



RethinkWaste

South Bayside Waste Management Authority

SBWMA COLLECTION SERVICES RFP

Selection Committee Report:

Evaluation and Scoring of Proposals

August 21, 2008

TABLE OF CONTENTS

1. OVERVIEW	1
2. RECOMMENDATION	3
3. PROPOSAL EVALUATION PROCESS	4
3.1 Evaluation and Selection Process.....	4
3.2 Evaluation Criteria.....	5
4. PROPOSAL EVALUATION RESULTS	6
4.1 Proposer Scoring Results	6
4.2 Summary of Proposer Evaluation Highlights	7
4.3 Major Findings.....	10
4.4 Cost Evaluation	20
4.4.1 Cost Proposal Competitiveness and Reasonableness.....	20
4.4.2 Annual Operating Costs.....	21
4.4.3 Capital and Start-Up Cost	21
4.4.4 Cost of Core Services	22
4.4.5 Single-Family Dwellings Core Services	22
4.4.6 Multi-Family Dwellings and Commercial Core Services	22
4.4.7 Member Agency Facilities Core Services	22
4.4.8 Projected Collection Services Rate Impact.....	23
4.5 Other Evaluation Areas	24
4.5.1 Proposed Staffing and Route Hours	24
4.5.2 Proposed Collection Vehicles	26
4.5.3 Financial Capabilities	26
4.5.4 Proposer Exceptions to the Collection Agreement	27
4.5.5 References.....	27
4.5.6 Collection Services Performance Management.....	28

TABLES

TABLE 1 - EVALUATION CRITERIA AND MAXIMUM EVALUATION SCORE	5
TABLE 2 - PROPOSER EVALUATION SCORE	6
TABLE 3 - TOTAL ANNUAL COST FOR NORTH, SOUTH AND COMBINED DISTRICTS	7
TABLE 4 - MAJOR FINDINGS FOR NORCAL	11
TABLE 5 - MAJOR FINDINGS FOR BEST	13
TABLE 6 - MAJOR FINDINGS FOR ALLIED	15
TABLE 7 - MAJOR FINDINGS FOR REPUBLIC.....	18
TABLE 8 - COST SUMMARY FOR COMBINED DISTRICTS	20
TABLE 9 - SCORING RESULTS FOR COST PROPOSALS	21
TABLE 10 - COST OF CORE SERVICES	22
TABLE 11 - ESTIMATED ANNUAL COLLECTION SERVICES RATE IMPACT	23
TABLE 12 - PROPOSED STAFFING LEVELS	24
TABLE 13 - ROUTE HOURS.....	25
TABLE 14 - PROPOSED COLLECTION VEHICLES.....	26
TABLE 15 - PROPOSED SUPPORT VEHICLES	26
TABLE 16 - NUMBER OF EXCEPTIONS TAKEN	27
TABLE 17 - REFERENCE CHECKS ("OVERALL OPINION")	27
TABLE 18 - COLLECTION SERVICES PERFORMANCE MANAGEMENT	28

APPENDICES

APPENDIX A - Evaluation Criteria and Sub-Categories
APPENDIX B - References
APPENDIX C - Comprehensive Cost Proposal Summary

1. OVERVIEW

The South Bayside Waste Management Authority (SBWMA) initiated the Collection Services request for proposals (RFP) process in July 2005 to plan future programs and services and select future contractor(s). The 5.5-year contractor selection process will result in new contracts for collection services and operation of the Shoreway Recycling and Disposal Center (Shoreway facility). The process involves a 4-year period for planning, soliciting and evaluating proposals, and selecting and negotiating with the selected contractors, and a 1.5-year implementation period leading to commencement of services on or before January 1, 2011.

During the planning phase, the SBWMA formed the Programs and Facilities Committee (PAF) and Process and Contracts Committee (PAC) (Committees) with representatives from the Member Agencies. These Committees reviewed numerous program, service, procurement process and contracting issues, and formulated recommendations for consideration by the SBWMA Board and Member Agencies. The Board reviewed the Committees' recommendations and made its recommendations in October 2006. The Member Agencies considered the Board-approved programs, process and contract terms from December 2006 through March 2007. The RFP reflected that input and the input received from potential proposers.

For purposes of this procurement process, the SBWMA was divided into two service Districts. The service Districts were established based on population and proximity. The North District is comprised of the following Member Agencies: Belmont, Burlingame, Foster City, Hillsborough, San Mateo, and sections of unincorporated San Mateo County. The South District is comprised of the following Member Agencies: Atherton, East Palo Alto, Menlo Park, Redwood City, San Carlos, West Bay Sanitary District and sections of unincorporated San Mateo County.

The successful contractor will be required to execute separate franchise agreements with each Member Agency. These franchise agreements will be based on the standard Collection Agreement included with the RFP and may be modified by each Member Agency to reflect their unique needs (e.g., the optional programs selected; billing needs as some Member Agencies provide billing services; minimum single-family solid waste service levels, etc.). Collection services under the new agreements will commence on January 1, 2011, or sooner if an alternative, earlier start date is negotiated.

The RFP required companies to demonstrate their experience in safely providing solid waste, recyclable material, and organic material collection services. The RFP sought proposals from companies that place a high priority on diversion and have demonstrated significant results and innovation through their diversion program development, implementation, public education, and on-going operations.

The SBWMA's goals and objectives for the RFP process and future collection services are as follows:

Integrity, Competition in Selection Process, and Industry-Standard Contract Terms

- Conduct the RFP process with integrity and transparency
- Maintain the association of Member Agencies
- Select contractor(s) that meet Member Agency and SBWMA needs
- Enter into contracts with fair terms and conditions
- Set high performance standards and use incentives/disincentives to achieve standards related to:
 - Collection quality
 - Customer service
 - Diversion from landfill disposal
- Stimulate competition among proposing companies

Cost-Effective Programs

- Cost
 - Provide cost-effective operations
 - Minimize fiscal impact on ratepayers
- Service
 - Emphasize innovative, responsive management
 - Ensure consistent, reliable and high quality service
- Conserve and protect resources/assets
 - Minimize impacts on air, water, and natural resources
 - Encourage highest and best use of recycled materials
 - Handle as much material locally as possible
 - Meet or exceed AB 939's 50% diversion mandate
 - Protect the SBWMA's investment in the Shoreway facility
- Community benefits
 - Continue programs and services that work well
 - Demonstrate proactive waste reduction/recycling philosophy
 - Include involvement of local recyclers/reuse
 - Support local market development where possible
 - Educate the public
 - Educate and involve the community
- Integrate collection services with SBWMA facilities
- Flexibility of collection methods

On November 1, 2007 the SBWMA released the Collection Services RFP. By the March 11, 2008 deadline, the SBWMA received four (4) responsive proposals from companies capable and qualified to provide the collection services described in the RFP. The proposers are:

- Allied Waste Services of San Mateo County (“**Allied**”)
- Bayside Environmental Services & Transfer (“**BEST**” is a joint venture of Peninsula Sanitary Group, South San Francisco Scavenger Company, Green Waste Recovery and Zanker Road Resource Management)
- Norcal Waste Systems of San Mateo County (“**Norcal**”)
- Republic Services of California II, LLC (“**Republic**”)

2. RECOMMENDATION

The Collection Services RFP Selection Committee is recommending selection of **Norcal Waste Systems of San Mateo County (Norcal)** as the Collection Services contractor for both the North and South Districts.

