From: Bob Gregory

Sent: Wednesday, November 09, 2016 12:35 PM

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Paul Gregory; Gary Newton

Cc: Bob Gregory

Subject: ZWAC Agenda Items 3d and 3e

Attachments: Backup - Item 3e - City Facilities Dumpster Collection Matrix.pdf; Backup - Item 3e -

City Facilities Dumpster Collection Memo.pdf; Backup - Item 3e - City Facilities Dumpster Collection RCA.pdf; Citywide Dumpster Collection -Scope of Work.pdf; Backup - Item 3d - Organics Processing Matrix.pdf; Backup - Item 3d - Organics Processing Memo.pdf; Backup - Item 3d - Organics Processing RCA.pdf; Organics

Processing - Scope of Work.pdf

ZWAC Commissioners:

Items 3D and 3E on this week's meeting agenda ask you to endorse City staff's recommendation of two major contracts, which together total more than \$20 million in spending over a 6-year period. As has been the case with staff recently, the RFPs for these services raise major questions and concerns regarding wholesale changes in City policy without any prior ZWAC or Council direction or consent. Nor without the complete RFP responses, draft contracts, or even the locations for the compost and disposal facilities made public for a full review, before ZWAC and Council are asked for a vote of approval. We respectfully submit that *neither should be supported by ZWAC*, with so many questions outstanding and with serious public policy issues being ignored by staff. Once again, City staff should not be allowed to set City policy by RFP. Policy should proceed the RFP, and the RFP responses and the draft contracts should be made public with adequate time for stakeholders to become informed and to weigh in with comments before such an important vote is taken.

Item 3E: Citywide Dumpster Collection Services

This summer, City staff solicited and accepted proposals from a private hauler for a contract styled as "Citywide Dumpster Collection Services" (RFP). This RFP requested pricing for solid waste, recyclables, and organics collection, processing and disposal of materials collected at a large number of potential locations, including: City-owned facilities (some of which are already under contract with TDS and another hauler); for Class II non-hazardous waste and special waste; for emergency response services; for Austin sponsored special events; and for *commercial* business dumpster solid waste, recyclable and compostable waste services.

TDS did not respond to this solicitation for a number of reasons. Most broadly, we objected to the very premise of the RFP, which was not simply a "renewal of a past contract" as stated by Director Gedert at the October ZWAC meeting, but in fact a radical departure from a firm City policy to not compete with private haulers and waste processors, and a consolidation/replacement \$11 million expansion of the existing City facilities contracts, inappropriately bundled together with other City contracts and a request for pricing for commercial waste services currently provided by private haulers in the free market. Indeed, the City's RFP actually requested pricing so broad, as to allow the staff to use that hauler to service whatever the staff chooses to define as City controlled and City sponsored special events, including as examples given, SXSW and Austin City Limits, whose organizers are currently TDS customers. In fact, of the 19 "example" special events listed in the RFP, 17 are currently TDS customers, and they are only a portion of the multimillion dollar billing annually TDS collects from what the staff could identify as special events and festivals in Austin's jurisdiction. TDS also relies on the recyclables and compostable materials collected from these City controlled and City sponsored special events, from the City's airport contract, from the City's downtown Central Business District contract, from the recycling purchase orders we have with Austin Energy for recycling wood waste, and from the large number of commercial accounts TDS services, which could be taken from TDS by the City's ongoing expansion of this proposed contract with Republic without the City even going out for bids on the new services it can fold into the Republic contract. These compostables and recyclables are relied upon to support the revenue needed to operate our business profitably, and the City RFP requires Republic to give up all the value of these materials and not object to the

City directing the compostables to the composter of the staff's choice, and the recyclables to the MRF of the staff's choice. Staff has had no direction from ZWAC or Council to take such control over such flows of materials.

Further, this RFP – as well as the RFP associated with Item 3D for "Organics Processing Services" – represents yet another attempt by City staff to use the restrictions and severe penalties of the Anti-Lobbying Ordinance (ALO) to control and limit the flow of information to City Commissioners and City Council members. Despite the fact that TDS is the City's largest waste and recycling partner and, we believe, the best-qualified company to help the City meet its Zero Waste policy goals, we simply cannot be silent (as responding to any RFP with ALO provisions would require) while Austin's elected representatives and their appointees are working to make complicated policy and planning decisions that demand far more information than City staff seems able or willing to provide.

The "Citywide Dumpster Collection Services" RFP – and the proposed six-year, \$16.9 million contract with Republic Services, Inc. (Republic) – offer a case in point. For example, based on what we know so far, City staff's recommendation to ZWAC and the City Council fails to disclose the real substance of staff's intent and the intended consequences of creating a toll hauler for staff to use to take over more and more of the competitive commercial hauling business, with no regard for how much damage is done to the commercial waste hauling and collection market. It also fails to disclose where Republic plans to process and dispose of the City's waste. This raises an obvious concern that embedded in this consolidated contract may be the exact same plan that both ZWAC and the City Council unanimously rejected less than a year ago – to send City-controlled waste to the Waste Management, Inc. (WMI) Austin Community Landfill (ACL), a facility that was deemed by a 1999 City-commissioned study to be environmentally unacceptable to accept Austin's municipal waste. Indeed, if accurate, this proposal would actually dramatically expand staff's rejected 2015 plan, sending not only Austin Energy's Class II non-hazardous industrial waste to the WMI-ACL facility, but sending all City-controlled waste to a landfill once dubbed "Austin's Love Canal".

