RFP # 13040

City of Bellevue

SOLID WASTE COLLECTION

Released: April 15, 2013

ADDENDUM #3

Submittal Due Date: Thursday, June 13, 2013 by 2:00 pm

Notices:

- 1. Please remember to acknowledge receipt of this Addendum on the appropriate place on your Form 5 Certification of Proposal Declaration and Understanding.
- 2. An additional Addendum will be posted next week. Please check the City's website regularly.

Responses to Proponent Questions:

- Q1. Please confirm the City's desire for a \$25 million performance bond. According to Republic's surety consultants, surety companies only pay damages in the event of default (a dire situation that has never occurred in the history of Republic Services). In the case of solid waste contracts, damages encompass the difference in cost of rebid services, collection/disposal costs during the interim period, and other fees such as accounting or legal. The performance bond establishes a not-to-exceed valuation. According to Republic's surety company, a typical bond is 15% to 25% of annual revenue. A recent example would be a bid by Miami and Montgomery counties in Ohio. This joint RFP totaled \$30 million annual revenue and the requested performance bond was \$30 million. Once the counties learned the cost to ratepayers would be more than \$100,000 per year (and that they would not realize the benefit of ratepayers' investment, even if there were a default), the counties reduced the performance bond requirement to \$3.5 million/annually.
- A1. The City has determined that a \$10 million performance bond will be sufficient to protect the City and its customers. Please ensure that the rates you provide on Form 2A are based on the \$10 million performance bond level rather than the original \$25 million bond level included in the original RFP. The Contract will be revised accordingly prior to execution with the selected proponent.
- **Q2.** In Section 3.1.15.7, it states that "the Contractor shall remove all Containers upon service cancellation.... The contents of removed Containers shall be managed as if they were collected on a regular route at the Contractor's, not the Customer's cost." Roll Off/Detachable Drop Box service is billed on a per-event basis. This provision would essentially give these customers a free service (last service after cancellation). Is it the City's intent for the contractor to provide this last service for free, or will Roll Off/Detachable Drop Box service be excluded from this provision?
- A2. Neither. It is the responsibility of the contractor to ensure the removal of containers in a timely fashion after service has been cancelled. The purpose of this provision is to ensure that the responsibility for late collection of containers after service cancellation by the customer is clearly at the contractor's risk. There have been incidents where service has been cancelled by a customer, the container has not been removed in a timely fashion by the contractor, and other parties have placed materials in the container before it is eventually collected. The former customer may no longer have effective control over the container once service has been cancelled, since they need to have the container accessible for removal by the contractor. This provision is included to avoid penalizing a former customer for making a container available for

removal, removal being delayed beyond that customer's control, and then being billed for garbage that accumulated outside of their control.

In practice, the City does not believe that this will be a significant operational issue if the contractor provides speedy removal of containers after service is cancelled. If drop-box service is cancelled, the container would not be returned to the site, so illegal dumping will not be an issue. If cart or detachable container service is cancelled, the contractor should plan on removing the container immediately after that collection to avoid the opportunity for additional accumulations of material.

