Single Stream Processing RFP Selection

Housing & Community Affairs Committee
CM Mike Laster, Chairman
Presentation Overview

- Background
- RFP Goals
  - The Procurement Process
    - Responses & Highlights
  - Operational Challenges
- Recommendation
  - Highlights
- Questions
## Background

<table>
<thead>
<tr>
<th>DATE</th>
<th>ACTIONS</th>
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<tbody>
<tr>
<td>Mar 2016</td>
<td>New contract signed with WM; no ceiling, removed glass, 2-year agreement.</td>
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<tr>
<td>Apr/May 2016</td>
<td>Tax Day/Memorial Floods, SWMD redeployed to flood debris management and clean-up.</td>
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<td>May 2016</td>
<td>Began outreach campaign to residents regarding dropping glass from curbside program: mailer, water bill insert, and social media.</td>
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<td>Jun 2016</td>
<td>Worked with Strategic Materials on community glass boxes. All costs borne by Strategic to include hauling.</td>
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<td>Jul 2016</td>
<td>Glass officially dropped as an acceptable item; amount collected drops by more than 50%</td>
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<td>Oct 2016</td>
<td>RFP released for new single stream processing contract.</td>
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<tr>
<td>Nov 2016</td>
<td>Proposers requested 30 day extension of deadline to December 22, 2017.</td>
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<td>Jan 2017</td>
<td>Evaluation Committee formed and evaluators began reviewing and scoring of proposals.</td>
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<td>Mar 2017</td>
<td>Negotiations began with highest scoring proposer.</td>
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<tr>
<td>Apr 2017</td>
<td>Second and third place proposals are called in for clarification discussion of proposals – requested options to mitigate transportation demand to the city.</td>
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<tr>
<td>May 2017</td>
<td>COH requests Best and Final Offers from top three proposers. BAFOs received. Evaluation Committee reconvenes and scores BAFOs with no change in top scoring proposer.</td>
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RFP Goals

- Be open to full market of companies, specifically offering opportunities for smaller companies to enter the Houston marketplace.

- Ensure that glass collection resume. If possible, add other materials to the accepted category, such as plastic bags.

- Ensure that any company selected shared in market downside risk.
The Procurement Process

- Jerry Adams
  - Chief Procurement Officer
- Richard Morris
  - Procurement Division Manager
- Elnora Williams
  - Senior Procurement Specialist
- James Cargas
  - Sr. Assistant City Attorney
RFP Response Highlights

- Expected more companies, especially smaller firms or start-ups, to submit proposals thereby increasing competitiveness in the Houston market area.

- Expected more viable and economical multi-quadrant processing options.

- Received a total of five responses: four were complete, with three of those from strong billion dollar companies.
## RFP Response Highlights

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Avg. Processing Fee per Ton (Org.)</th>
<th>Avg. Processing Fee per Ton (BAFO)</th>
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<tbody>
<tr>
<td>FCC</td>
<td>$87.05/with $25 ceiling</td>
<td>$87.05/with $25 ceiling</td>
</tr>
<tr>
<td>Republic/BFI</td>
<td>$90/no ceiling</td>
<td>$90/with $24 ceiling</td>
</tr>
<tr>
<td>Waste Management</td>
<td>$85-$105/no ceiling; range depends on volume and inclusion or exclusion of glass.</td>
<td>$85-$115/no ceiling; range depends on volume and inclusion or exclusion of glass.</td>
</tr>
<tr>
<td>Independent Texas Recyclers (ITR)</td>
<td>$76/no ceiling (*plus additional fees)</td>
<td>No BAFO requested</td>
</tr>
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* Additional fees for contamination and handling of residual.

* The Ceiling is equal to the City's disposal rate.
Operational Challenges
Transportation and Logistics

- SWMD has aging fleet resulting in excessive breakdown hours and overtime.

- First looked at adding more sites for disposal (i.e. transfer stations), thereby reducing the miles traveled, however proved to be cost additive with no change in City’s unreliable fleet.

- Second option looked at ways to add new trucks to the fleet, thereby reducing route size. New trucks would reduce breakdown hours which cause overtime.

- Requested cost options from top three proposers on ways to address these challenges. Received offers from each to either add a transfer station option, or provide an equipment allocation to enable the quick purchase of eight new collection trucks.
The State of the Art $20 million facility, located in a highly industrialized area, will do the following:

- Provide construction job opportunities.
- Utilize equipment which will recover a minimum of 95% of recyclable material, with exception of glass, which is 75%.
- Have an on-site education center, offer tours, and engage local schools in their “The Future of the Earth Lies in the Classroom” environmental education program.
- Employ about 100 full time employees once processing begins in 2018. The company will offer 2nd chance and turnaround opportunities in an economically challenged area.
- Add to the City’s tax base.

FCC will move their US corporate headquarters from the Woodlands to District B, City of Houston.
15-year term with one 5-year renewal option.

$25.00 per ton ceiling which matches City’s waste disposal rate.

Processing fee of $87.05 per ton.

25% revenue share once commodities sales price exceeds processing fee.

$75,000 per year education allowance.

Eleven commodities, including glass, to be acceptable recycling material.

MWBE goal of 11%, FCC exceeds goal with 13%.
Questions