As noted above, City staff's recommendation also asks you to support, without providing *any* context, an unprecedented municipal incursion into the private sector commercial hauling marketplace. By proposing via this contract to offer hauling services to "City-sponsored and co-sponsored special events" – which in fact has no formal definition, and thus could include *any* Austin special event or initiative – City staff is laying the groundwork to pick marketplace winners and losers, and actually positioning the City to profit from its "broker" relationship with the winner. That is, by bundling together pricing for the full volume of City-generated waste in the six-year consolidated contract with pricing for servicing individual special events on demand, the City is unquestionably giving its selected vendor an artificial pricing advantage in the events marketplace. If and when event organizers choose or are forced to use the City's subsidized vendor, the City will profit by capturing the revenue and the value of the diverted recyclables and organics, while unsubsidized private haulers and processors like TDS and others will lose contracts that we have serviced for years, and on which we have built our businesses and justified huge investments. To be clear, the City is proposing to explicitly seize valuable commodities as their own from private generators. It's impossible to imagine a plan that would do more to undermine free market, fair competition in the commercial hauling marketplace in Austin, or to financially harm private haulers; by being left wondering how far the City staff will extend its control over commercial accounts.

This is an alarming replay of staff's attempt, during long-term MRF contract negotiations, to position itself as a "master contractor" for recyclables processing services for the entire region. Staff sought the right to market TDS' and Balcones' processing facilities to other communities by "piggy-backing" onto our numerous municipal multiple-service contracts, while prohibiting us from offering those same communities any deal that Austin City staff viewed as more favorable than their own by way of a "most favored nation" provision. TDS declined to become staff's toll processor and to empower the City of Austin staff to compete against us for the business of other communities by using our own contract with the City of Austin against us. Balcones, having no other single stream municipal contracts at the time, agreed to this arrangement; this was the reason staff sought to award 100% of the City's volume to Balcones despite receiving much better financial offers from TDS. That was 2010 and 2011 when the City staff tried to create a toll processor out of TDS for single stream recyclables. Now, in 2016, City staff seeks to create a toll hauler to use to capture commercial accounts and to require that hauler to relinquish its right to recyclables and organics, and to haul the City captured materials to the facilities of the staff's choice.

Importantly, this RFP also contained extraordinarily broad language that we believe would allow City staff to roll other existing City contracts into this one when those contracts expire – including the Central Business District contract currently held by TDS – and even to dramatically expand the commercial areas serviced by City contract and establish control over all the recyclables and compostables collected. All in all, it could not be any clearer: This RFP flings the door wide open to Flow Control that extends far beyond the solid waste, recyclables and compostables generated by the City.

Unfortunately, this proposal is the destructive outcome of a process whose origins are dubious at best. City staff has repeatedly represented to ZWAC and to the City Council itself that the massive consolidation of multiple existing City contracts represented by this proposal is the product of direction by the City Council, when in fact *there has never been any such specific direction*. Just as City staff attempted to do with the recent RFP for biosolids management (witness the inexplicable effort last month to prevent you from voting on the proposed Synagro contract, which has now been postponed indefinitely), this is yet another troubling foray by staff into "policy making by RFP." In fact, not only has staff never been directed by the Council to take the actions contemplated by this RFP, to the contrary, *the Council has specifically established that the City will not compete with private haulers*.

Nevertheless, City staff appears determined to take whatever steps it believes necessary to expand control over and broker contracts in the private marketplace, as evidenced perhaps by the highly irregular circumstance surrounding the unsealing of responses to this RFP. At the City's unsealing event on June 28, 2016, which was attended by a TDS representative and viewed online by other TDS representatives, it was revealed that the City only received one RFP response, from WMI. Without explanation, City staff reported the following week that the City had in fact received *two* proposals – one from WMI and a second from Republic. TDS is unaware of any precedent for apparently allowing a bidder to respond to a solicitation after the formal deadline for doing so (and in fact TDS was eliminated from competing to continue servicing the Austin Energy contract in 2013 based on an administrative oversight of not including several pages in our faxed bid, which could have been easily resolved after the deadline for submissions, but which staff would not allow).

Item 3D: Organics Processing Services

Item 3D – a proposed six-year, \$4.3 million contract with Organics By Gosh (OBG) to process organics collected from the expansion of the City's curbside composting program – similarly raises major questions and concerns. Foremost among these, once again, is a failure by staff to disclose the OBG RFP response, the proposed contract and to identify where the selected vendor proposes to process organics from the City's curbside collection routes and the organics Republic would collect from City staff controlled and captured accounts. It should be noted that City staff allowed OBG to utilize a processing facility for the trial curbside composting program that did not comply with the Travis County Siting Ordinance for Solid Waste Facilities, and that OBG's main Webberville Road facility is a relatively small site and is only authorized as a grandfathered use (i.e. it would not otherwise qualify to be compliant with the County Siting Ordinance). Further, OBG's Webberville Road facility is without question wholly inadequate to process the volume of materials expected to be collected from 210,000 homes and other City controlled volumes related to a fully-scaled, citywide curbside composting program.

As with the "Citywide Dumpster Collection Services" RFP, TDS also did not respond to this "Organics Processing Services" RFP due primarily to our ongoing concerns with City staff's misapplication of the ALO, the enormous risk that alleged ALO violations present to our business in Austin, and the fundamentally undemocratic evaluation and selection process that we believe the ALO facilitates.

However, just as with the biosolids management services contracts that staff would not allow ZWAC to discuss last month, TDS' existing 30-year "Waste Disposal & Yard Trimmings Processing Contract", entered into by the City and TDS in 2000, explicitly allows the City to negotiate with TDS for the provision of organics processing services. Indeed, under the terms of that existing contract, the City has already secured set rates and full access to our composting facility in southeast Travis County, which is capable of processing all organics collected from a fully-scaled, citywide curbside composting program. In fact, our Travis County facility was the first in the state of Texas to receive a permit for a fully integrated composting, recycling and landfill operation. The facility, and particularly the composting operation, has been a national showcase for many years and has earned numerous awards. Under the terms of our existing contract, our facility could begin accepting all of Austin's organics tomorrow, and almost certainly save ARR ratepayers a great deal of money over the long term, if only City staff would choose to do so. Please note that this RFP was issued twice and both times the City received only one respondent – certainly sufficient justification to at least compare the processing rates of the sole respondent to those already secured with TDS, as described in the TDS unsolicited offer to Council, to ZWAC, and to staff dated 4/12/2016.

