



Legislation Text

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TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator
Kristine Tallent, Assistant City Administrator for Finance & Administration / CFO
Mark Hilty, Assistant City Administrator for Public Works
Becky Caldwell, Director of Sanitation & Environmental Services
Brian Wilcox, Purchasing Manager

SUBJECT:

*Consider Recommendation To Reject All Bids For Municipal Solid Waste Sanitary Landfill Disposal Services, For The Sanitation And Environmental Services Department (Purchasing Office Procurement Solicitation No. 2017-009) (06/27/17 WS)

Purpose

The purpose of this procurement would be to purchase municipal solid waste sanitary landfill disposal services, for the Sanitation and Environmental Services Department.

Background

Since 2012, the City has been party to an ongoing arrangement with Bi-County Solid Waste Management System ("Bi-County"), a Tennessee solid waste authority created by interlocal agreement by and between the Montgomery County government and the Stewart County government, for municipal solid waste transport and sanitary landfill disposal services for the City's municipal solid waste stream that is processed at the City's Solid Waste Transfer Station. Services pursuant to this arrangement with Bi-County were, until June 16, 2017, to be rendered through June 30, 2017. On June 16, 2017, the City issued to Bi-County a notice of intent to exercise the second of four three-year options to extend, to June 30, 2020, the term of the 2012 Interlocal Agreement between Bi-County and the City for the transport and disposal of solid waste (City of Franklin contract no. 2012-0023). Per the 2012 Interlocal Agreement with Bi-County, the decision to exercise any of the options to extend the term of the 2012 Interlocal Agreement is exclusively that of the City. Also per the 2012 Interlocal Agreement with Bi-County, the City, in its sole discretion, may choose to exercise an exclusive option to terminate the term of service, and any extension thereto, with or without cause, upon thirty (30) calendar days' notice to Bi-County.

In anticipation of the June 30, 2017 scheduled completion of the first of four three-year options to extend the term of the 2012 Interlocal Agreement between Bi-County and the City, and so to determine what private-sector options to the arrangement with Bi-County might currently be available to the City, the City published on April 27, 2017 two Notices to Bidders in the *Williamson Herald* - one for municipal solid waste Transport

Services and, optionally, municipal solid waste Transfer Station Operation Services for the City's municipal solid waste stream that is processed at the City's Solid Waste Transfer Station (Purchasing Office Solicitation No. 2017-008), and one for municipal solid waste sanitary landfill disposal services (Purchasing Office Solicitation No. 2017-009). In addition, regarding Solicitation No. 2017-009, bid documents were sent on or about the same date directly to five (5) potential bidders known or thought to be interested in this solicitation. Bids from three (3) vendors were received and publicly opened at the bid opening held on May 23, 2017. A tabulation of the bids received for this solicitation is attached.

Financial Impact

The bids received for municipal solid waste sanitary landfill disposal services range in unit pricing from \$20.00 per ton to \$25.00 per ton. When the cost of delivery by MBI (per its bid pursuant to City Procurement Solicitation No. 2017-008) is factored in, the calculated total delivered pricing per ton including both Transfer Station Operation Services and Transport Services range from \$35.77 to \$48.31 or from \$32.67 to \$46.50 the calculated total delivered pricing per ton including Transport Services but excluding Transfer Station Operation Services. Per City specifications, the quoted pricing is to be valid for the initial two (2) years of the original five-year term of award and then to be adjusted annually thereafter pursuant to a specified inflation index.

For the municipal solid waste sanitary landfill disposal services (Purchasing Office Solicitation No. 2017-009), the City's specifications included the following provision:

Selection of the lowest and best responsive and responsible bid for municipal solid waste sanitary landfill disposal services shall be based upon a combination of some or all of the following factors: the pricing quoted by each bidder; the City's estimated costs of delivering the municipal solid waste to the sanitary landfill for each respective bid; compliance with the City's instructions, specifications and standard procurement terms and conditions; any terms and conditions stated by the bidder in the bid; anticipated timeliness of delivery of the bid item(s); the character, integrity and reputation of the bidder; the results of any reference checks; and any prior experience of the City of Franklin with the bidder.

Please note that the bid from Waste Connections of Tennessee for service at the Hopkins County Regional Landfill in White Plains, Kentucky takes no exceptions to the City's procurement solicitation, while the other two bids received for the municipal solid waste sanitary landfill disposal services do take various exceptions to the City's procurement solicitation. As the three bids are therefore not competing for a common set of specifications, staff recommends the two bids that take exceptions to the City's procurement solicitation be rejected because they are non-responsive.