The SBWMA received four (4) responsive proposals from companies capable and qualified to provide the scope of services specified in the Collection Services request for proposals (RFP) issued on November 1, 2007. The proposers are:

- Allied Waste Services of San Mateo County (**Allied**)
- Bayside Environmental Services & Transfer (**BEST**)
- Norcal Waste Systems of San Mateo County (**Norcal**)
- Republic Services of California II, LLC (**Republic**)

Based on review of the proposals submitted, reference checks, technical interviews, site visits, and follow-up questions and answers, the Selection Committee selected **Norcal Waste Systems of San Mateo County** as the recommended Collection Services contractor for both the North and South Districts. The Selection Committee believes that **Norcal** is the best choice and provides the best value in comparison to the other proposers for these primary reasons:

- The entirety of **Norcal's** responses (i.e., original proposal, written answers to technical and cost specific questions, and technical interview performance) were the most thorough and complete.
- **Norcal** offers a combination of experience, technical ability, commitment to diversion and high service delivery, and pricing that sets it apart from the other three proposers.
- **Norcal** was awarded the most points for its cost proposal due to the strength of its cost proposal in both competitiveness and reasonableness. While the costs proposed were marginally higher than the lowest cost proposal, the supporting explanation and rationale provided for these costs was the most thorough, complete and reasonable of all four proposals.
- The scope of services proposed by **Norcal** provides the highest comfort level of the four proposers regarding the company's ability to ensure a smooth transition, outstanding service delivery, accurate reporting, and consistently high diversion rates.

3. PROPOSAL EVALUATION PROCESS

3.1 Evaluation and Selection Process

Section 6 of the Collection Services RFP prescribed a thorough process to evaluate the proposals received. The evaluation process set forth in the RFP required using an Evaluation Team and Selection Committee comprised of SBWMA staff, member agency staff, industry experts and/or consultants to analyze and score the proposals in order to formulate a recommendation for the SBWMA Board.

The Evaluation Team consisted of: Kevin McCarthy, SBWMA Executive Director; Cliff Feldman, SBWMA Recycling Programs Manager; Marshall Moran, SBWMA Finance Manager; Tim Flanagan, Monterey Regional Waste Management District Assistant General Manager; and R3 Consulting staff Richard Tagore-Erwin and Ric Hutchinson. The Selection Committee consisted of: Larry Patterson, City of San Mateo (Committee Chair); Jim Hardy, City of Foster City; Peggy Jensen, County of San Mateo; Jesus Nava, City of Burlingame; Brian Ponty, City of Redwood City; and, Kent Steffens, City of Menlo Park.

The Evaluation Team and Selection Committee conducted an analysis and evaluation of the four RFP responses received and based scoring and ranking on the following information and sources:

- Proposals submitted by each company on March 11, 2008.
- Responses to correspondence issued by the SBWMA on March 14, 2008 and due back by March 21, 2008 requesting general clarifications and revisions to the cost proposal forms submitted.
- Responses to correspondence issued by the SBWMA on March 27, 2008 and due back by April 1, 2008 requesting specific clarifications and revisions to the cost proposal forms submitted.
- Responses to correspondence issued by the SBWMA on April 9, 2008 and due back by April 15, 2008 requesting clarifications and information on the technical proposal and cost proposal forms submitted.
- Responses to correspondence issued by the SBWMA on April 25, 2008 and due back by May 12, 2008 requesting clarifications and information pertaining to the technical interview conducted and the cost proposal forms (i.e., each proposer was provided the opportunity to make any changes to the cost proposals submitted).
- Responses to correspondence issued by the SBWMA on June 12, 2008 and due back by June 19, 2008 requesting clarifications and information pertaining to the companies litigation history.
- One-hour oral interviews held at the SBWMA offices on April 21-22, 2008.
- Site visits conducted as follows:
 - May 19, 2008 – Norcal (San Bruno Disposal, San Bruno, CA)
 - May 21, 2008 – Republic (Richmond Sanitary Service, Richmond, CA)
 - May 21, 2008 – BEST (Garden City Sanitation, San Jose, CA)
 - June 5, 2008 – Allied (Allied Waste Services, Phoenix, AZ)
- Other information submitted by proposers in response to requests by the Evaluation Team.

- Information gathered from reference checks, litigation history research, and other publicly available sources.

The Evaluation Team followed the prescribed process to evaluate the four proposals submitted in response to the RFP. Each Evaluation Team member reviewed and scored the proposals based on a maximum score for each evaluation criteria as set forth in Section 6.1 of the RFP and also included below as **Table 1 – Evaluation Criteria and Maximum Evaluation Score**.

Table 1 - Evaluation Criteria and Maximum Evaluation Score

<u>Item</u>	<u>Evaluation Criteria</u>	<u>Maximum Evaluation Score</u>	<u>Percent of Total</u>
1	Responsiveness to the RFP	Pass/Fail	n/a
2	Company's Qualifications and Experience	150	25%
3	Proposal for collection services (Includes both Core and Optional Services)	150	25%
4	Cost Proposal	200	33.3%
5	Environmental Enhancements and Other Considerations	50	8.3%
6	Number and Materiality of Exceptions	50	8.3%
Total Maximum Score		600	100%

n/a = not applicable

The Evaluation Team members numerically scored the proposing companies in accordance with the evaluation criteria prescribed in Section 6.2 of the RFP. The scores assigned to each of the proposals' reflect the extent to which the company fulfilled the requirements of the evaluation criteria and the extent to which each criterion was fulfilled relative to other proposals.

The ratings from the evaluators were compiled and discussed during several Evaluation Team meetings to determine a preliminary ranking of the proposals based solely on the evaluation criteria. The relative rankings were adjusted as new information was analyzed throughout the evaluation process.

The Evaluation Team's process and progress with analyzing and scoring the proposals was discussed with the Selection Committee at four separate meetings held on March 24, 2008, May 13, 2008, June 11, 2008 and June 25, 2008. The Selection Committee unanimously approved the Evaluation Team's recommendation to select **Norcal**.

3.2 Evaluation Criteria

The proposals were numerically scored and ranked using the criteria and weighting described in section 6.2 of the RFP. The evaluation criteria, maximum score and scoring results are presented in **Table 2 – Proposer Evaluation Score**. In addition, **Appendix A – Evaluation Criteria and Sub-categories** provides a list of the sub criteria specified in Section 6.2 of the RFP and used to evaluate and score the four proposals received in response to the RFP.

4. PROPOSAL EVALUATION RESULTS

4.1 Proposer Scoring Results

Proposer's evaluation scores are presented in **Table 2 - Proposer Evaluation Score**. Circled scores represent the best scores.

Table 2 - Proposer Evaluation Score

<u>Evaluation Criteria</u>	<u>Maximum Total Score for Five Evaluators</u>	<u>Percent of Total Evaluation Points</u>	<u>Proposer and Score</u>			
			ALLIED	BEST	NORCAL	REPUBLIC
1) Responsiveness to the RFP	Pass/Fail	n/a	P	P	P	P
2) Company's Qualifications and Experience	750	25%	551	665	647	661
3) Technical Proposal for Collection Services	750	25%	453	638	653	510
4) Cost Proposal	1,000	33.3%	802	719	884	649
5) Number and Materiality of Exceptions	250	8.3%	250	215	250	20
6) Environmental Enhancements	250	8.3%	40	190	225	40
TOTAL POINTS	3,000	100%	2,096	2,427	2,659	1,880
PERCENT OF TOTAL POINTS AWARDED			69.7%	80.9%	88.6%	62.6%
RANKING			3	2	1	4

The proposals were separately evaluated for the North District, South District, and Combined Districts as prescribed in the RFP. However, with the exception of "Cost Proposal," each Proposer's respective response for the North, South, and Combined Districts was virtually identical. Because of this, the scoring results (i.e., Company's Qualifications and Experience, Technical Proposal for Collection Services, Number and Materiality of Exceptions, and

Environmental Enhancements) for both the North and South Districts are consistent with the scores for the Combined Districts.¹

There is no advantage to awarding separate contracts for the North or South Districts due to significantly higher costs to award separate contracts as presented in **Table 3 – Total Annual Cost for North, South and Combined Districts**. A more detailed analysis of the cost proposals can be found in **Appendix A – Summary of Cost Proposals**.