Recommendation

Given the major questions and concerns regarding staff's recommendations for both Items 3D and 3E, (please review the annotated versions of your backup materials, and the respective Scopes of Work, that I've attached), I urge you to reject both proposed contracts, and to recommend termination of both RFPs. With regard to Item 3E, the "Citywide Dumpster Collection Services" RFP, I ask you to please recommend to the City Council that it give specific policy direction to City staff to restart a RFP process providing for the management of solid waste, compostables and recyclables from City-owned facilities only – *not* waste from special events, or *any other commercial market segment* – and to reiterate in the strongest possible terms that the City of Austin will *not* attempt to seize control of, directly compete against, or act as a broker in Austin's commercial waste marketplace. With regard to Item 3D, the "Organics Processing Services" RFP, I ask you to please recommend to the City Council that it direct City staff to initiate a negotiation with TDS for the provision of organics processing services as allowed for under the terms of our existing 30-year contract, to negotiate a straightforward contract with OBG and to make both contracts available for a full review by all concerned and allow ZWAC to review and recommend appropriate action by Council.

At a minimum, I respectfully submit that neither proposal should be endorsed by ZWAC or considered by the City Council unless and until the full text of both proposed contracts are made public with sufficient time for review and comment. Many businesses would be affected, but who, currently, have no idea about what staff is proposing.

Thank you for your kind consideration of my requests and for your service on the ZWAC. Please do not hesitate to contact me directly with any questions or concerns you may have.

Sincerely, Bob Gregory President & CEO Texas Disposal Systems, Inc.

EVALUATION MATRIX CITYWIDE DUMPSTER COLLECTION SERVICES RFP SLW0514

EVALUATION FACTORS	# Possible Points	Republic Services	Waste Management of Texas, Inc.
COMMUNITY IMPACT AND ZERO WASTE	15	the City waste an	cycling history for d recyclable substance in the Austin
COMPANY HISTORY AND EXPERIENCE	12.5 Wh	11 " " at facilities &	9 waste?
FACILITIES AND EQUIPMENT	12.5 Rej	oublic have that 11 composting or II doesn't have? in the Austin a	
REGULATORY COMPLIANCE	10	Which facilities (10) use and what d to get a perfect	id they do 9 validate the WMI-ACL
REFERENCES	5	5	5
(TOTAL EVALUATED COST)	35	What are the sprices propose	
LOCAL BUSINESS PRESENCE	10	0	companies have a 10local presence is unfair and flawed.
Total	100	85	Why would TDS, OBG 66 & Republic not have a local presence?

NOTE: As per Section 252.049 of the local government code, contents of a proposal shall remain confidential until a contract is awarded. Therefore, the matrix will include points awarded for price but exact pricing will not be disclosed.

This is ridiculous. The full contract, along with the incorporated RFP response, should be produced before being considered by ZWAC, Council and other Commissioners. The RFP Scope of Work clearly includes the flow control of solid waste, compostables and recyclables, as well as the City requiring all compostables and recyclables having to be given up to City ownership and control. Also, the scope of work allows for City control over what are now commercial accounts serviced by private haulers, composters and recyclers.



To: Zero Waste Advisory Commission

From: Bob Gedert, Department Director, Austin Resource Recovery

Date: November 9, 2016

Contract for Dumpster Services at City Facilities Subject:

7 725M

\$46.350 Million?

Total value \$17 Million

\$46 Million??

Austin Resource Recovery (ARR) is requesting the Zero Waste Advisory Commission (ZWAC) to provide a favorable ZWAC recommendation to the City Council for the authorization of an award and execution of a contract with Republic Services, Inc., in an amount not to exceed \$16,995,000 for the provision of refuse, recycling, organics and special waste collection for city facilities over a six year (6) period.

Note that this doesn't identify this as the first 3 years. Was it a mistake or intentional? Fundina

Funding of the first year requirement (\$7,725,000) is included in the FY2016-17 approved operating budget of ARR and the other departments utilizing the contract.) Funding of future years' requirements will be contingent upon future budget approval.



Background

co-sponsored events

City

events.

The contract will provide transportation, collection, and processing of refuse, recycling, brush, and compostable materials generated by City department facilities, City co-sponsored special events and in are not City the event of emergencies. This contract does not provide collection of material from non-City department facilities or events. In addition, the contract will provide services for the management and disposal of industrial Class 2 and non-hazardous special wastes for Austin Energy, and other departments as needed. (Special waste could include biosolids sludge disposal at a landfill and/or delivery of sludge to an off site compost facility.)

FALSE.

The City has rolloff trucks & boxes. Staff has no authororization from Council to

ARR does not provide the services that are being contracted under this procurement action because it does not possess the type of equipment that is required. This procurement is a result of selecting the best evaluated offer received in response to a Request for Proposals issued by the Purchasing Office on June 6, 2016. Multiple city departments participate in this contract and each department is responsible for paying for services received.

Republic did not timely submit a response to this RFP.

Contract Timeline

November 9th – ZWAC recommends City Council approval of original contract with Republic Services, Inc. December 1st – Target City Council date

This goes way beyond the current contract City now

has with

Republic.

companies.

compete with private

Staff Recommendation

Staff recommends City Council authorization of award and execution of a 72-month contract with Republic Services, Inc. for the provision of refuse, recycling, organics and special waste collection for city facilities, in an amount not to exceed \$16,995,000.

