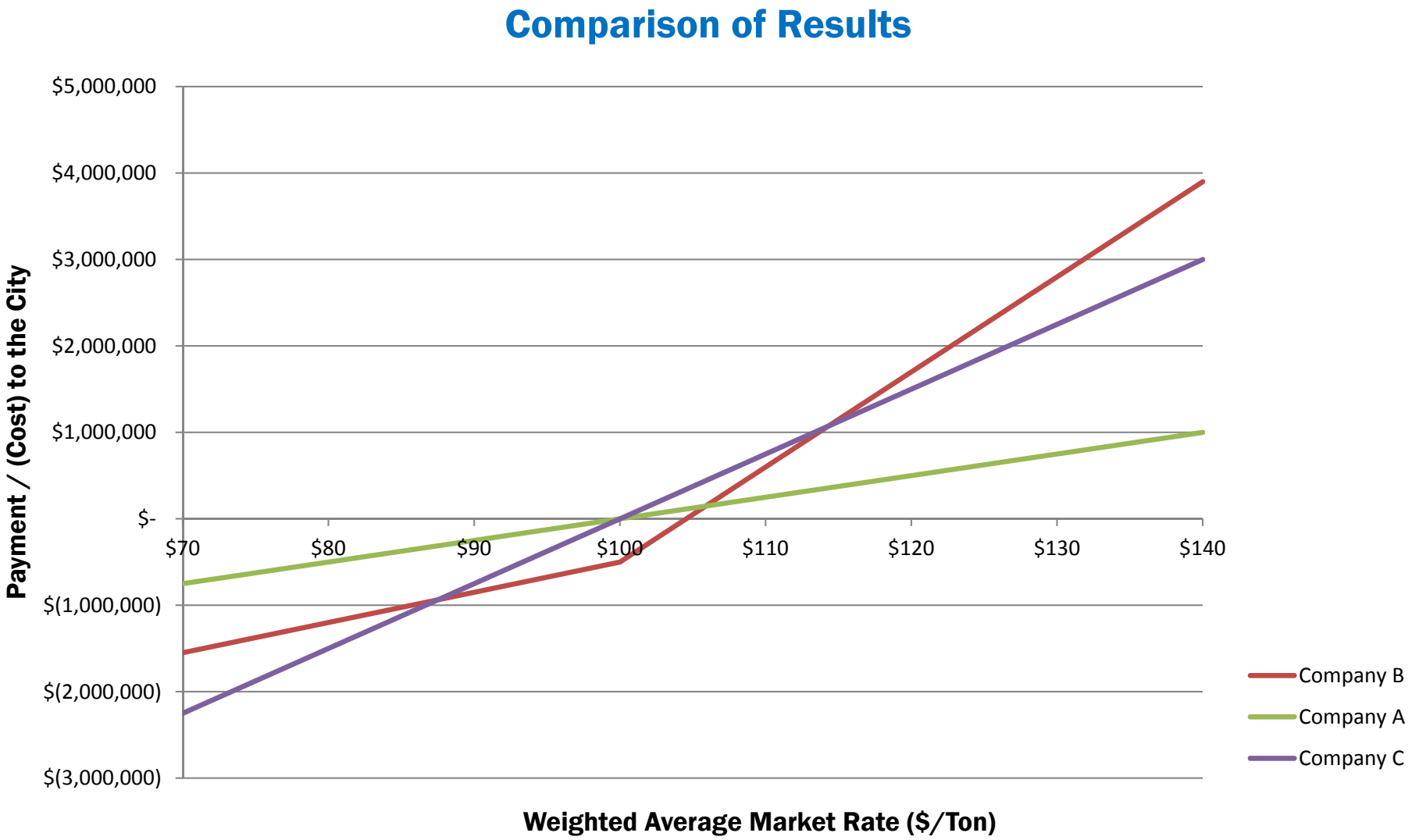
Formula to Determine City's Revenue Share

City of Moscow Formula		Recommended Formula	
Commodity Volume (example)	1,000 tons	Commodity Volume (example)	1,000 tons
Weighted Commodity Sales Price (Contract ceiling price)	$115	Weighted Commodity Sales Price (Contract ceiling price)	$115
Revenue From Sale of Recyclables	$115,000	Revenue From Sale of Recyclables	$115,000
City's % of Revenue Share	60%	Processing Cost	($60,000)
City's Revenue Share	$69,000	Net Recyclable Revenue	$55,000
Processing Cost	($60,000)	City's % of Revenue Share	60%
City's Net Revenue Share	$9,000	City's Net Revenue Share	$33,000

City of Hypothetical, Texas: Pricing Submitted in Response to RFP

	Company A	Company B	Company C
Per Ton Processing Fee	$25	$40	$75
Revenue Share Percentage to City	25%	35% and when average revenue per ton is greater than $100, 75% share to the City	75%