Table 3 - Total Annual Cost for North, South and Combined Districts

<u>Proposer</u>	<u>North District*</u>	<u>South District*</u>	<u>Combined Districts*</u>	<u>Savings for Combined Districts</u>	<u>Percent Savings for Combined Districts</u>
Allied	\$26,339,621	\$26,463,578	\$44,949,227	\$7,853,972	14.87%
BEST	\$29,684,195	\$30,416,612	\$52,165,632	\$7,935,175	13.20%
Norcal	\$24,950,533	\$26,362,750	\$46,239,552	\$5,073,731	9.89%
Republic	\$32,750,958	\$32,580,382	\$63,811,856	\$1,519,484	2.33%
* Costs include proposed operating costs (2008 costs) plus 10-year average annual interest costs.					

4.2 Summary of Proposer Evaluation Highlights

The following is a summary highlighting the evaluation results of the four proposers in order of ranking.

Norcal Waste Systems of San Mateo County

1. Norcal is an experienced solid waste, recycling and organics collection company providing service to one of the most mature and largest single stream and organics recycling programs in California (i.e., City and County of San Francisco). The company pioneered commercial organics recycling collection service in Northern California and is highly committed to diversion from all service sectors.
2. The company is employee owned and has been operating in Northern California for over 88 years. It currently has nine local contracts providing service to more than 600,000 residential and 50,000 commercial accounts.
3. The collection approach and technical proposal was the most thorough and complete of

¹ Republic's proposal indicated that they would not develop an additional corporation yard and would only use the Shoreway facility regardless of being awarded a contract for either the North or South District. Therefore, Republic's position on the development of a second facility was not in compliance with the requirements of the RFP.

the four proposers. In addition, the company separated itself from the other proposers by demonstrating its commitment to diversion, high quality customer service, quality training of its employees, transition plans, reporting and innovation.

4. The proposed management team is highly qualified with considerable experience similar to those of two of the other three proposers (i.e., BEST and Republic) ranked highest in this criterion.
5. The proposal includes providing high levels of diversion and is specifically strong in the area of commercial recycling and organics collection service, and the On-Call (Bulky Items) Collection Service. The company has put forth an aggressive, yet achievable commercial recycling diversion goal and innovative approach to attain the desired results.
6. The company has successfully managed service transitions of the size similar to the SBWMA service area (i.e., City of San Francisco).
7. The reference checks returned consistently high satisfaction marks.
8. The Cost Proposal scored highly in both competitiveness and reasonableness.
9. The company did not take any exceptions, thus the maximum points were awarded in this criterion.
10. The proposal included environmental enhancements such as: use of B40 fuel (i.e., 40% biodiesel), regular carbon footprint monitoring and reporting, use of hybrid trucks for route supervisors, and incorporating green building design practices and standards at its facilities.

Bayside Environmental Services & Transfer (BEST)

- The proposed management team has the experience and qualifications similar to the two other proposers ranked highest in this criterion (i.e., Norcal and Republic). In addition, the company successfully demonstrated its recent service transition experience (i.e., San Jose roll-out of garbage collection service to 157,000 homes in 2007).
- The proposal emphasizes providing a high level of customer service and achieving significant diversion from the commercial sector.
- The company's overall technical approach and management expertise combined would provide quality service to residences and businesses; however, the proposed costs to provide the required scope of services are not competitive with the top ranked company (i.e., Norcal).
- The company was considered highly regarded per all of the references and its past performance record and financial stability scored high marks.
- The proposed environmental enhancements include using hybrid vehicles for its supervisors and the highest blend of biodiesel available for its collection fleet.

Allied Waste Services of San Mateo County

- The company has been providing collection service to the SBWMA service area for decades and currently provides similar services to two other San Mateo County communities and twelve other jurisdictions in Northern California. The company is the second largest solid waste company in the United States with approximately 24,000 employees and is based in Phoenix, AZ.
- The proposed operations staff has considerable experience and familiarity with the

service area and the company's overall management team has substantial experience with the exception of their general manager who is relatively new to the solid waste and recycling industry.

- Allied's technical proposal did not offer improvements over the current services provided other than those required in the RFP such as transitioning to weekly collection services, single stream recycling, and including residential food scraps. The company's proposal to provide commercial recycling provided little innovation and it is substantially similar to the one currently in place. In addition, the company did not comply with the RFP requirements to provide a cost proposal for the optional service of Universal Roll-Out of Recycling Service to multi-family and commercial customers.
- The company did not take any exceptions, thus the maximum points were awarded in this criterion.
- The environmental enhancements proposed include continuing the current practice of using B20 fuel (i.e., 20% biodiesel) in its collection fleet. In addition, the company provided an Alternative Proposal to operate CNG collection trucks for its collection fleet at an additional capital cost of approximately \$6 million.

Republic Services of California

- The company is the third largest solid waste company in the United States with approximately 13,000 employees nationwide. Republic currently provides solid waste, recycling and organics collection service to fourteen jurisdictions in Northern California.
- The proposed management team has considerable experience and their qualifications are highly regarded. The company submitted a sound proposal to provide collection services; however, they have proposed very high costs and included a total of 27 exceptions to the Collection Agreement, which are significantly more than the only other company (i.e., BEST) that proposed a total of two exceptions.
- The reference checks returned consistently high satisfaction marks.

4.3 Major Findings

The tables that follow (**Tables 4 - 7**) provide brief descriptions of the major findings derived from analysis of the proposals. These findings do not represent an all inclusive summary of the proposer's proposed services, but rather provide highlights of the proposal details that were considered to be significant differentiators between proposers and key attributes or shortcomings of the proposals. The tables are in the order of each proposer's respective ranking (see **Table 2**) and organized by the following six categories:

- Qualifications and Experience
- Transition Plans
- Technical Proposal
- Cost Proposal
- Environmental Enhancements
- Additional Benefits Offered, but Not Required

Table 4 - Major Findings for Norcal

Qualifications and Experience

- The company and proposed management team have considerable experience transitioning to fully-automated collection services as evidenced by the successful roll-out of the “Fantastic 3” program in San Francisco.
- Measured diversion rates ranged from 26-59% of tonnage collected from other jurisdictions and their largest municipal customer (i.e., City and County of San Francisco) had a 70% California Integrated Waste Management Board diversion rate for the last year reported (i.e., 2006).
- The references provided very favorable responses (see **Table 17** and **Appendix B**).

Transition Plans

- The transition plan was the most thorough and comprehensive of the four proposers. In addition, Norcal was the only company to include a comprehensive schedule providing jurisdiction specific details for all phases of the roll-out.
- The contingency plans provided were the most extensive and logically presented when compared to the other three proposers.