Then, why do they report that the first year's cost of this contract is estimated to be \$7,725,000. $6 \times 7,725,000 = $46,350,000 \text{ over } 6 \text{ years.}$

Note: Staff is not asking for the approval of a 36-month contract with 3 one-year extensions. Staff is asking for a 6-year contract approval. Note: The WMI-ACL landfill is due to be filled in less than six years.

Republic does not own local operating landfills, compost facilities or MRFs. Where will these materials be processed and landfilled? Are these facilities authorized to accept and process such materials? What are the specific prices quoted for which specific services? Where is the proposed contract and its incorporated RFP response? Does this contract include provisions for the City to own and control all compostable and recyclable materials collected? Can the City direct Republic to transport those materials to a different composter or MRF at any point in time? Can the City add solid waste, compostables and recyclables from additional special events, commercial business locations and from other City facilities as the City's existing contracts with other haulers expire without the City having to send those services out for bid again (i.e. the Airport bid, the Austin Energy wood recycling purchase orders, the Convention Center bid, and the downtown Central Business District contract)?

This RCA not only provides false information, but also fails to provide pertinent details about the disposal, recycling and composting facilities to be used for materials collected as part of this contract, and how the staff intends to account for profits and losses from the sale of compostables and recyclables it is taking control of.

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Since Republic does not have landfill, MRF or compost facilities in the Austin area, there are subcontracting opportunities available, unless the City intends to direct the flow of all compostable and recyclable materials to the City's contractors who have agreed to be the City's toll processor for such City owned and controlled materials.

FALSE: The staff's RFP solicitation is not limited to only City facilities and clearly allows for the collection of material from private facilities and venues, as well as special events on City controlled lands and right of ways.

The contract will provide transportation, collection, and processing of refuse, recycling, brush, and compostable materials generated by City department facilities, City co-sponsored special events and in the event of emergencies. This contract does not provide collection of material from non-City department facilities or events.

This contract also includes a very broad provision additiona services related to URO, Zero Waste or other City needs as

required.

Austin Resource Recovery does not provide these services because they do not have the type of equipment that is required. The majority of all containers will be serviced on a weekly basis, with some sites utilizing roll-off containers, compactors and balers that will be serviced on an as needed basis. A provision of this contract allows for containers to be added or removed as departmental requirements change. this contract

In addition, the contract will provide services for the management and disposal of industrial Class 2 and nonhazardous special wastes for Austin Energy (AE), and other departments as needed. AE manages several facilities and work sites that generate non-hazardous liquid and solid wastes, generally through routine maintenance activities. departments Waste includes items such as weathered utility poles and contaminated soil from transformers and construction/demolition debris. In order to comply with federal, state, and local regulations, AE requires the turn-key services of a waste disposal contractor to transport and dispose of the industrial Class 2 and non-hazardous special wastes generated. This requires the recommended contractor to own and operate the facility where disposal of

Class II Non-Hazardous Special Waste will occur. Yet, the designated disposal facility is not An evaluation team with expertise in this area evaluated the offers and scored Republic Services as the best to provide disclosed these services based on community impact and zero waste, company history and experience, facilities and equipment, in this regulatory compliance, references, total evaluated cost, and local business presence. RCA.

This request allows for the development of a contract with a qualified offeror that Council selects. If the City is unsuccessful in negotiating a satisfactory contract with the selected offeror, negotiations will cease with that provider. Staff will return to Council so Council may select another qualified offeror and authorize contract negotiations with this provider. Any contract (with its RFP response incorporated) negotiated certainly should be vetted through ZWAC and Council prior to execution.

Requested authorization amounts were determined using the departments estimated usage for current programs and locations as well as additional planned programs and locations. Also included is Class 2 waste from Austin Energy. If the City is unable to secure a contract, City facilities will be unable to properly dispose of refuse, recycling and compostable materials. FALSE: City staff has properly managed Austin Energy's waste materials without a contract in place since Dec. 11, 2015, when Council chose not to renew the Republic contract.

A complete solicitation package, including a response list, is on file in the City's Purchasing Office and is available on the City's Financial Services Austin Finance Online website. Link: Solicitation Documents

REPUBLIC SERVICES					
	# months		Contract Amount	Contract Amendment	Revised Amount
Original Term	36	\$	7,725,000	n/a	n/a
Extension Option 1	12	\$	3,090,000	n/a	n/a
Extension Option 2	12	\$	3,090,000	n/a	n/a
Extension Option 3	12	\$	3,090,000	n/a	n/a
TOTAL	72	\$	16,995,000	\$ -	\$ -

Note: If City co-sponsored events, such as SXSW, ACL and numerous others listed, are eligible to qualify as a service falling under this contract, then thousands of other locations will also apply where Green Builder co-sponsored C&D waste landfill diversion jobs are underway, and as the City's Central **Business District expansion adds businesses** and extends throughout the City along main roadway business arteries.

Represents an increase of \$10,949,460.00 over the existing contract for refuse and recycling collection services from City facilities. That contract is serviced by Republic.

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City

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FALSE to

This is a 3 + 3 Year Contract = 6 Years

EVALUATION MATRIX ORGANICS PROCESSING SERVICES RFP SLW0509REBID

EVALUATION FACTORS	# Possible Points	Employee Owned Nursery Enterprises, LTD. dba Organics "By Gosh"
LOCATION OF DROP OFF FACILITY	20	10
SYSTEM CONCEPT AND SOLUTION	15	11
APPLICABLE EXPERIENCE	10	9
CONTINGENCY PLAN	5	1
TOTAL EVALUATED COST	40	40
LOCAL BUSINESS PRESENCE	10	0
Total	100	71

NOTE: As per Section 252.049 of the local government code, contents of a proposal shall remain confidential until a contract is awarded. Therefore, the matrix will include points awarded for price but exact pricing will not be disclosed.

- They must have a bad location. This begs the question, "Where are the locations for all processing facilities and which landfill will receive the material that will be landfilled?"
- They must have almost no contingency plan. Why were they scored so low, and what contingency plans will the staff have?
- How can they be the only respondent and still only score 71%?

