



Memorandum

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TO: Mark McNeill, City Administrator (Shakopee)

CC: Jamie Polley (Shakopee); Bruce Loney (Shakopee); Mike Hullander (Shakopee); Warren Shuros (Foth)

FR: Dan Krivit (Foth)
Tracy Schaefer (Schaefer Consulting)

RE: Development of the City of Shakopee's Request for Proposals for Refuse and Recycling Services – Results to Date

Introduction

The City of Shakopee retained Foth Infrastructure & Environment, LLC ("Foth") together with Schaefer Consulting as a subcontractor to provide technical and strategic planning consulting services to the City of Shakopee to assist with the development of a request for proposals (RFP) for residential refuse, recycling, and yard waste collection services. This RFP process was initiated by the City to modernize the terms, enhance recycling technologies, and to help assure competitive pricing. This memo is a summary of results to date and recommends a schedule for completion of the RFP.

Process

City staff formed a staff team to guide the consultants' work. The City staff team consists of: Mark McNeill, Bruce Loney, Mike Hullander and Jamie Polley. The extended project team (staff + consultants) held a project kick-off meeting on October 11 to refine the consultants' scope of work and develop a project schedule.

Three meetings of the City's Environmental Advisory Committee (EAC) were held on October 24, November 14, and November 28. Background information and key policy questions about the City's residential solid waste and recycling system were discussed by the EAC. The consultant team requested feedback from the EAC at each meeting on a series of topics to help formulate advisory recommendations to be forwarded to City Council.

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Regular staff team meetings were held after each EAC meeting to debrief about results, discuss additional administrative details about the RFP, and prepare for the next meeting. Additional technical and administrative issues have been identified by the extended project team. These and other issues will be included in the draft RFP for City Council consideration. The staff team will continue to oversee the consultants' development of the RFP.

Existing City Contract System

The City has a contract for refuse, recycling and yard waste collection services with Dick's Sanitation that expires on May 31, 2014. The existing contract was originally signed in 2001 and has been extended twice. The existing contract and scope of the proposed new RFP is for residential service only and therefore does not directly impact commercial refuse and recycling or City neighborhoods without municipal sewer service.

Refuse is collected in rolling trash carts supplied by Dick's on a weekly schedule with specified routes. The City currently has a "dual-stream" recycling system with Dick's whereby recyclables are separated by residents into paper materials (e.g., newspaper, magazines, mixed mail / home office paper, cardboard) and containers (e.g., cans, some plastics bottles, and glass bottles / jars). Recyclables are collected weekly on the same day as refuse. Dick's also offers several yard waste collection options on a subscription basis. Appliances and/or other bulky items are picked up on Wednesdays. Dick's owns the refuse and yard waste carts. The City owns the recycling bins. Dick's does the billing on a quarterly basis direct to residents as per the terms and conditions of the City contract.

Further Details of the current collection system are available on the City's web page at: http://www.ci.shakopee.mn.us/refuse_recycle.cfm. The City also posts the current contracted rate schedule at: http://www.ci.shakopee.mn.us/pages/General/DicksSanitationPriceList_11.pdf.

Results of EAC Feedback To Date

The consultants asked the EAC for feedback on certain policy and operations planning issues that will impact the City's proposed RFP including collection services to be specified. The EAC provided the following feedback to-date:

- ◆ Keep it simple – Do not make the RFP overly complex.
- ◆ Encourage competition – Do not intentionally exclude any eligible company through specific requirements.
- ◆ Price is very important but not the only consideration. Other proposal evaluation criteria should include:
 - ▶ Demonstrated experience and capacity to provide high-quality service, both in collection operations and overall customer service (e.g., reporting to the City, responsiveness to residents' requests via phone calls and media, etc.);