Technical Proposal

- The proposal conveyed Norcal’s commitment to diversion and high service delivery. Norcal was the only proposer to quantify increases in tons collected from the proposed core services for commercial recycling collection, thus providing an objective assessment of potential diversion from these programs.
- Norcal was the only company to commit to providing single-family dwelling Twice Annual On-Call (Bulky Item) Collection Service on the customer’s next collection day (less than the 10 business days required in the Collection Agreement). In addition, Norcal’s collection service for the Twice Annual On-Call (Bulky Item) Collection Service is the most conducive of the four proposers to achieve high levels of diversion since the company will use five different trucks to provide this service (i.e., solid waste route truck, recycling route truck, organics route truck, a flat-bed truck for bulky items, and a rear-loader truck for the remaining oversized items).
- Will provide site assessments to all Multi-Family Dwelling accounts prior to program start up.
- Proposed a total of 13 (minimum is 7) commercial and Multi-Family Dwelling recycling coordinators/account representatives and diversion program support staff (see **Table 12**).
- Proposed a total of sixteen Customer Service staff (see **Table 12**).
- Collection service routing is based on a 9-hour day shift thus resulting in the need for fewer drivers and collection vehicles than the companies (i.e., BEST and Republic) running shorter 8-hour shifts (see **Table 14**).
- The company’s response with regard to providing wet/dry collection service to the Town of Hillsborough was unresponsive to the RFP.

Table 4 - Major Findings for Norcal

Cost Proposal

- Based on Norcal's cost proposal, the estimated **collection rate** impact would be 9.96% higher than the approved 2008 Allied collection services rate application (see **Table 11**).
- Provided the most cost-effective proposal for the level of services requested (see **Table 8**).
- Of the four companies, Norcal provided the most thorough, complete and reasonable explanation of the assumptions used to verify the basis of their proposed costs.

Environmental Enhancements

- Annual measurement report on company's carbon footprint.
- Use of B40 biodiesel fuel vehicles.
- Use of hybrid vehicles for supervisors.
- Annual measurement of environmental compliance.
- Incorporation of Green Building design practices and standards with new collection facilities.

Additional Services/Benefits Offered, but Not Required

- Providing free Commercial and Multi-Family Dwelling Recycling Blitz program (estimated to cost \$478,435) and remittance of the revenue derived from materials collected during the six-month program (estimated at \$210,000).
- Will provide residents battery and cell phone recycling bags.
- The company will provide "Abandoned Waste Cleanup" or illegal dumping services at no additional cost. This service may result in significant cost savings to member agencies whose Public Works staff is typically responsible for providing this service.
- Coats for Kids (no additional cost).
- Compost giveaway (no additional cost).
- Annual cart and bin cleaning (no additional cost).
- Garage sales coordination (no additional cost).
- Confidential materials/document destruction services (no additional cost).
- Carbon Footprint Measuring (no additional cost).
- Street Sweeping offered at an additional cost to be negotiated.
- Recycle My Junk service offered at an additional cost to be negotiated.

Table 5 - Major Findings for BEST

Qualifications and Experience

- The proposed management team has extensive experience and is well regarded in the industry; however, the proposal does not explicitly provide details on the roles and responsibilities of the proposed management team for the duration of the contract.
- Highest ratings on their reference checks. (see **Table 17** and **Appendix B**).

Transition Plans

- Transition plans were more logically presented and provided adequate detail when compared to those provided by Allied and Republic.
- The company has a strong track record with rolling out service as evidenced by the successful recent roll-out of garbage (only) service to 157,000 customers in San Jose.

Technical Proposal

- The proposed Routeware system and customer management information system is currently used in other operations.
- Reduced route productivity may be experienced due to over estimating the curbside set out rate at 99.9% (excluding Atherton and Hillsborough).
- Will recognize Commercial and Multi-Family Dwelling customers on the BEST website based on the level of Diversion achieved. (Platinum = 80%, Gold = 70%, Silver = 60%, Bronze = 50%).
- Provided the most detail and information regarding reporting and how these reports would be maintained and produced by BEST, as compared to the other three proposers.
- The company's proposal to provide early delivery and storage of carts at residences is problematic since many residents have limited space to store two sets of receptacles and may start using the new carts well in advance of the actual commencement of collection services.
- Collection service routing is based on an 8 hour per day shift, thus resulting in the need for more drivers and collection vehicles than the companies operating longer 9.0 and 9.5 hour shifts, Norcal and Allied, respectively (see **Table 14**).
- BEST's collection methodology for the On-Call (Bulky Item) Collection Service is the second most conducive (i.e., Norcal's is the most conducive) of the four proposers to achieve high levels of diversion since the company will use four different trucks to provide this service (i.e., regularly scheduled solid waste truck, regularly scheduled recycling truck, regularly scheduled organics truck, and a flat-bed truck for bulky items). However, BEST's proposal states that the company's ability to achieve the highest levels of diversion can only be achieved if it were also awarded the contract for operation of the Shoreway facility.
- Proposed a total of 21.5 Customer Service staff (see **Table 12**).
- The company's response with regard to providing wet/dry collection service to the Town of Hillsborough was unresponsive to the RFP.

Table 5 - Major Findings for BEST

Cost Proposal

- Based on BEST's cost proposal, the estimated **collection rate** impact would be 24.06% higher than the approved and projected 2008 Allied collection services compensation (see **Table 11**).
- Collection capital cost and start-up cost are significantly higher than the other three proposers (see **Table 8**).
- Costs for the collection of the existing stackable crates and existing plant materials carts have not been included in the proposal and are assumed to be the responsibility of the current franchised collection company.
- Several costs are significantly lower than those proposed by Republic, but significantly higher than those proposed by Allied and Norcal.

Environmental Enhancements

- The company is committed to using the highest percentage of biodiesel fuel available.
- The company will use hybrid vehicles for its route supervisors.

Additional Services/Benefits Offered, but Not Required

- The Hatcher property adjacent to Shoreway is being acquired by the company and BEST is proposing to **negotiate** use of the facility for the following activities:
 - Staging area during Shoreway facility construction
 - Relocation of the Shoreway Buy Back Center and HHW facility
 - Bale/recyclable material storage
 - Additional office space
 - Mixed Construction and Demolition debris, self haul, and/or green waste processing

Table 6 - Major Findings for Allied

Qualifications and Experience

- The company has been providing collection service to the SBWMA service area for decades and currently provides similar services to two other San Mateo County communities and twelve other jurisdictions in Northern California. The company is the second largest solid waste company in the United States with approximately 24,000 employees and is based in Phoenix, AZ.
- The proposed operations staff has considerable experience with service roll-outs; however, this same group was in charge of a reroute in the SBWMA service area that resulted in significant service disruptions and the imposition of liquidated damages.
- Primary staff managing the future contract was average compared to the other proposers; specifically, the proposed General Manager currently has less than 2 years of experience in the solid waste and recycling industry.
- Solid reference check results, but worst overall compared to the other three proposers (see **Table 17** and **Appendix B**).

Transition Plans

- The transition and contingency plans did not provide sufficient details to demonstrate the company's ability to successfully transition to the new services. In addition, Allied's three-page implementation plan contained significantly fewer details than the more comprehensive transition plans submitted by Norcal and BEST.
- The proposal states several times that there will not be any issues related to transition; however, notable transition issues related to the company's new InfoPro software have recently been experienced in the SBWMA service area.