This is ridiculous. The full contract, along with the incorporated RFP response, should be produced before being considered by ZWAC, Council and other Commissioners. The RFP Scope of Work clearly includes the flow control of solid waste, compostables and recyclables, as well as the City requiring all compostables and recyclables having to be given up to City ownership and control. Also, the scope of work allows for City control over what are now commercial accounts serviced by private haulers, composters and recyclers.



To: Zero Waste Advisory Commission

From: Bob Gedert, Department Director, Austin Resource Recovery

Date: November 9, 2016

Contract for Organics Processing Services

Austin Resource Recovery (ARR) is requesting the Zero Waste Advisory Commission (ZWAC) to provide a favorable ZWAC recommendation to the City Council for the authorization of an award and execution of a 36-month with three 12-month extensions contract with Employee Owned Nursery Enterprises, LTD DBA Organics "By Gosh" in an amount not to exceed \$4,360,000 for organics processing services over a six (6) year period.

Funding

The processing costs noted in this contract were planned and included within the 2016 Organics discussions with ZWAC and City Council. Funding of the first year requirement (\$255,500) has been appropriated and is included in the FY17 ARR Budget. Funding of future years' requirements will be contingent upon future budget approvals.

Background

This procurement is being requested in anticipation of the additional volume of composting materials that will be collected when the curbside composting service is expanded in FY17 to an additional 38,000 homes. ARR anticipated awarding this contract to multiple vendors/locations to allow for efficiencies in operations, but only one vendor submitted a proposal.

This is not true.

Contract Timeline

November 9th – ZWAC recommends City Council approval of original contract

December 1st – Target City Council date

They have the TDS long-term contract option as submitted to Council and ZWAC members on 4-12-16.

Staff Recommendation

Staff recommends City Council authorization of award and execution of a 36-month with three 12-month extensions contract with Employee Owned Nursery Enterprises, LTD DBA Organics "By Gosh" in an amount not to exceed \$4,360,000 for organics processing services over a six (6) year period.

Council and ZWAC members, as well as stakeholders, must see the Contract and the incorporated RFP Response language to see the compost facility location(s) and understand the expected activities and unit charges, particularly since OBG scored so low overall (71%) and they were scored so low on the location of drop-off facility (10 of 20) and their contingency plan (1 of 5), to know if the locations are compliant with the County Siting Ordinance for Solid Waste Facilities and to see if the City can ship compostables from other contracts to OBG without going out for bid.

Note: This processing facility location could be the same facility that Synagro planned to use with undisclosed partners and for undisclosed purposes, but refused to identify.



This RCA not only provides false information, but also fails to provide pertinent details about the facility where organic materials will be processed, and the details about the disposal facility where contaminants and residual materials will be disposed, and how the City will market the compost generated from the materials it controls, and how OBG will separately manage the City's



Recommendation for Council Action (Purchasing)

compostable waste. Also, whether portions of these waste materials will be used in the biosolids compost operations. And, whether this contract would need to be amended in order for this contractor to accept compostables from other streams of compostables

Austin City Council		Item ID:	62708	Agenda Number	<item_outline></item_outline>	and contracts the City
Meeting Date:	Octo	October 6, 2016				takes control over (i.e.:
Department:	Purc	chasing				special events).
			0.1.			

Subject

Authorize negotiation and execution of a 36-month contract with EMPLOYEE OWNED NURSERY ENTERPRISES, LTD DBA ORGANICS "BY GOSH", to provide organics processing services, in an amount not to exceed \$1,510,000, with three 12-month extension options in an amount not to exceed \$940,000 for the first option, \$950,000 for the second option, and \$960,000 for the third option, for a total contract amount not to exceed \$4,360,000.

Amount and Source of Funding

Funding in the amount of \$255,500 is available in the Fiscal Year 2016-2017 Operating Budget of Austin Resource Recovery. Funding for the remaining 24 months of the original contract period and extension options are contingent upon available funding in future budgets.

Fiscal Note

A fiscal note is not required.

Purchasing Language:	The Purchasing Office issued a Request for Proposals (RFP) SLW0509REBID for these services on May 30, 2016 and it closed on June 28, 2016 with one offer received. The recommended offer is the sole offer submitted by a responsible offeror. Additional information on the solicitation is included below the line. The recommended offeror is the current provider for these services.		
Prior Council			
Action:			
For More	Sandy Wirtanen, Senior Buyer, 512-974-7711		
Information:	Salidy Wiltalier, Serior Buyer, 512-974-7711		
Boards and			
Commission	November 9, 2016 – To be reviewed by the Zero Waste Advisory Commission.		
Action:			
Related Items:			
MBE / WBE:	This solicitation was reviewed for subcontracting opportunities in accordance with City Code Chapter 2-9C Minority Owned and Women Owned Business Enterprise Procurement Program. For the services required for this solicitation, there were no subcontracting opportunities; therefore, no subcontracting goals were established.		
Additional Backup Information			

The RCA fails to report that an initial RFP was released on 3-21-2016 and closed on 4-12-2016 with one offer received from the same contractor now being recommended. The RCA also fails to report that TDS notified the City on 4-12-2016 that its existing "Waste Disposal and Yard Trimmings Processing Contract" already allows for these services at an established rate to begin immediate receipt and processing of the organic materials without a contract amendment. See TDS Unsolicited Offer to Council, ZWAC and Staff dated 4-12-2016.

What are the specific unit prices quoted and for what specific services?

Can the OBG location handle the added volume of the 210,000 homes organic waste and the volumes of compostable materials expected from the contract proposed for Republic, since the staff can designate where recyclables and compostables hauled under that contract will be processed?

