



## SOLID WASTE COLLECTIONS

### REQUEST FOR BID BID REVIEW AND EVALUATION

**SCS ENGINEERS**

#### **Background Information for Current Solid Waste Collections (SWC) Contract:**

- The City of Omaha (City), as a “Metropolitan Class City” (MCC), is statutorily required to provide solid waste services by Nebraska Revised Statute Chapter 13 Section 2020 (NE Code § 13-2020) without imposing a charge upon the resident. This can only be changed by a change in state law, or by a vote of the citizens.
- Omaha is the only city in Nebraska with this requirement and the City has historically met this obligation via contract with a private contractor.
- The City last bid solid waste collections contract in 2004. Deffenbaugh was awarded the contract which commenced in 2006 and runs through 2020. Waste Management acquired Deffenbaugh in 2015 and is the current contractor.
- The current contract provides for weekly pickup of garbage, recycling, and yard waste (April – November). Garbage is limited and recycling and yard waste is unlimited.

#### **Background Efforts Leading up to SWC Request for Bid (RFB):**

- The City hired SCS Engineers in June 2016 to perform Yard Waste Study. Study evaluated economic and environmental aspects of various yard waste management scenarios, including separate and comingled collection.
- The City hired SCS Engineers in August 2016 to perform a Public Opinion Survey regarding citizen sentiment regarding SWC.
- The City hired SCS Engineers in August 2016 to perform a SWC Peer Community Benchmarking Study.
- The City, in cooperation with the current SWC contractor, completed a Pilot Study of an automated, carted, SWC system from November 2016 to April 2017. Pilot included 2,500 participants in multiple neighborhoods throughout the City.
- The City hired SCS Engineers in January 2017 to perform a post-pilot Public Opinion Survey regarding participant sentiment on the automated, carted, SWC system.
- Noted outcomes from the Pilot Study include:
  - Recycling participation increased 19%
  - Overall recycling volume (in tons) increased 17%
  - Overall response to an automated, carted, SWC system was positive
- The City hired SCS Engineers in March 2017 to facilitate four Public Outreach Meetings in summer 2017. Meeting were held in four quadrants of the City and provided for citizen feedback on aforementioned studies and input on the City’s future SWC contract.
- Studies, Reports, and Outreach Meeting information is available on the City’s Wasteline webpage ([www.future.wasteline.org](http://www.future.wasteline.org)).

## **Development of SWC RFB:**

- The City hired SCS Engineers in October 2017 to provide RFB development and bid support services.
- Pre-solicitation meetings were conducted with six (6) prospective bidders, five (5) cart manufacturers, and other interested stakeholders which included community groups, businesses, and a locally headquartered 501(c)(3) non-profit.
- Pre-solicitation meetings held with City Council to review the RFB and, more specifically, to review the various alternatives under Bid Package A – Solid Waste Collections as well as Bid Package B – Collection Carts, Bid Package C – Spring and Fall Cleanups, and Bid Package D – Extraordinary Services.
- Key aspects of the SWC RFB:
  - SWC system will be an automated, carted program (no more manual collection / throwing of bagged wastes).
  - City will provide residents 96-gallon, wheeled carts for use. Residents must use provided carts and only materials placed within carts will be picked up by contractor.
  - City will provide an optional half-size container (i.e. 48-gallon) for citizens who do not require the full capacity/volume or who desire a smaller container footprint.
  - City will allow residents to opt out of service for any or all materials. Again, if participating in City service, carts must be used.
  - RFB will require a modern, alternative fueled (i.e. compressed natural gas (CNG)), fleet.
  - City will continue to offer Spring Cleanup and existing Bulky Item programs.
  - City will add Fall Cleanup events and yard wastes will be added to and accepted at the Spring and Fall events.
  - City will allow citizen and commercial drop off of yard waste at the OmaGro facility.
  - City will require extraordinary services to be provided by Contractor at citizen's cost for extra carts and/or stickers for bagged wastes.
  - RFB will provide for increased funding to City to be used for education and outreach.

## **SWC RFB Timeline:**

- RFB published in October 2018.
- Mandatory Pre-bid held November 9, 2018.
  - 42 total attendees.
  - Seven (7) prospective bidders attended.
  - Six (6) cart manufacturers or representatives attended.
  - Various other interested parties such as smaller local haulers, recyclers, and Douglas County attended.
- Five (5) addendums issued.
- Bids received January 30, 2019 with public opening and reading at 11:00 a.m. CST.
- Four (4) bids received.

## **Review of Bids:**

- Douglas County Purchasing received, opened, and reviewed for requirements (i.e. Bid Bond of 5%).
- City of Omaha Public Works General Services and Law Departments reviewed for required submittals and confidentiality requests.
- SCS Engineers confirmed bid tabulation math (unit price to extended price calculations).
- SCS Engineers performed quantitative analysis of bid responses for pricing and resource allocation.

- Public Works received bids and quantitative analysis and distributed to Working Group for review.
- Working Group review:
  - Five (5) members.
  - Met two (2) times.
  - Sought clarifications from two (2) bidders.