Technical Proposal

- Allied will award and recognize Commercial customers who have increased their recycling diversion by 10% or more with a "Seal of Sustainability."
- With the exception of the "Seal of Sustainability," the company is proposing a similar commercial recycling program as is currently provided with no deviations in strategy, sales approach, the tools used to attract and retain accounts, or reporting.
- Collection service routing is based on a 9.5-hour day shift thus resulting in the need for fewer drivers and collection vehicles than the companies running shorter 8-hour shifts (BEST and Republic) (see **Table 14**).
- The proposed On-Call (Bulky Item) Collection Service is the least conducive to ensuring high diversion of the four proposers. The collection service will use two trucks: one to collect garbage and the other to collect recyclable materials, bulky items, major appliances, and e-scrap all on this one truck. Therefore, commingling all the materials listed and organics/green waste on one truck is not conducive to keeping materials segregated for high levels of diversion. In addition, Allied was the only company to include in its proposal weight and size set-out limitations that were not consistent with those specified in the Collection Agreement, yet the company did not take any exceptions to the Collection Agreement.
- Integration of the InfoPro customer service system and routing software has not been

Table 6 - Major Findings for Allied

operationally tested locally or at a SBWMA-wide scale and the company's proposal to use this system was unresponsive to the RFP requirements that require providing Member Agencies the ability to generate work orders remotely.

- Proposing to use thirteen total Customer Service staff which includes ten Customer Service Representatives, two Customer Service "Leads," and one Customer Service Manager. The proposed ten customer service representatives is 30% fewer than the fourteen that are currently used. This would likely be problematic since ensuring consistently high service delivery for a new program of this size will place high demands on the customer service system (see **Table 12**).
- The alternative proposal to provide the Recycle Bank program was unresponsive to the requirements of the RFP since no costs were submitted nor exceptions taken to the Collection Agreement.
- The company's response with regard to providing wet/dry collection service to the Town of Hillsborough was unresponsive to the RFP.
- The proposal and responses to several questions posed by the SBWMA make references to getting a "rolling start" since the company is the current service provider, in lieu of proposing an implementation schedule consistent with the requirements set forth in the RFP.
- An Alternative Proposal essentially replacing the company's core services proposal was provided; however, it was non-compliant as per Section 5.7 of the RFP which states that any exceptions or alternatives proposed:

"must be presented separately by stating the specific exception or alternative, the suggested changes, if any, to the program or services related to the exception or alternative, and the reason for the proposed exception or alternative...Proposers may submit suggested changes in the Collection Agreement language related to the exception or alternative, and the specific dollar change in each of the affected cost items, as proposed by the Proposer in response to this RFP, that would take place if the exception or alternative was accepted by the Member Agency. Proposers should note that if exceptions are taken, all required information as set forth above must be submitted. Exceptions taken or alternatives provided, without providing the required information will not be considered."

In addition, Allied's Alternative Proposal was contingent on extending the current cost-plus Franchise Agreements for Collection Services and Shoreway Facility Operations for an additional ten-years through 2020.

Table 6 - Major Findings for Allied

Cost Proposal

- Based on Allied’s cost proposal, the estimated **collection rate** impact would be 6.89% higher than the approved and projected 2008 Allied collection services compensation (see **Table 11**).
- It appears that costs were omitted from Allied’s proposal, including: telephone system, training of drivers and staff, multi-family dwelling battery/cell phone containers, etc.
- Several costs are significantly lower than all other proposers and may be understated:

	Allied	BEST	Norcal	Republic
Start-up	\$317,000	\$5.09 million	\$2.17 million	\$2.47 million
Fuel	\$2.42 million	\$3.45 million	\$3.36 million	\$4.81 million
Other Direct	\$267,717	\$3.43 million	\$1.96 million	\$6.71 million
Other Vehicle Capital Cost	\$515,000	\$2.62 million	\$1.29 million	\$912,000

- The company did not provide a cost for the required optional service to provide Universal Roll-Out of recycling collection service to the Multi-Family Dwelling and Commercial sectors.

Environmental Enhancements

- Collection trucks would use B20 biodiesel fuel as is the current practice.
- The use of CNG trucks was submitted as an alternative proposal that would increase capital cost by approximately \$6 million.

Additional Services/Benefits Offered, but Not Required

- “True Blue Looking Out For You,” neighborhood crime watch program.

Table 7 - Major Findings for Republic

Qualifications and Experience

- The company has extensive corporate experience in service transitions and new service initiations, is financially stable and well managed at the corporate level.
- The local and corporate management team identified is highly qualified and the company has made it clear that it will hire the best available managers and supervisors as necessary if it is the successful proposer.
- Diversion rates ranged from 34-56% of tonnage collected from other jurisdictions.
- Very strong reference check results (see **Table 17** and **Appendix B**).

Transition Plans

- The transition and contingency plan did not provide sufficient details to demonstrate the company's ability to successfully transition to the new services.

Technical Proposal

- The company's proposal is in-part unresponsive to the RFP since it is based on occupying the Shoreway facility and did not include alternative sites for the North and South Districts.
- Route drivers operate using paper route maps and work orders. The GPS equipment used on the collection vehicles is for vehicle tracking purposes only and is not proposed to be electronically integrated with billing and customer service systems as is standard for the other three proposers.
- Republic's collection methodology for the On-Call (Bulky Item) Collection Service is similar to BEST's system and is also the second most conducive (i.e., Norcal's is the most conducive) of the four proposers to achieve high levels of diversion since the company will use four different trucks to provide this service (i.e., regularly scheduled solid waste truck, regularly scheduled recycling truck, regularly scheduled organics truck, and a flat-bed truck for bulky items).
- The company's proposal to provide early delivery and storage of carts at residences is problematic since many residents have limited space to store two sets of receptacles and may start using the new carts well in advance of the actual commencement of collection services.
- Routing is based on an 8-hour per day shift collection operation. The result is the need for more drivers and collection vehicles than the companies operating longer 9.0 and 9.5-hour shifts, Norcal and Allied, respectively (see **Table 14**).
- Proposed a total of sixteen Customer Service staff (see **Table 12**).
- The company's response with regard to providing wet/dry collection service to the Town of Hillsborough is unresponsive to the RFP.

Table 7 - Major Findings for Republic

Cost Proposal

- Based on Republic's cost proposal, the estimated **collection rate** impact would be 51.75% higher than the approved and projected 2008 Allied collection services compensation (see **Table 11**).
- The cost proposal submitted significantly exceeds the cost of the other three proposers (see **Table 8**).
- The proposal is based on a conservative approach regarding financial risk and the proposed operating ratio of 78.7% (i.e., 21.3% profit margin) considerably exceeds those proposed by the other companies (i.e., Allied 91.0% or 9% profit margin, BEST 87% or 13% profit margin and Norcal 90.5% or 9.5% profit margin) .

Environmental Enhancements

- None specifically noted or called out in the proposal.

Additional Services/Benefits Offered, but Not Required

- The company has proposed to repaint or replace any bins or carts marked with graffiti within 48-hours of notification at no additional cost.

4.4 Cost Evaluation

Proposer's were required to provide detailed pricing information by completing the Cost Proposal Forms provided in the RFP Attachments (i.e., RFP Attachment 3 contains the Collection Services RFP Cost Proposal Forms). Details of the cost information provided by each proposer are included as **Appendix C - Comprehensive Cost Proposal Summary**. The summary was used to readily compare the four proposers' costs to evaluate their "competitiveness." The firms' cost competitiveness relative to each other was determined using a formulaic approach.

The final proposed costs for servicing both Districts are summarized in **Table 8 – Cost Summary for Combined Districts** below. This table is followed by: a discussion of the competitiveness and reasonableness of the cost proposals; a brief analysis of the major cost areas including annual costs, capital/start-up and core services; and, a discussion of the projected rate impact.