See Scoring Sheet & Comments. Who was on the team? The contract for organics processing is needed to accommodate the expansion of the organics collection program in Austin. The current program handles material from about 14,300 homes and will be expanding based on Council approval with an additional 38,000 homes in 2017 and 52,000 homes for the next three years after that. The contract will allow the diversion of food waste that is currently being landfilled and help the City get closer to our zero waste and carbon neutral goals.

(RCA fails to state whether provision of services was evaluated under the existing 30-year TDS/COA "Waste Disposal and Yard Trimmings Processing Contract."

An evaluation team with expertise in this area <u>evaluated the offers</u> and scored Employee Owned Nursery Enterprises, Ltd. dba Organics "by Gosh" as the best to provide these services based on system concept and solution, applicable experience, contingency plan, location of the drop-off facility, total evaluated cost and local business presence.

Without a contract, the City will not be able to expand the program as anticipated, leaving residents without an organics collection program.

EMPLOYEE OWNED NURSERY ENTERPRISES, LTD dba ORGANICS "BY GOSH"

A complete solicitation package, including a response list, is on file in the City's Purchasing Office and is available on the City's Financial Services Austin Finance Online website. Link: Solicitation Documents

12 \$ 940,000 n/a Extension Option 1 n/a \$ **Extension Option 2** 12 950,000 n/a n/a Extension Option 3 12 \$ 960,000 n/a n/a **TOTAL** 72 \$ 4,360,000 \$ \$

- It is patently false to state that this contract is the only option available to the City and that residents will be left without an organics collection program if the contract is not approved. Besides, if they fail, will that threaten program?
- The sole RFP respondent being recommended by City staff received an effective scoring grade of "C minus" (71), and received low scores on location and contingency plan.
- The RCA fails to include details mentioned in Bob Gedert's 5-11-2016 Memo (attached) regarding the scope of work changes made to the rebid solicitation that were not addressed in the initial solicitation, and what measures were taken to ensure adequate vendor capacity to process the increased volume and the possibility of using multiple vendors to decrease vehicle mileage driving to vendor locations.
- It is inappropriate for this RCA to not include information about the potential for these services being provided under the 30-year TDS/COA Waste Disposal and Yard Trimmings Processing Contract and what steps City staff took to consider TDS as an option for providing these services.
- Clearly City staff is refusing to use the TDS facility because TDS will not consent to the staff's demand to allow the City to take full control over compostable and recyclable materials covered under this proposed contract and the Citywide Dumpster Collection Services Contract.

1.0 PURPOSE

The City of Austin ("City") seeks proposals from qualified Contractors that specialize in composting organics and have integrated solid waste management programs that place a high priority on customer service and the diversion of waste from landfill disposal. Contractors should have demonstrated significant innovative results through their composting program development, implementation, and operations. Contractors should also be able to provide complete organics processing, sorting, composting, marketing services and detailed data reporting to support the City's expanding residential curbside organic materials collection program and have a processing facility no more than 30 miles from City Hall.

The City reserves the right to select one or more Contractors based on each Contractor's level of experience, qualifications, diversion methods/rates, organics processing and contamination removal methods utilized, capacity of facility, location, fees, and the overall best interest of the City.

2.0 BACKGROUND

In 2012, the City began a curbside residential pilot organics program utilizing City or customer supplied carts or containers. The purpose of this program is to reduce waste and ensure that yard waste, food scraps, food/oil, and soiled compostable paper can be adequately composted for reuse. The program will help the City achieve its Zero Waste Goals to reduce the amount of waste sent to the landfill by 75 percent by 2020 and 90 percent by the year 2040.

The 2015 annual volume of curbside organic materials (yard waste, food scraps, and food/oil soiled compostable paper) collected in the pilot program were approximately 4,300 tons of materials from approximately 14,500 residential customers. A citywide expansion may include over 210,000 residential customers; therefore, Contractor shall support, in its proposal, their ability to properly accept and process the increase in volumes as the program expands to an approximate increase in annual tonnage to 72,000 tons with full citywide participation. [Note: All tonnages are estimates only, and no guarantee of actual volumes delivered.]

The City collects yard waste, food scraps, food/oil, soiled compostable paper, utilizing City or customer supplied carts or containers.

3.0 SPECIFICATIONS/SCOPE OF WORK

3.1 Facility - Contractors shall furnish a facility or facilities sufficient to handle the volumes of materials that will be collected as the program expands as described below. All skills, manpower, equipment, supplies, utility services, vehicles, transportation and all resources necessary to successfully accept the volume of materials delivered, screening and sorting, processing, marketing, selling, and reporting of all compostable materials delivered to Contractor by the City of Austin per the specifications herein.

ansport

- 3.1.1 The City seeks a Contractor with a facility, where City vehicles can transport and drop-off all compostable materials no more than 30 miles from City Hall.
- 3.1.2 Any and all facilities/locations used must be fully licensed, permitted and in compliance with all required Federal, State, County, and City regulations. Proof of all compliance may be required from the City at any time during the contract.
- 3.2 <u>Compostable Materials</u> The City reserves the right to increase and/or decrease all organic/compostable commodities and volumes at any time during the contract period, and no guaranteed commodities or volumes are to be construed in any way.

What and where are the facilities?