### **Bid Review Details:**

- West Central Sanitation
  - Lowest cost bid received.
  - Working Group concerns:
    - Corporate qualifications do not adequately demonstrate experience in the collection of Solid Waste “in a service area of comparable size to Omaha” (Article 28 of Instruction to Bidders).
    - Bid price appears to be underestimated with 10-year base contract costs ranging from a low of 67.47% to a high of 77.42% below the average bid price, depending on Option selected.
    - Resources proposed appear to be underestimated with proposed routes ranging from a low of 73.73% to a high of 84.43% below the bid average routes, depending on Option selected.
    - Bid price and resources proposed are significantly below the SCS Engineers modeled estimates.
    - As a small, privately-owned company, West Central Sanitation currently operates a fleet of about 80 trucks. Appears the Omaha contract would more than double the number of household addresses serviced and would nearly double the size of their fleet operated.
    - Financial review (confidential information submitted with their bid), combined with the aforementioned pricing and resource allocation, suggests a high probability of failure to perform (inability to service Omaha) and likely financial distress early in contract period.
- FCC Environmental Services (FCC)
  - Next lowest cost bid received.
  - Working Group noted:
    - Corporate qualifications adequately demonstrate experience in the collection of Solid Waste “in a service area of comparable size to Omaha” (Article 28 of Instruction to Bidders).
    - Bid price appears to be in line with industry estimates with 10-year base contract costs ranging from a low of 95.80% to a high of 98.25% of the average bid price, depending on Option selected.
    - Resources proposed appear to be in line with industry estimates with proposed routes ranging from a low of 108.76% to a high of 118.29% of the average bid routes, depending on Option selected.
    - Bid price are in line with (low end) and resources proposed are above the SCS Engineers modeled estimates.
    - FCC has a demonstrated track record operating solid waste collections for similar sized collection areas, as compared to Omaha, has proposed adequate resources which suggests a high probability of success and ability to perform, and appears to have the financial backing and resources to succeed.

- Remaining Bidders
  - Waste Connections of Nebraska
  - Waste Management of Nebraska
    - Both bids adequately addressed qualifications, resources, and experience.
    - Bid prices were substantially higher than FCC

### **Bid Review Evaluation:**

- West Central Sanitation had the lowest bid but did not adequately demonstrate that they had the qualifications, experience, or adequate resources to perform.
- FCC submitted the second low bid, in line but below the SCS Engineer's modeled cost estimates and below the other two bidders who adequately demonstrated qualifications and experience. FCC evaluated to be lowest and best.

### **Recommendation for Award:**

- Total 10-year base contract, in 2021 \$'s, depending on Option selected ranges from a low of \$226,910,460 (Option 3A) to as high of \$314,553,196 (Option 1).
- The Mayor has selected for council approval, the award of Option 3A (2 cart comingled system) to FCC for the following reasons:
  - Lowest and best value to the City.
  - FCC has required experience and resources.
  - 2 Cart Comingled System (1 Cart Garbage and Yardwaste Weekly Collection, 1 Cart Bi-weekly Recyclables Collection) meets the needs of a majority of the residents.
  - Enhanced Spring and Fall Cleanup.
  - Affordable costs to residents for extraordinary services.

### **Recommended Award Details:**

- Option 3A, over the base 10-year contract is \$226,910,460 (2021\$) which includes costs to the City for Carts and Spring and Fall Cleanups. Option 3A is:
  - \$30,237,736 less than Option 2A which is a 3 Cart Comingled System.
  - \$59,562,736 less than Option 1A which is a 3 Cart Separate System.
- Option 3A, based on the Fall 2016 Public Opinion Survey, meets the needs for solid waste and recycling of more than 9 out of 10 households:
  - Q29A – 93% of respondents felt one 96-gallon cart would meet their weekly garbage needs.
  - Q36A – 92% of respondents felt one 96-gallon cart picked up every other week would meet their recycling needs.
- Option 3A does not meet the needs for yard waste for 2/3 of respondents.
  - Q29E – 34% of respondents felt one 96-gallon cart would meet their weekly garbage and yardwaste needs.
- To address capacity for yard waste:
  - City will add Fall Cleanup events and yard wastes will be added to and accepted at the Spring and Fall events.
  - City will allow citizen and commercial drop off of yard waste at the OmaGro facility.
  - City will require extraordinary services to be provided by Contractor at citizen's cost for extra carts and/or stickers for bagged wastes. Note:
    - Q29F – Of those answering no to Q29E, 56% (69% total) felt a second 96-gallon cart would meet their weekly garbage and yardwaste needs.
    - Extraordinary Services - \$1.75 per pickup or \$91 per year.

- City will increase funding to be used for education and outreach a portion of which is funded by the selected Contractor (\$2.15 per household or ~ \$322,500).

**Next Steps:**

- City Council Action on Recommendation – April 30<sup>th</sup>.
- Notice of Award, after Mayor’s signature, first half of May.
- Anticipated rollout - Summer 2020.
- Transitional activities:
  - Contractor coordination.
  - Educational and informational outreach efforts (i.e. Wasteline, advertising – print, radio, etc.).
  - Public meetings (at least 4 quadrants) in spring 2020 with Infographics and City of Omaha carts.
  - Seek grant funding (i.e. Nebraska Environmental Trust) and low interest loans (i.e. Closed Loop Fund) to lower costs to City.

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