Table 8 - Cost Summary for Combined Districts

Total Annual Costs				
Annual Cost	Allied	BEST	Norcal	Republic
Operating Costs (proposed 2008 dollars)	\$43,502,035	\$49,717,944	\$44,470,447	\$61,433,400
Pass-Through Costs (10-year annual average)	\$1,447,192	\$2,447,688	\$1,769,105	\$2,378,456
Total Annual Costs	\$44,949,227	\$52,165,632	\$46,239,552	\$63,811,856
Operating Cost of Core Services (without pass-through costs)				
Operating Costs of Core Services	Allied	BEST	Norcal	Republic
Single-family Dwellings	\$23,785,426	\$30,048,973	\$25,333,687	\$36,075,352
Multi-family Dwellings and Commercial	\$18,895,025	\$19,424,817	\$18,346,070	\$23,240,552
Member Agency Facilities	\$821,584	\$244,154	\$790,690	\$2,117,496
Total Operating Cost	\$43,502,035	\$49,717,944	\$44,470,447	\$61,433,400
Capital and Startup Cost				
Item	Allied	BEST	Norcal	Republic
Collection Capital	\$52,735,230	\$73,825,776	\$56,346,295	\$61,314,028
Startup Cost	\$317,000	\$5,085,088	\$2,172,248	\$2,468,638
Total Capital and Startup Cost	\$53,052,230	\$78,910,864	\$58,518,543	\$63,782,666

4.4.1 Cost Proposal Competitiveness and Reasonableness

In addition to evaluating cost competitiveness, the Evaluation Committee also considered the reasonableness of the costs presented. In determining the reasonableness of companies' proposed costs, the equipment selection, labor, and operating assumptions were considered and compared against industry standards and each of the other proposals. During the proposal analysis, there were numerous rounds of questions and cost proposal form revisions conducted between the SBWMA and the proposers. The goal of this process was to obtain complete and accurate information that would facilitate a comparative analysis of the four proposals. At the conclusion of the cost proposal analysis, the SBWMA was able to standardize the technical and cost proposal information submitted by the four firms. The cost proposal accounted for 33.3% of the total evaluation points achievable by each proposer as denoted in **Table 1 – Evaluation**

Criteria and Maximum Evaluation Score. Table 9 – Scoring Results for Cost Proposals provides the total scores for each company’s cost proposal.

Table 9 - Scoring Results for Cost Proposals

<u>Criteria</u>	<u>Maximum Score</u>	<u>Proposer</u>			
		Allied	BEST	Norcal	Republic
Cost Proposal	1,000	802	719	884	649

Norcal was awarded the most points for its cost proposal due to the strength of its cost proposal in both competitiveness and reasonableness. While the costs proposed were marginally higher than the lowest cost proposal, the supporting explanation and rationale provided for these costs was the most thorough, complete and reasonable of all four proposals.

Allied was awarded the second most points for its cost proposal primarily due to submitting the lowest cost proposal; however, the company lost considerable points based on reasonableness. The company’s proposal based many costs on its ability to get a rolling start as the incumbent service provider, thus various costs were omitted from its proposal.

BEST was awarded the third most points for its cost proposal, primarily due to the high overall costs proposed. BEST’s capital and start-up costs (i.e., \$78.9 million) were significantly higher than the other proposers: 49% above Allied, 35% above Norcal and 24% above Republic.

Republic was awarded the fewest points for its cost proposal because by far they had the highest overall annual cost and many costs simply weren’t competitive.

4.4.2 Annual Operating Costs

For the Combined Districts option, the annual operating costs proposed by Allied were the lowest (\$43.50 million), followed by Norcal (\$44.47 million) which was approximately \$970,000 more per year. In comparing the total **average** annual costs, BEST (\$52.17 million) and Republic (\$63.81 million) stand out as proposing significantly higher costs than both Allied (\$44.95 million) and Norcal (\$46.24 million). While the annual operating cost for BEST is approximately 13-16% higher than proposed by both Allied and Norcal, Republic’s operating cost is approximately 38-42% higher.

It is important to note that the cost proposals provided are not the actual costs that will ultimately be charged to provide collection services. In order to ensure that all comparable proposals would be prepared and submitted, the RFP required proposers to submit costs reflecting purchase of all new collection vehicles and all new bins and carts for all service sectors. In addition, various adjustments will be made to the proposed costs prior to roll-out of the new services to reflect index-based changes (per the Franchise Agreement) to proposed costs submitted in 2008 to reflect actual costs in 2010.

4.4.3 Capital and Start-Up Cost

The capital and start-up costs proposed by BEST (\$78.9 million) are much higher than the other proposers (i.e., Allied - \$53 million, Norcal – \$58.5 million, and Republic – \$63.8 million) which equates, in part from BEST proposing more equipment and staff than the other companies.

In contrast, Allied’s start-up costs are significantly lower than the other proposals. This is in-part attributed to not complying with the requirements set forth in the RFP that state that all costs to

provide the services requested must be included in the proposal. In addition, as denoted in Section 4.3, Table 6 of this report, Allied did not include or disclose costs for items that should have been included in its proposal.

4.4.4 Cost of Core Services

The Evaluation Team analyzed the cost of operating the core services to enable a more precise comparison of the proposed costs. With this breakdown, Allied had the lowest cost, followed in order by Norcal, BEST and Republic. **Table 10 – Cost of Core Services**, provides a breakdown of the two lowest cost proposals by service sector. In addition, **Appendix C** provides a summary of the costs submitted by the four companies.

Table 10 - Cost of Core Services

Service Sector	Lowest Cost	2 nd Lowest Cost
Single-Family Dwellings	Allied	Norcal
Multi-Family Dwellings and Commercial	Norcal	Allied
Member Agency Facilities	BEST	Norcal

4.4.5 Single-Family Dwellings Core Services

The total annual cost to provide Single-Family Dwelling core collection services is approximately: Allied - \$23.79 million, BEST \$30.05 million, Norcal - \$25.33 million, and Republic - \$36.08 million. All four proposers have committed to providing the scope of services prescribed in the RFP; however, Norcal has committed to providing an enhanced level of service delivery (i.e., provide battery collection bags, used oil filter bags and used oil jugs; document destruction services; and expedited On-Call Collection Service response).

4.4.6 Multi-Family Dwellings and Commercial Core Services

The total annual cost to provide Multi-Family Dwelling and Commercial core collection services is approximately: Allied - \$18.90 million, BEST \$19.42 million, Norcal - \$18.35 million, and Republic - \$23.24 million. All four proposers have committed to providing the scope of services prescribed in the RFP; however, Norcal has committed to providing the most service in comparison to the other companies, as follows:

- Promotion of source separated cardboard recycling and difficult to recycle items (e.g., film plastic, rigid plastic, scrap metals) for multi-family dwelling and commercial customers.
- Free distribution of bags for battery and cell phone collection.
- Free distribution of used motor oil containers and used motor oil filter bags.
- Commercial Recycling Blitz program.
- DVD to promote the new collection services.

4.4.7 Member Agency Facilities Core Services

The total annual cost to provide Member Agency Facilities core collection services is approximately: Allied - \$821,584, BEST \$244,154, Norcal - \$790,690, and Republic - \$2.18 million. While all four proposers have committed to providing the scope of services prescribed in the RFP, the costs vary significantly. However, Norcal has committed to providing an enhanced level of service delivery (i.e., the company has proposed to provide abandoned waste or illegal

dumping collection services at no additional cost; and one-free document destruction event annually).

