



RESIDENTIAL  
RECYCLING  
CONFERENCE  
March 29-31, 2011 • Gayland • Nashville, TN

# Making an RFP A-OK

*A Municipal Perspective*


Presented at  
**Residential Recycling Conference**  
**Nashville, TN**

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# Ways to Make Your Contract Attractive to Vendors



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## How can you make your contract attractive?

- Clear scope of work, sufficiently detailed
- Agreement term of sufficient length
- Opportunity to apply creative talent, provide other services, enhance revenue, or internalize waste
- Reasonable indemnification provisions
  - Not overly broad
  - No indemnification for public sector's own negligence



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## How can you make your contract attractive?

- Reasonable protection for conditions/events the contractor cannot control or fully control
  - Force majeure events
  - Change of law
  - Waste supply/quality (if applicable)
  - Fuel prices
  - Certain utilities' costs (if applicable)



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## How can you make your contract attractive?

- Special requirements that could reduce contractor's revenues/profits or increase its risks/costs
  - MWBE participation
  - Termination for convenience
  - Security enhancement
  - Contract subject to annual appropriation
  - Cost adjustment cap
  - Excessive host benefits (if applicable)



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## How can you make your contract attractive?

- Performance security, insurance, penalties and damages – reasonableness
- Performance incentives
  - Efficiency
  - Cost savings
  - Increased revenues
  - Complaint management
  - Other




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## Ways to Make Sure Your Contract Covers Your Needs



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## Cost Adjustment

- Cost/price adjustment that addresses primary components of service (e.g., labor, equipment, fuel)
  - Use of series of indices vs. CPI



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## Municipal Protections

- Parent guaranty
- Insurance types, limits, and reporting requirements
- Performance security (bond vs. irrevocable LOC)
- Liquidated damages
- Step-in provisions
- Back-up/emergency operations plan



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## Municipal Protections

- Sufficient definitions without ambiguity
- Equipment standards
- Personnel standards and training
- Complaint handling procedures
- Sufficient reporting data
- Disaster assistance/storm and disaster debris handling
- Community information assistance/obligations
- Ancillary revenues/windfall profits
- Performance incentives



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# Getting the Best Deal


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# Factors that Drive Cost Down

- ✓ Long-term contracts
- ✓ Automated collection
- ✓ Every other week collection for recyclables and yard waste
  - ✓ Even once per month for recyclables
  - ✓ Seasonal for yard waste
- ✓ Call in bulk service



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## Factors that Drive Cost Down


- ✓ Unbundling collection from processing service arrangements and fees
- ✓ Sharing in the value of recyclables in your service fee arrangement
- ✓ Collecting container redemption value and deposits for containers processed at the MRF



Loose Newsprint




Mixed Paper and baled Aluminum Cans



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## Value of Recyclables in One Ton of Waste Sorted and Sold to Markets

Year	\$ per Ton Equivalent
1994	\$40.00
1995	\$104.00
1998	\$48.00
2005	\$85.00
2008	\$150.00
2009	\$60.00
2010	\$145.00



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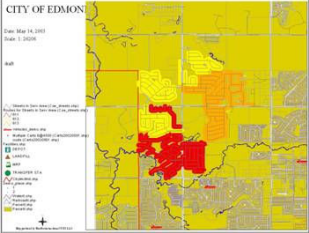
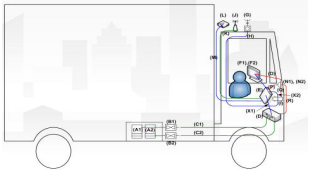
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## Factors that Drive Cost Down

- ✓ Software and services
  - ✓ Computerized Routing
  - ✓ GPS
  - ✓ Asset management
  - ✓ Customer service
  - ✓ Web site and email reminders for customers
  - ✓ Cell phones, especially Nextels
- ✓ Maintenance contracts
- ✓ Closed market contracting

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## Collection Procurement Issues

- ❑ Areas large enough to be cost-efficient for service providers and totally dedicated to your service requirement
- ❑ Estimating the lbs per HH per week that will be collected
- ❑ Including \$\$\$ in service contract for public education
- ❑ Term of agreement at least 7 years
- ❑ Requiring new equipment or equipment no older than 8 years in contracts with 10 year or greater terms
- ❑ Incentives and penalties
- ❑ Signage on trucks
- ❑ Involvement of Small/minority/women-owned firms

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## Processing Procurement Issues

