



City of Omaha
Jean Stothert, Mayor

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(Omaha, NE) - An independent review of the solid waste contract bid submitted by West Central Sanitation (WCS) confirms the risks identified by the City if the contract is awarded to West Central.

Mayor Jean Stothert asked for the review after the City Council questioned the recommendation to award the contract to FCC Environmental. The review was completed by HDR's Environmental Division.

The HDR report noted risks with the West Central Sanitation bid that were first identified by the Public Work's Department working group that evaluated the bids:

- Efficiencies proposed by WCS are higher than were reported by the City for the other bidders. If lower collection efficiencies are achieved, in line with other bidders' estimates, it would result in higher equipment quantities and personnel numbers required to serve the contract and would have an impact on WCS' profitability.
- WCS to have potentially underestimated the cost of physical facilities (60 percent of HDR's estimate). These additional costs would have to be encumbered by WCS and would again affect their business proforma.

Efficiencies are the estimated number of homes collected per route, per day. WCS estimates its efficiencies based on the service it currently provides in Mankato, MN, its largest customer. HDR could not validate the accuracy of the comparison to Omaha. WCS provides collection service to approximately 19,000 customers in Mankato, 1/7 the size of Omaha which has approximately 150,000 residential customers.

In addition, the City of Omaha Finance Department has completed a review of financial information provided by West Central which shows the company would double in size, from approximately \$20 to \$40 million if awarded the contract. Finance Director Steve Curtiss called that type of growth, "a huge risk to the city". He also noted uncertainty in West Central's ability to secure the necessary financing if awarded the Omaha contract.

"We have to evaluate all aspects of the bid, including the risk of failure. It's our responsibility to the taxpayers," said Mayor Stothert. "If additional steps are required to assure we are doing our due diligence, we will take those steps. This has the potential to be a 20-year contract. We need to get it right."

After three years of planning, research, and input from citizens and the City Council, the City issued a Request For Bids for the solid waste collection contract in October 2018. Four companies submitted bids in January; FCC Environmental, Waste Connections, West Central Sanitation, and Waste Management.

The working group evaluated the bids and provided its analysis to Mayor Stothert. Based on that evaluation, Mayor Stothert asked the City Council to accept the bid submitted by FCC Environmental, the lowest and best bid.

The City Council is expected to vote on the contract recommendation June 4.