At a minimum, the following materials are to be considered compostable materials:

- 3.2.1 Animal meats including but not limited to: deli meats, sandwiches, raw and cooked meats, (beef, poultry, pork, deer, bison and other), meat trimmings and renderings and seafood;
- 3.2.2 Vegetable and fruit materials;
- 3.2.3 Animal, vegetable and fruit fats, oils and greases;
- 3.2.4 Soiled paper products including but not limited to: soiled paper/soiled food products, soiled paper cups, soiled paper plates/paper towels, paper, non-foam egg cartons, napkins, tissue papers, cardboard cereal and food boxes, empty and/or used paper food containers, wet and waxed cardboard, and waxed paper;
- 3.2.5 Yard waste and leaves including but not limited to: grass, lawn and garden clippings, small trees/bushes and branches, pinecones, shrub/bush trimmings, brush, yard/garden paper and cardboard products, flowers, plants, and soil.
- 3.2.6 All food waste including but not limited to: all food scraps, nuts and shells, corn cobs, coffee and tea bags/grounds/leaves and filters, eggs and egg shells, breads and bakery products, cheese and dairy products, food scraps, all edible grocery items, bones, and frozen foods;
- 3.2.7 Wood products, boxes and wood pieces including but not be limited to: wooden crates, popsicle sticks and small wood objects, wood ashes, wood shavings, unpainted and untreated pallets, lumber, laths, cedar shingles, and other clean wood:
- 3.2.8 Miscellaneous biodegradable items including but not limited to: pet hair/fur, feathers, sawdust, paper bags, dryer lint, cereal boxes, newspaper, shredded paper, cotton balls/pads, compostable utensils, dog and cat food, bone meal, and Biodegradable Products Institute certified compostable food waste bags;
- 3.2.9 Other materials may be added as determined compostable and mutually agreed.

3.3 <u>Collection and Processing Procedures</u>

3.3.1 Currently the City collects and delivers approximately 2-5 loads daily, from the current residential customers participating in the curbside organics program; however, the number of deliveries and volumes are subject to change, without notice. No volumes/quantities are guaranteed. The Contractor's facilities should be capable of handling larger volumes than currently collected. Contractors should provide detailed information as to the facility's production, storage and processing capacities, and ability to handle increased volumes.

This should be made public.

3.3.2 The City reserves the right to include additional yard waste (leaves, grass, branches, brush) as an immediate contingency in the event the City's Hornsby Bend processing site is unavailable and/or due to unforeseen and/or changing circumstances. The City estimates around 4,400 tons, representing approximately two (2) months volume of the current yard-trimmings collection program could be diverted to the Contractor's facility. This is **not** to be construed as a guaranteed volume; however, Contractors must be able to forecast and be able to accept these materials should this occur.

- 3.4 Safety- Contractors shall properly train all employees, subcontractors and agents in all regulatory requirements, hazards and dangers in the delivery and processing of the organic materials.
 - 3.4.1 Contractors shall ensure all employees, subcontractors and agents working with, around, and/or processing organic materials shall wear the proper personal protective equipment while on the premises and/or while performing any part of the processing.
 - Contractors shall implement and provide the City with its safety plan and 3.4.2 responses for any and all safety concerns including but not limited to fire, flood, injuries and other.

3.4.3 Contractors shall be solely responsible and liable for any and all injuries and damages that occur on its property and its operations, and shall hold harmless the City and indemnify the City from any and claims asserted as a result thereof extending to all performance under this contract.

This should be made public.

3.5 Contamination and Reporting

- 3.5.1 In order to determine the volume of contamination, on a semi-annual basis, the City will deliver selected loads, based upon a reasonable sampling of all materials collected by the City, to the Contractor's location, at a predetermined and agreed to date, in order to perform a composition study and audit of the materials. The City will alternate the routes each six month period, but the City will elect the This is routes for each composition study period.
- Contractor shall perform the audit of the samplings provided by the City, with City irregular. 3.5.2 personnel present to record the results. The composition study will establish the contamination versus compostable materials delivered. This study will set the contamination rate for the subsequent six month period that the Contractor will use for all materials delivered.
- 3.5.3 Therefore, all materials delivered will be weighed upon delivery and the only contamination rate that can be used will be from the current relevant audit/study, regardless of actual contamination.
- At the execution of the agreement, the City will schedule the first samplings to be 3.5.4 delivered to the Contractor and used for the first six month period of the contract, within two weeks of the onset of the agreement.
- 3.5.5 Contractors shall not reject a load unless the load can be supported to contain at least 25% contamination by weight. Any claim of 25% or greater contamination in a load must be fully documented and the documentation submitted to the City's Contract Manager, within 24 hours as a Notice of Rejected Load. Upon rejection, the load shall be set aside and segregated from other materials. Contractors shall photograph rejected loads using arrows, markings, and descriptions emphasizing the contaminants. Some form of measurement must be included in the picture to support the rejected load claim [e.g. weight ticket of load as delivered compared to contamination weight]. The City reserves the right to inspect and/or audit any such claim asserted. Failure to provide supported documentation for the rejected load, will disqualify the load from any related contamination fees.
- Contractors should fully address all methods used to report and screen out What are 3.5.6 contamination, subject to City approval.
- Contractors shall be solely responsible for the disposal of any and all contaminated Where is 3.5.7 materials and shall provide information regarding any facility where contaminated this?

highly

these?

waste will be disposed, subject to City approval. All disposal facilities must be properly permitted and in full compliance of all regulatory requirements.

- Contractors shall have all scales calibrated and certified annually to be in full Texas Do all of the Department of Agriculture compliance and provide the City with State contractors' documentation of verification on an annual basis, without prior request from the sites have City. scales?
- 3.5.9 Contractors shall maintain and annually provide the City copies of all necessary licenses, permits, and or registrations for the compost/organics operations, without prior notification from the City.

3.6 Marketing and Selling Organic Materials

- 3.6.1 Contractors shall be solely responsible to process, compost, market, sell, recycle, and/or beneficially reuse all compostable materials received from the City's collection services.
- The City may require documentation supporting that all compostable materials, 3.6.2 delivered to Contractor(s), are used in an environmentally positive way, and that no reusable materials are burned or disposed of.

4.0 SITE REQUIREMENTS

Contractors shall not relocate facilities without permission from the City. Contractor(s) Is the shall provide documentation [ownership, lease, rental agreement] supporting it has and proposer's can maintain the same suitable site for the duration of the entire contract, including site suitable? extensions, should any be exercised at the City's sole discretion.