4.4.8 Projected Collection Services Rate Impact

Based on the approved 2008 Allied collection services rate application and the approved FY 2009 SBWMA budget, the projected Allied collection services compensation (i.e., costs plus profit) for 2008 is **\$42,050,000**, excluding pass-through expenses. The projected Allied 2008 collection services compensation can be used as a baseline for comparing the cost proposals from the four firms to provide an estimated average collection services rate impact, exclusive of pass-through costs (e.g., disposal costs, Shoreway facility operating budget, SBWMA budget, debt, etc.). As detailed in **Table 11**, the proposed year 1 operating costs (shown in 2008 dollars) for Norcal are 9.96% above Allied's projected 2008 collection services related compensation.

Table 11 - Estimated Annual Collection Services Rate Impact

<u>Company</u>	<u>Allied</u>	<u>BEST</u>	<u>Norcal</u>	<u>Republic</u>
Operating Cost	\$43,502,035	\$49,717,944	\$44,470,447	\$61,433,400
Pass-Through Costs, (10-year annual average)	\$1,447,192	\$2,447,688	\$1,769,105	\$2,378,456
Total	\$44,949,227	\$52,165,632	\$46,239,552	\$63,811,856
Percent Increase Over Allied 2008 Collection Services Related Cost of \$42,050,000	6.89%	24.06%	9.96%	51.75%

4.5 Other Evaluation Areas

4.5.1 Proposed Staffing and Route Hours

Table 12 – Proposed Staffing Levels summarizes proposed staffing levels for collection services. Allied had the lowest overall staffing levels and BEST the highest. **Table 13 – Route Hours** summarizes the four companies proposed route hours.

Table 12 - Proposed Staffing Levels

<p>“Drivers” includes route, cart and bin delivery/repair, and on-call collection/bulky waste collection drivers. “Mechanics” includes staff responsible for collection and support vehicle maintenance and repair. “Customer Service Staff” includes all customer service staff (e.g., CSR’s, leads, and managers). “Commercial Recycling Outreach” includes account/sales representatives or recycling coordinators and managers. “Admin. and Supervisors” includes supervisors, company operations, and personnel management, IT, dispatch, equipment procurement, billing, accounting.</p>						
<p>North District (Belmont, Burlingame, Foster City, Hillsborough, San Mateo, Unincorp. County)</p>						
<u>Company</u>	<u>Drivers</u>	<u>Mechanics</u>	<u>Customer Service Staff</u>	<u>Commercial Recycling Outreach</u>	<u>Admin. and Supervisors</u>	<u>Total Staff</u>
Allied	71	12	7	4	23	117
BEST	92	16	11	7	18	144
Norcal	77	11	8	7	20	123
Republic	85	14	9	2.5	24	134.5
<p>South District (Atherton, East Palo Alto, Menlo Park, Redwood City, San Carlos, West Bay Sanitary District, Unincorp. County)</p>						
Allied	67	13	7	4	23	114
BEST	96	15	11	7	18	147
Norcal	75	11	8	7	20	121
Republic	83	14	8	2.5	23	130.5
<p>Combined North and South Districts</p>						
Allied	139	24	13	7	34	217
BEST	189	31	21.5	14	24.5	280
Norcal	152	19	16	13	28	228
Republic	168	28	16	5	42	259

Table 13 - Route Hours

	Allied	BEST	Norcal	Republic	Average
FTE Route Headcount	122.0	189.7	152.1	168.4	158
Single Family Dwelling	60.9	99.9	79.7	97.3	84
Multi-Family Dwelling and Commercial Bins	28.4	48.8	42.2	35.0	39
Multi-Family Dwelling and Commercial Carts	22.6	29.5	19.7	19.9	23
Multi-Family Dwelling, Commercial and Member Agency Roll-Off	5.0	6.8	4.7	10.7	7
Others	5.1	4.7	5.8	5.5	5
Total Annual Route Hours	289,809	285,275	276,414	291,746	285,811
Single Family Dwelling	150,451	171,121	161,567	159,640	160,695
Multi-Family Dwelling and Commercial Bins	70,131	67,135	81,698	68,692	71,914
Multi-Family Dwelling and Commercial Carts	55,839	34,967	21,192	38,974	37,743
Multi-Family Dwelling, Commercial and Member Agency Roll-Off	10,699	11,702	9,629	21,554	13,396
Others	2,689	350	2,328	2,886	2,063
Total # of FTE Routes	139.33	137.2	132.9	140.3	137.43

4.5.2 Proposed Collection Vehicles

The information below in **Tables 14 and 15** pertains to the number of proposed collection vehicles including spares by each company. BEST is proposing the most vehicles for both collection trucks and support trucks.

Table 14 - Proposed Collection Vehicles

<u>Proposer</u>	North District			South District			<u>Combined North & South Total Vehicles</u>
	<u>Residential</u>	<u>MFD and Commercial</u>	<u>Roll-off</u>	<u>Residential</u>	<u>MFD and Commercial</u>	<u>Roll-off</u>	
Allied	37	23	5	37	23	2	122*
BEST	51	28	4	48	29	3	163
Norcal	36	26	3	37	25	2	129
Republic	43	35	4	44	32	3	159*

* The proposed Combined Districts total is less than the sum of the North and South Districts.

Table 15 - Proposed Support Vehicles
(e.g., pickup trucks)

<u>Proposer</u>	<u>North District</u>	<u>South District</u>	<u>Combined North & South Total Vehicles</u>
Allied	7	7	13*
BEST	24	24	45*
Norcal	10	10	20
Republic	14	14	28

* The proposed Combined Districts total is less than the sum of the North and South Districts.

4.5.3 Financial Capabilities

Based on a review of the financial information provided by the proposers, it is believed that all four companies have adequate financial capabilities and can raise sufficient capital for the startup and ongoing collection services required. Allied is the largest of the companies with annual revenue of approximately \$6 billion and BEST (i.e., the individual companies owned by the BEST principals) is the smallest with a combined \$175 million of revenue for 2007. It should be noted that upon execution of the Collection Agreement for services, the selected contractor will be required to provide a performance bond as a surety for default of the Collection Agreement.

4.5.4 Proposer Exceptions to the Collection Agreement

Two of the four companies took exceptions to the Collection Agreement included with the RFP. In the case of Republic, the number and materiality of the exceptions was so significant as to potentially remove them from consideration. The number of exceptions taken by each proposer is presented in **Table 16 – Number of Exceptions Taken**. The significance of this must be emphasized since the recommended proposer, **Norcal**, has not taken any exceptions to the Collection Agreement. Thus, **Norcal** has completely accepted all provisions of the Collection Agreement.

Table 16 - Number of Exceptions Taken

<u>Proposers</u>	<u>Number of Exceptions to the Draft Collection Agreement</u>
Allied	0
BEST	2
Norcal	0
Republic	27

4.5.5 References

Please see **Appendix B** for a complete summary of reference check information. The four company’s reference check results for “Overall Opinion” are provided in **Table 17 – Reference Checks (“Overall Opinion”)**.