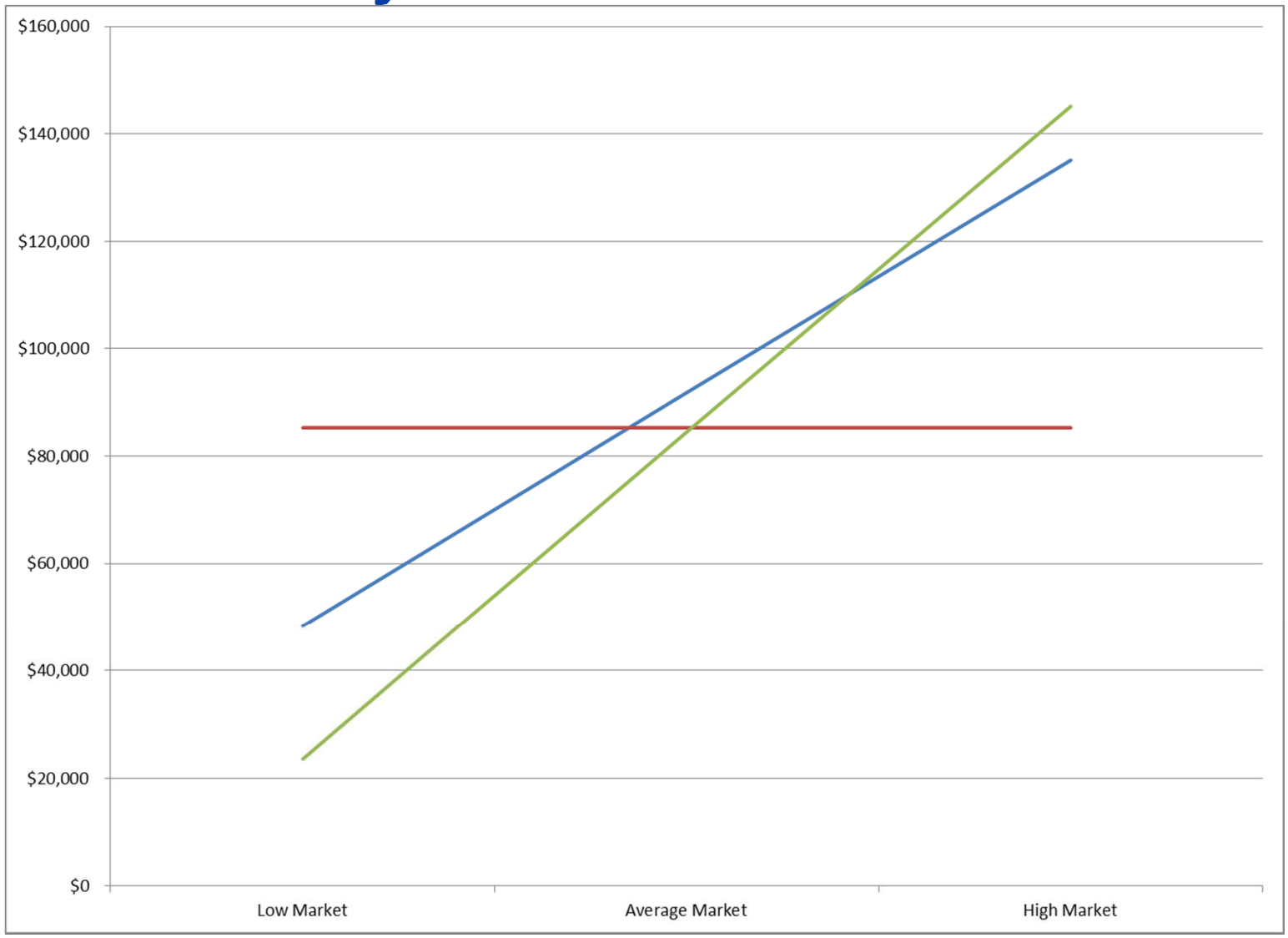
Hypothetical Example



Payment Limitations

- Recycling processing contracts should specify what happens if value of material falls below processing cost
- Many ways to minimize downside risk
  - Specify that city will not pay more than a certain net amount per ton
  - Specify that city will not pay more than a certain lump sum amount
  - Charge losses against future revenue sharing

Confidential Client: Considered Current and Short term Commodity Markets



Disposal Contract Revisions

Operational Obligations

- Disposal method
- Facility provisions
- Rejected loads

Disposal Method

- Transfer station vs. direct haul
- Disposal methods
  - Landfill
  - Waste-to-energy facility
  - Alternative technologies

Facility Provisions

- Disposal capacity
- Identification of alternate facility
- Staging, dumping, maneuvering
- Facility specifications
- Truck turn-around time
- Scale house capabilities
- Litter and odor

Rejected Loads

Contract Should Include	Example Provision
Whether a city representative must be present	City can require a representative to be present to confirm unacceptable waste
Procedure for notifying city of rejected loads	Within a certain time frame
Whether the City has the option to pick-up and dispose of material	City may reserve right to dispose of material, especially if they have a landfill and hauling operation
Who is responsible for disposal costs	Contractor will pay for a number each month, City will pay for the rest
Fees associated with rejected loads	City should not pay disposal fees to contractor for rejected loads

Industry Q&A Panel

Panelists

Name	Organization
Bill Atkinson	*City of Missouri City*
Lynne Aldrich	*The Woodlands*
Shanna Lopez	*Waste Management*
Scott Lukach	*WCA*

Questions?

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