- ▶ References from other similar, existing municipal customers;
 - ▶ Thoroughness and responsiveness to the RFP requirements and instructions; and
 - ▶ Overall environmental benefits including innovations to continuously improve recycling and reduce emission impacts..
- ◆ Single-stream recycling should be the preferred “base” scenario in the RFP. (But dual-stream recycling can be allowed if proposed by a hauler as an alternate.)
- ◆ The RFP should contain two options for ownership of the refuse and recycling carts:
- ▶ Contractor ownership (as is the case today under the existing contract); or
 - ▶ City ownership.
- A final decision and means to such a purchase will depend on the prices proposed in response to the RFP, preferred financing mechanism if the City owns the carts, and further policy direction from City Council. Under either cart ownership option, it would still be the responsibility of the hauler to manage the inventory, deliver and maintain the carts.
- ◆ The RFP should specify that yard waste service should continue as it exists today as a subscription service with only minor modifications. The contractor should own the yard waste carts.
- ◆ Organic waste (e.g., food waste) collection should be an option in the RFP. Respondents should be allowed to specify their own, preferred method of organic waste collection (e.g., commingled with yard waste; kept as a separate commodity; co-collected with refuse; etc.). Organic waste should be a “subscription” option for residents and not a city-wide, universally available service (i.e., only subscribers should be required to pay for the additional service). The RFP should specify the contractor will own the organic waste carts if they are needed (depending on the method of collection proposed). Respondents should propose organics program details, but know that the City may phase the subscription organics program into the new contract. For example, the refuse, recycling and yard waste services would begin on June 1, 2014, but organics services may not begin until spring of 2015.
- ◆ The RFP should encourage differential rate schedules for 30, 60 and 90 gallon refuse collection service. But the RFP should not specify “Pay As You Throw” (PAYT) rate increments between these rates.
- ◆ The RFP should specify minimum public education tools that the contractor shall provide such as:
- ▶ Annual calendar;
 - ▶ Quarterly newsletter (written and/or electronic); and
 - ▶ Instructions on cart stickers and hang-tags on new single-stream carts.

- ◆ The RFP should encourage, but not require, other hauler-provided public education tools such as:
 - ▶ Web page specific to Shakopee;
 - ▶ Other electronic / social media (e.g., email, eNewsletter, etc.); and/or
 - ▶ Resident rewards for participating in recycling.
- ◆ The RFP should specify additional materials to be added to the list of required recyclable items such as:
 - ▶ All types of rigid #1 through #7 plastics (instead of just #1 PET and #2 HDPE bottles);
 - ▶ Aseptic cartons / juice boxes; and
 - ▶ Boxboard (e.g., cereal boxes, pasta boxes, cracker boxes, etc.);
- ◆ The RFP would accept, but not require, other materials to be proposed for collection by the respondents such as:
 - ▶ Textiles, shoes, clothing; or
 - ▶ Scrap metal.

In addition to EAC policy recommendations, the City staff team and consultants have identified a number of other issues that will be addressed in the new RFP that include, but are not limited to:

- ◆ Snow bird policy for residents that leave for extended periods.
- ◆ Alley refuse collection.
- ◆ Recycling in the parks.
- ◆ Spring road restrictions/truck limitations.
- ◆ Brush pick-up.
- ◆ Valet (aka “walk-in”) services.
- ◆ Opt-in for non-city sewer residents.
- ◆ Recycling revenue sharing formula,
- ◆ Fuel escalator costs.
- ◆ Electronic billing.
- ◆ Liquefied damages.
- ◆ Handling of past due accounts (e.g., bad debt turned over to the city for residential assessment for unpaid bills).

Proposed RFP Schedule and Process

The Project Team is recommending that a City Council workshop be scheduled for some time in mid to late January 2013 to review a complete draft of the RFP. Then, after receiving direction from City Council, the Team would revise and finalize the RFP for release on February 20, 2013. Proposals would be due on March 20.

A proposal review staff committee should be tasked with carefully reviewing and evaluating each eligible proposal. In May, the committee should then report to the Council with its recommendations for the top proposer(s). City Council should authorize negotiations with the top ranked proposer(s). If negotiations are not successful, the committee should move to negotiations with the second ranked proposer and so on.

The current schedule suggests that the City Council will authorize a new contract in June 2013. The new contract would begin on June 1, 2014. The extensive lead time is to provide adequate notice for the contractor to purchase any new trucks as needed and for the City to plan and implement any other system changes (e.g., single-stream recycling; City purchase and ownership of carts if needed; etc.).

It is the City's policy and intent to make the entire process as fair and transparent as possible to all parties. During the proposal development and review stage, it will be important that all communications about this RFP go through the City Administrator to provide a coordinated channel for questions and answers. All state laws and City purchasing policies pertaining to procurement of services via RFP will be followed. The contents of all proposals will be held by the City staff team as confidential throughout the review and negotiation period until such time as a new final contract is fully executed.