In the case of the bid from BFI Waste Systems of TN, LLC, doing business as Middle Point Landfill of Murfreesboro, Tennessee, exceptions include:

- unwillingness for quoted unit pricing for services rendered to apply to the initial two (2) years of the original term of award (City Specification No. 12.4.3);
- unwillingness to use the consumer price index specified by the City for purposes of adjusting the quoted unit pricing for services rendered (City Specification No. 12.4.4);
- unwillingness to use the methodology specified by the City for purposes of adjusting the quoted unit pricing for services rendered (City Specification No. 12.4.4);
- unwillingness to accept responsibility for the proper disposal of regulated hazardous waste and/or special waste discovered after being admitted into the landfill to be in City's municipal solid waste

- stream (City Specification No. 12.6.3);
- unwillingness to accept bear financial responsibility and liability for proper disposal of any radioactive waste found to be in City's municipal solid waste stream and discovered after such waste is admitted into the landfill in the event City's radiation detection system is out of service (City Specification No. 12.6.5); and
- unwillingness to regularly and routinely accept deliveries of solid waste at the sanitary landfill from the City between the hours of 6:00 a.m. and 6:00 p.m., Monday through Friday, regardless of the sanitary landfill's normal hours of operation (City Specification No. 12.8.3).

In the case of the bid from Waste Management, Inc. of Tennessee (for service at Cedar Ridge Landfill in Lewisburg, Tennessee), exceptions include:

- unwillingness to use the consumer price index specified by the City for purposes of adjusting the quoted unit pricing for services rendered (City Specification No. 12.4.4);
- unwillingness to agree that its quoted unit pricing for services rendered shall be all inclusive for all services to be rendered and all costs of doing so, and that any changes to the Service Provider's cost of doing business and/or service delivery shall be absorbed by the Service Provider and shall not be subject to pass-through to City (City Specification No. 12.4.6);
- unwillingness to accept responsibility for the proper disposal of regulated hazardous waste and/or special waste discovered after being admitted into the landfill to be in City's municipal solid waste stream (City Specification No. 12.6.3);
- unwillingness to accept bear financial responsibility and liability for proper disposal of any radioactive waste found to be in City's municipal solid waste stream and discovered after such waste is admitted into the landfill in the event City's radiation detection system is out of service (City Specification No. 12.6.5); and
- unwillingness to allow City to use an alternative landfill during clean-up of natural disasters or local emergencies (City Specification No. 12.9.2).

Please also note that the bid from Waste Connections of Tennessee for service at the Hopkins County Regional Landfill in White Plains, Kentucky, which is at \$46.50 per ton including Transport Services but excluding Transfer Station Operation Services when the cost of delivery by MBI (per its bid pursuant to City Procurement Solicitation No. 2017-008) is factored in, would be \$11.48 per ton (about 33%) higher than the delivered price per ton of \$35.02 effective July 1, 2017 for the same services under the 2012 arrangement with Bi-County. For the purposes of this bid, the City estimated in the City specifications 81,000 tons per service year of Municipal Solid Waste to be processed by the Service Provider pursuant to this procurement for the year beginning July 1, 2017. Thus, the \$11.48 per ton increase would translate into a cost increase for the City of an estimated \$929,880 for the first year alone. Staff therefore recommends that the bid from Waste Connections of Tennessee for service at the Hopkins County Regional Landfill in White Plains, Kentucky, be rejected because the City already has in place a more affordable option in the form of the 2012 arrangement with Bi-County, albeit only for nine (9) more years (if all options to extend are exercised) rather than for the thirty (30) years (if all options to extend are exercised) contemplated by the City specifications included in the Waste Connections of Tennessee bid.

Options

In accordance with the bid documents, the City reserves the right to reject any and all bids.

Options available to the City include:

1. Continue as we are, per the 2012 Interlocal Agreement between Bi-County and the City for the transport and disposal of solid waste (City of Franklin contract no. 2012-0023). As of June 16, 2017, that arrangement is now through June 30, 2020 and includes two more City-exclusive options to extend the term of service beyond that date, one through June 30, 2023 and one through June 30, 2026. Under this option, the City would continue to operate the transfer station. At any time during the term of service with Bi-County, the City could once again solicit bids from the private sector. Effective July 1, 2017 and through June 30, 2020, the service fee to be paid to Bi-County by the City for transport and disposal of solid waste is to be service fee of \$35.02 per ton. Note that this rate does not include outsourcing the operation of the City's transfer station.
2. Accept the bid from MBI (which includes exceptions to the City's procurement solicitation) for municipal solid waste Transport Services and, optionally, municipal solid waste Transfer Station Operation Services, for the City's municipal solid waste stream that is processed at the City's Solid Waste Transfer Station, and accept the only bid for municipal solid waste sanitary landfill disposal services which did not take exceptions to the City's procurement solicitation, from Waste Connections of Tennessee for service at the Hopkins County Regional Landfill in White Plains, Kentucky. The term of award would be for five (5) years and would commence on or after July 1, 2017 but not later than January 1, 2018, and would expire on or after June 30, 2022 but not later than December 31, 2022. (The actual dates of commencement and expiration of the term of award would be specified and memorialized in the Procurement Agreement to be executed by the parties.) The City and the vendors could extend the term of award up to five (5) times, each time for up to five (5) additional years, for a maximum possible term of award, including the original term of award, of thirty (30) years total. Such options would be exercised by mutual consent of the parties.
 - a. Under Option No. 2, if the City chooses to outsource the operation of the City's transfer station, the service fees would total \$48.31 per ton for the initial two (2) years of the original five-year term of award.
 - b. Under Option No. 2, if the City chooses not to outsource the operation of the City's transfer station, the service fees would total \$46.50 per ton for the initial two (2) years of the original five-year term of award.
3. Staff is discussing with Bi-County the possibility of the City entering a new arrangement with Bi-County (to replace the 2012 arrangement) whereby Bi-County would provide the City with disposal services only (excluding transport services) for a term of service to be determined. The Bi-County service fee per ton for disposal services only, which has not yet been finalized, would need to be added to the bid from MBI for municipal solid waste Transport Services and, optionally, municipal solid waste Transfer Station Operation Services.

Following is a tabular presentation of the options identified and described above:

Option No.	Services to be Rendered:	Service Providers:	Landfill:	Term of Service:	Cost of Services:
1	Transfer Station Operation Services	City of Franklin Department of Sanitation and Environmental Services	Bi-County, Woodlawn, TN	Not outsourced	Currently estimated to be \$5.28 per ton
	Transport Services	Bi-County Solid Waste Management System		through 6/30/2020 with two (2) more three-year options to extend, one through 6/30/2023 and one through 6/30/2026	\$35.02 per ton for three (3) years effective 7/1/2017; to be adjusted every three (3) years thereafter pursuant to the specified inflation index
	Disposal services				
2a	Transfer Station Operation Services	MBI	Hopkins County Regional Landfill, White Plains, KY	five (5) years effective between 7/1/2017 and 1/1/2018 and through between 6/30/2022 and 12/31/2022, with five (5) options to extend, each time for up to five (5) additional years, to not beyond 12/31/2047	\$28.31 per ton for the initial two (2) years of the original five-year term of award; to be adjusted annually thereafter pursuant to the specified inflation index
	Transport Services				Waste Connections of Tennessee
	Disposal services				
2b	Transfer Station Operation Services	City of Franklin Department of Sanitation and Environmental Services	Hopkins County Regional Landfill, White Plains, KY	Not outsourced	Currently estimated to be \$5.28 per ton
	Transport Services	MBI		five (5) years effective between 7/1/2017 and 1/1/2018 and through between 6/30/2022 and 12/31/2022, with five (5) options to extend, each time for up to five (5) additional years, to not beyond 12/31/2047	\$26.50 per ton for the initial two (2) years of the original five-year term of award; to be adjusted annually thereafter pursuant to a specified inflation index
	Disposal services	Waste Connections of Tennessee		\$20.00 per ton for the initial two (2) years of the original five-year term of award; to be adjusted annually thereafter pursuant to a specified inflation index	
3a	Transfer Station Operation Services	MBI	Bi-County, Woodlawn, TN	five (5) years effective between 7/1/2017 and 1/1/2018 and through between 6/30/2022 and 12/31/2022, with five (5) options to extend, each time for up to five (5) additional years, to not beyond 12/31/2047	\$23.05 per ton for the initial two (2) years of the original five-year term of award; to be adjusted annually thereafter pursuant to a specified inflation index
	Transport Services				
	Disposal services	Bi-County Solid Waste Management System		To be determined, pending finalization of a quote from Bi-County Solid Waste Management System	To be determined, pending finalization of a quote from Bi-County Solid Waste Management System

Recommendation

Staff has now completed its analysis of the three bids received for municipal solid waste sanitary landfill disposal services and, for reasons outlined above, recommends that all three of the bids for disposal services be rejected. Purchasing Manager Brian Wilcox believes the prepared specifications as distributed allowed for

competition among multiple vendors, and that the options and recommendation identified above appear to be described and made in a fair and impartial manner based upon the bids received.