- Providing site(s)
- Public vs. private ownership
  - Is there locally available capacity?*
  - Can public ownership be implemented in a timely manner?*
- Sharing the value of recyclables
  - Breaking out separate from processing fee
  - Requiring returning % of yard waste/organics products for free
- Term of agreement at least 10 years
- Strict acceptance test that is repeated near end of term
- Dealing with residue in/out of MRF, especially for single stream and with PAYT
- Monitoring to assure condition of Facility is kept up to a standard of care, especially when owned by public sector
- Including \$\$\$ in service contract from contractor for public education
- Involvement of Small, minority, women-owned firms



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## Truck Procurement Issues

- Spare parts supply
- Parts on consignment
- Long-term maintenance agreements
- Warranty work by yourself
- Training
- Bumper to bumper guarantee
- Truck graphics and design






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## Public Education And Information

- Assure funding every year
  - \$ 3 per capita per year is great
  - \$1 per capita per year is maintenance
  - Extra \$\$ when changes are being made
- Involve public relations capability in designing and branding
- Consistent messaging in all media delivery points
- Dedicated internal staff to carry it out
- Funding included in service contracts so budgets are raided



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## A-OK RFPs in Action

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## Fort Wayne, Indiana



- Seat of Allen County
- 2010 population: 253,691
- 23% increase since 2000







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## Fort Wayne, Indiana - Before

- 79,600 residences served
- Contracted with National Serv-All (Republic Industries) since 2006
- Services provided:
  - Weekly solid waste collection & disposal
  - Every other week curbside recycling & processing
  - Drop-off recycling sites (provided by Solid Waste District)
- City supplies and owns the carts
- 98,000 TPY trash, <10% recycled
- \$11.24 monthly HH solid waste fee





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## Fort Wayne, Indiana - During

- Procurement process:
  - Mayor-appointed committee to redesign contract specifications
  - Offered four RFPs:
    - Trash collection
    - Recyclables collection
    - Trash collection
    - Recyclables processing
    - Required new trucks
    - Offered 3-, 7-, and 10-year options
  - Pre-bid conference attended by 12 companies
  - Five bids received

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## Fort Wayne, Indiana - After

- Outcome:
  - Four contracts awarded to National Serv-All
    - 7-year term
  - Increased recycling through single-stream
  - \$300,000 savings in first year
    - Reduced monthly fee to \$11/HH
  - Revenue sharing for recyclables anticipated at \$130,000 per year





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## Baton Rouge, LA





- Capital of Louisiana
- City:
  - 74.74 square miles
  - 2010 population: 230,000
- Parish:
  - 472 square miles
  - 2010 population: 435,000



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## Baton Rouge, LA - Before

- 217,000 TPY trash, 12% recycled
- BFI collected City/Parish residential, multi-family and government agency waste 1997
  - Residential
    - 120,000 HHs served
    - Twice weekly garbage collection and disposal
    - Weekly dual stream recycling collection and processing
    - Weekly bulk trash and brush collection
    - Resident provides garbage container
    - \$8.40 monthly HH solid waste fee
- BFI processes recyclables; provides annual funding for public education






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## Baton Rouge, LA - Before

- Multi-family
  - 40,125 HHs served
  - Twice weekly garbage collection
  - No recycling or bulk trash collection
  - Complex can rent or purchase containers
  - Monthly fees range from \$8.40 HH for curbside cc \$49.55 - \$107 for 1 – 8 yard containers
- Government agencies
  - 144 agencies serviced
  - Twice per week garbage
  - Weekly recycling collected by SP
  - Collection paid out of general fund



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## Baton Rouge, LA – During

- Process:
  - Data collection on current system
  - Cost models for status quo and options
  - Solicit ideas and concerns
  - Benchmark services
  - Conduct survey for feedback on alternatives
  - Select options
  - Procure services

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## Baton Rouge, LA - During

- Four procurements:
  - Collection of garbage and trash RFB
  - Supply and service for residential carts RFB
  - Trash processing RFP
  - Recyclables collection and processing RFP
- Contract terms:
  - Ten-year with no renewals
  - Requirements for collection vehicles
    - Dedicated, marked vehicles for exclusive use
    - Max age of 2 years at contract start; no more than 6 years old during life of contract
  - Incentives and penalties



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## Baton Rouge, LA - After

- Outcome:
  - Allied Waste Services, Inc. provides automated and semi-automated collection
  - Carts for residential garbage and recycling
  - Single stream recycling



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## Lessons

- Community involvement and buy-in
- Transparent process
- Unbundling of services
- Introducing competition
- Clearly defined scope
- One size doesn't fill all
- Contract length
- Understanding of costs and fees



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## An A-OK RFP Ensures:


- Contractor makes a fair, reasonable profit
- Risks are managed and allocated fairly
- Municipality or public entity has reasonable pricing and sufficient protections
- Both parties walk away from contract signing feeling good about the deal



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**Thank you!**

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