- 4.2 Contractors shall keep locations open to accept deliveries from the City, Monday through Friday from 7:00 am to 5:00 pm, excluding Thanksgiving Day, Christmas Day and New Year's Day; however, Contractor shall be open for deliveries on the three following Saturdays subsequent to the above listed holidays. The City may require Contractors to remain open longer periods of time in emergency situations or to complete collection routes which are delayed due to unusual circumstances. In those circumstances, the City will notify Contractors by email or telephone to provide additional times and services as needed.
- 4.3 Contractors shall ensure City drivers have easy ingress and egress to access and dump the loads. Facilities shall include no backup requirements, have a minimum of 12 feet wide driveways/delivery paths, and have no steep grades or sharp turns.

APPLICABLE PERMITS AND LICENSES 5.0

Contractors shall obtain and maintain all permits, licenses, and/or registrations to perform all services described herein. All services provided in relationship to this RFP, directly and indirectly, shall be in compliance with all laws, ordinances, specifications, rules and regulations for this service as established by the City of Austin, State of Texas, State Board of Health, U.S. Environmental Protection Agency, Occupational Safety and Health Administration, Texas Commission on Environmental Quality, and any other federal, state or local governmental provisions. Contractors are presumed to know what the legal requirements are and shall be solely responsible to maintain all said regulatory requirements and are liable for the failure to do so.

FEES, REPORTING AND INVOICE REQUIREMENTS 6.0

6.1 Fees - As the composting/organics program and customer base expands, volumes are anticipated to increase; therefore, the City seeks a contract that is to be established on a tiered and equality pricing basis based upon volume per tonnage delivered. The City

Do the total figures in the RCA account for contamination?

seeks Contractors that will structure pricing to provide a decrease in processing and What is the other fees as the volumes increase.

pricing

- Monthly Reports Contractor's monthly invoices and reports shall include, at a minimum, proposal? 6.2 the following information:
 - 6.2.1 Weight ticket of each load as delivered, pre-sorted to include date, truck number and weight,
 - 6.2.2 Total tons of material received per month,
 - 6.2.3 Agreed contamination rate, per the current study/audit,
 - 6.2.4 Tiered/equity based pricing per ton and volume reduction pricing based upon tonnage delivered.
 - 6.2.5 Diversion percentages based upon all compostable materials.
 - 6.2.6 Digital photographs with arrows, dates, and data recording the load as delivered, with noticeable contamination if any, per load as delivered,
 - 6.2.7 Prorated billing for all services that are performed for less than the entire month covered by the invoice. Prorated bills shall note the ending and/or beginning date of the services being charged. The method(s) used by the Contractor to calculate prorated bills shall be subject to the approval of the City.

7.0 **TERM OF CONTRACT**

The contract terms shall be for three (3) years, with three (3) one (1) year extensions to be exercised solely at the City's election and available funding. The contract is dependent upon continued funding and support by Council.

8.0 COMMUNITY IMPACT

Contractors shall provide how they will consider public impact on all areas of performance of this contract program. Contractors shall provide an annual report to the City to define all efforts and results on extensions. the community and citizens of the Austin area from this program as well as an annual diversion rate per ton for materials diverted from the landfills resulting from this program.

9.0 **OMMISSIONS**

It is the intention of these specifications to acquire complete organics processing and composting services of the type described herein, with all necessary components. All items and/or services omitted from this specification which are clearly necessary for the successful operation of the services described herein shall be considered requirements although not directly specified or called for herein.

Staff would have complete control over

DEFINITIONS

Composting - The process of converting difficult to handle organic materials resulting in a mixture of decayed organic matter used for fertilizing and agriculture.

Compostables - Materials capable of undergoing biological decomposition in a compost site as part of an available program such that the material is not visually distinguishable and breaks down into carbon dioxide, water, inorganic compounds, and biomass at a rate consistent with known compostable materials.

Contaminants - any materials outside the definition of organic/compostable matter included herein and as determined outside the scope of organic and or biodegradable that are commingled in the processing loads to include glass, plastics, metals, and foam products.

Food Waste - all food scraps, including all animal meats, dairy products, grease and bones; paper which has been contaminated with food, fat or grease; and soiled cardboard and paper including paper towels, paper plates, bags, tissue and waxed paper.

Organic Waste - includes food, yard and wood waste, City-approved compostable bags, single-use food service ware, and other organic materials as mutually agreed to by the City and the Contractor.

Wood Waste - any wood or tree limbs over four (4) inches in diameter, unpainted and untreated pallets, lumber, lath and cedar shingles, and other clean wood delivered to the City facilities.

Yard Waste - plant material (leaves, grass clippings, branches, brush, flowers, roots, wood waste, etc.); debris commonly thrown away in the course of maintaining yards and gardens, including sod and a small number of incidental rocks not over two (2) inches in diameter; and biodegradable waste approved for the yard waste programs of the City. May include some human or animal excrement; noxious weeds and soil contaminated with hazardous substances.

Zero Waste - a goal that is ethical, economical, efficient and visionary, to guide people in changing their lifestyles and practices to emulate sustainable natural cycles, where all wasted materials are designed to become resources for others to use. Zero Waste means designing and managing products and processes to systematically avoid and eliminate the volume and toxicity of waste and materials, conserve and recover all resources, and not burn or bury them. Implementing Zero Waste will eliminate all discharges to land, water or air that are a threat to planetary, human, animal or plant health. (As defined by the Zero Waste International Alliance.)

zero waste (lower case) - no waste burned or buried.

Zero Waste Strategic Plan - adopted by the Austin City Council on January 15, 2009 and defined as a Diversion Rate of 90% of the total materials generated within the city limits. Therefore, Zero Waste will be reached when Total Diverted Tons divided by (Total Diverted Tons + Total Disposed Tons) equals 90%.