Table 17 - Reference Checks (“Overall Opinion”)

<u>Proposer</u>	<u>Number of References</u>	<u>“Overall Opinion” Responses</u>		
		<u>Unsatisfactory</u>	<u>Satisfactory</u>	<u>Extremely Satisfactory</u>
Allied	8	0%	88%	12%
BEST	10	0%	0%	100%
Norcal	8	0%	25%	75%
Republic	5	0%	0%	100%

4.5.6 Collection Services Performance Management

Table 18 – Collection Services Performance Management provides a summary of the four companies proposed preventative measures to minimize liquidated damages and their respective systems that will be used to document and report liquidated damages. Of the four proposers, only Allied did not explain the use of a system or process to prevent or reduce the occurrence of liquidated damages events prior to occurrence other than the through the initial employee training. Both Norcal and Republic proposed the most proactive measures to minimize liquidated damages events.

Table 18 - Collection Services Performance Management

Proposer	Liquidated Damages (LDs) Preventative Measures	Liquidated Damages Reporting
Allied	<ul style="list-style-type: none"> ▪ New hires orientation/safety training. ▪ Investigation pursued to identify root cause and develop corrective action plan. 	<ul style="list-style-type: none"> ▪ Log all complaints in InfoPro and transferred to Liquidated Damages Tracking Log. ▪ Report submitted monthly.
BEST	<ul style="list-style-type: none"> ▪ Driver and staff training. ▪ Detailed list provided of best management practices for all LD's. ▪ Use of GPS/route/customer management systems. 	<ul style="list-style-type: none"> ▪ All customer concerns and complaints tracked in Tower and QMaster Phone system. ▪ LD's compiled and reported quarterly.
Norcal	<ul style="list-style-type: none"> ▪ Initial and regular training of customer service, drivers, operation supervisors, diversion team members and management. ▪ Use of weekly reports outlining performance against key standards. ▪ Supervisors and managers conduct regular route observations. ▪ Incentives provided when monthly goals achieved. 	<ul style="list-style-type: none"> ▪ Complaints logged in the NCRM system. ▪ Call activity tracked on the Toshiba Call Management System. ▪ Reports submitted monthly.
Republic	<ul style="list-style-type: none"> ▪ All personnel required to complete training program. ▪ Compliance Program requirement for all employees and includes Compliance Program Guide, Code of Business Ethics and Conduct, and Corporate Policies. ▪ Republic Safety Observation Program (ReSop) to discover and correct problems in advance. ▪ Regular management observations. 	<ul style="list-style-type: none"> ▪ Complaints and issues logged in to the call log and work order system (RSI). ▪ Reports submitted as per RFP requirements.

APPENDIX A - Evaluation Criteria and Sub-Categories

Except for evaluation criteria item #1 - ***Responsiveness to RFP***, which was given a pass/fail rating, each criterion was broken down into sub-categories or factors, as described in full in RFP Sections 6.2.1 through 6.2.7. Below is a list of the evaluation criteria and sub-categories considered by the Evaluation Committee in scoring proposers in the evaluation process.

Evaluation Criteria No. 1 – Responsiveness to the RFP

- Full compliance with the RFP process guidelines and procurement procedures
- Submittal of all required elements and full completion of all Cost Proposal Forms
- Adherence to the code of conduct

Evaluation Criteria No. 2 - Company's Qualifications and Experience

- Collection Experience
- Service Initiation Experience
- Management and Customer Services Systems
- Key Personnel Qualifications
- Past Performance Record
- Financial Stability
- Jurisdiction Satisfaction

Evaluation Criteria No. 2 - Proposal for Collection Services

- General Collection Approach
- Single Family Dwelling Collection Services
- Multi-Family Dwelling Collection Services
- Commercial Collection Services
- Member Agency Facility Collection Services
- Unique Member Agency Services
- Diversion Ability
- Public Education and Promotion
- Commercial Recycling Promotion
- MFD Promotion
- Customer Service
- Billing System
- Implementation Plan
- Potential Collection Impacts
- Other Proposed Services

Evaluation Criteria No. 3 - Cost Proposal

- Reasonableness
- Competitiveness and Value

Evaluation Criteria No. 4 - Number and Materiality of Exceptions

- Number, nature, and materiality of Exceptions

Evaluation Criteria No. 5 - Environmental Enhancements

- Mitigating Environmental Impacts
- Recycled Products Use

APPENDIX B - References

Company Experience and Qualifications (Jurisdiction Satisfaction)												
Survey Questions	Allied (8 References)			BEST (10 References)			Norcal (8 References)			Republic (5 References)		
	Unsatisfactory	Satisfactory	Extremely Satisfactory	Unsatisfactory	Satisfactory	Extremely Satisfactory	Unsatisfactory	Satisfactory	Extremely Satisfactory	Unsatisfactory	Satisfactory	Extremely Satisfactory
Overall Opinion: Overall, how would you rate the hauling company and their services?	0%	88%	12%	0%	0%	100%	0%	25%	75%	0%	0%	100%
Diversion Programs:	0%	100%	0%	0%	0%	100%	0%	25%	75%	0%	60%	40%
Residential												
Multi-family (apartment, mobile home)	20%	80%	0%	0%	50%	50%	25%	38% 12%*	25%	20%	80%	0%
Commercial	33%	67%	0%	0%	10%	90%	0%	50%	50%	0%	75%	25%
Equipment/Drivers: How would you rate the appearance/quality of the hauler's vehicles and containers?	0%	38%	62%	0%	10%	90%	0%	50%	50%	0%	80%	20%
Customer Service: How would you rate the hauler's relationship with the City/County?	0%	63%	37%	0%	0%	100%	0%	13%	88%	0%	0%	100%
Transitions (if applicable): Overall, how would you rate the ease of hauler's transition to new service? (time to transition, amount of confusion, and number of complaints.)	20%	60%	20%	0%	0%	100%	0%	50%	50%	N/A	N/A	N/A
Outreach/Education: Do you feel that the majority of the community understands the hauler's diversion programs?	YES	NO	UNSURE	YES	NO	UNSURE	YES	NO	UNSURE	YES	NO	UNSURE
	75%	25%	0%	90%	10%	0%	100%	0%	0%	80%	20%	0%

* 12% gave an unsure response.

**APPENDIX C -
Comprehensive Cost Proposal Summary**

Total Annual Costs				
Annual Cost	Allied	BEST	Norcal	Republic
Operating Costs (proposed 2008 dollars)	\$43,502,035	\$49,717,944	\$44,470,447	\$61,433,400
Pass-Through Costs (10-year annual average)	\$1,447,192	\$2,447,688	\$1,769,105	\$2,378,456
Total Annual Costs	\$44,949,227	\$52,165,632	\$46,239,552	\$63,811,856
Operating Cost of Core Services (without pass-through costs)				
Operating Costs of Core Services	Allied	BEST	Norcal	Republic
Single-family Dwellings	\$23,785,426	\$30,048,973	\$25,333,687	\$36,075,352
Multi-family Dwellings and Commercial	\$18,895,025	\$19,424,817	\$18,346,070	\$23,240,552
Member Agency Facilities	\$821,584	\$244,154	\$790,690	\$2,117,496
Total Operating Cost	\$43,502,035	\$49,717,944	\$44,470,447	\$61,433,400
Operating Ratio	91.0%	87.0%	90.5%	78.7%
Capital and Startup Cost				
Item	Allied	BEST	Norcal	Republic
Collection Capital	\$52,735,230	\$73,825,776	\$56,346,295	\$61,314,028
Startup Cost	\$317,000	\$5,085,088	\$2,172,248	\$2,468,638
Total Capital and Startup Cost	\$53,052,230	\$78,910,864	\$58,518,543	\$63,782,666
Interest Rate on Capital	5.0%	5.5%	4.5%	6.8%
Allied, BEST and Norcal all propose use of some or all of capital financing from tax-exempt CPCFA funds.				