- **Q3.** Would the City please provide the commercial and multifamily customer lists that show the size of container and frequency of collection for both garbage and embedded recycling?
- A3. See attached Excel spreadsheet named 2012 Bellevue Customer List for Addendum #3.
- **Q4.** What is the "owner-used garbage can surcharge (per can per month)"? Is that intended to be the additional amount on top of the base 32G rate that we would propose charging for those people that want to use their own can?
- A4. This is an additional amount charged to those single-family residential customers who choose to use their own containers and, as a result, reduce route productivity and increase contractor costs. The amount is assessed in addition to the standard rate for that container capacity.
- **Q5.** The Form 2B Instructions ask us to complete all blanks on the form. Since single-family residential customers will be getting one price for 3 services, the "Collection Revenues" for single family customers will be associated with the garbage service only. Please confirm that is an acceptable way to present the information. Please also provide examples of "Other Revenues" and "Other Revenues Unrelated to Customer Charges". It is our understanding that our billings will be a function of applying the charges shown on the Form 2A to the customer counts and customer activity (extras, carry-outs, etc) in the City. We are not aware of opportunities for generating revenue from activity unrelated to customer charges.
- A5. Revenues will be derived from garbage charges and additional cart rentals for organics for single-family customers, so your proposed approach is acceptable. "Other Revenues" would typically include return fees, carry-out service, bad check charges, finance charges for late accounts, revenues from selling processed or unprocessed recyclables, revenues from sales of products at an in-City store, etc.
- **Q6.** Regarding A4: Was the cost for the 29,500 desk –side recycling boxes (+500 additional), 58 public square containers and 214 blue slim jims donated to local business embedded within the garbage rate?
- A6. The current contract requires the current vendor to provide these at no additional cost to customers. The City believes the cost was included in rates; however, the current contractor may have taken advantage of some other funding source unknown to the City.
- **Q7.** Regarding Section 3.2.13, City Special Drop-Off Collection Events, would the City please provide tonnage data for the last several years of events?
- A7. The hauler collects primary recyclables at the twice-yearly special collection events. Materials include the list of items described in Section 3.2.2.1 Recyclable Materials, but do not include appliances, propane tanks, batteries, electronics, porcelain toilets and sinks, mattresses, and tires, which are collected and recycled by other vendors. Following is the tonnage collected by the current hauler from 2009-2012.

	Tonnage	
	Recycle	Garbage
Spring 2009	0.76	0
Fall 2009	1.04	0.02
Spring 2010	0.56	0.1
Fall 2010	1.03	0.16
Spring 2011	0.79	0.1
Fall 2011	0.78	0.5
Spring 2012	1.04	0
Fall 2012	0.65	0

- **Q8.** Regarding A22: How would a choice for a reduced rate if a commercial customer opts not to partake in the City 'embedded' recycling program be considered a degradation in service level? Wouldn't it give the commercial customer the ability to pay a true cost of service for what their particular needs are that may not be inclusive of the additional needs and services that add cost? If they choose, they could get the same services as prior. If they opt out, they could choose an open market service, potentially at a reduced rate for the rate payer.
- A8. The purpose of the RFP proponent question and answer process is not to engage in policy debate, but rather help proponents prepare responsive proposals. The City is continuing the current service package, except where noted in the RFP and Draft Contract.
- **Q9.** Regarding A23: Can you identify open market businesses that are successfully providing mixed recycling services in the City of Bellevue? Numerous private businesses have confirmed that since 2004, they lost their business in Bellevue and can no longer perform services due to the embedding of true cost for recycling within the garbage rate.
- A9. Again, the purpose of the RFP proponent question and answer process is not to engage in policy debate. The City has a long-standing commercial recycling program. Recyclers in the area were included as part of the stakeholder review process, and the City did not receive comments from other private recyclers.
- **Q10.** If a commercial business chooses to work with an open market recycler, is it fair for them to still pay an increased garbage rate that provides a service they are not opting to use?
- A10. Again, the purpose of the RFP proponent question and answer process is not to engage in policy debate. The City has a long-standing commercial recycling program. Recyclers in the area were included as part of the stakeholder review process, and the City did not receive comments from other private recyclers.
- **Q11.** Regarding A28: No State or Local law has ever allowed for a 20% contamination rate at any source separated location, commercial or residential, compost or recycling. Regardless of the probability of the other residential sites on this route, the load with 20% contamination would be considered trash. With changes in feedstock's in both composting and recycling, all processors have had to change their inbound load management and contamination tracking awareness. This language needs to be changed to be consistent with the definition of garbage versus recyclable / compostable.
- A11. All contractors will be required to meet receiving facility requirements for each collected load, and instituting programs to monitor and correct material quality at the curbside.

End Addendum #3