

Addendum A
to the RFP for Residential Solid Waste & Recyclables
Collection and Transportation Services
In Derby, Kansas
February 24, 2009

Introduction

This Addendum A contains questions posed by potential respondents to the RFP issued on January 26, 2009, along with the City's responses. Also, because the City took longer to respond to these questions than planned, the deadline to submit proposals has changed to Tuesday, March 17 at 2:00 p.m.

Q1. Page 2, Intro 2

"Participation in the recycling program contemplated by this RFP will be voluntary." If a resident opts out of recycling service, is their fee for collections services reduced to reflect their decrease in service?

A1.

No. The City intends to offer one price to include both weekly trash collection and biweekly recyclables collection.

Q2. Page 2, Intro 8

Please define records to be audited and frequency of audits.

A2.

Records include volume of recyclables collected, customer accounts including delinquency data, number of accounts using each size of trash containers, number of accounts participating in recycling, route maps, volume of trash collected, any claims filed or outstanding, financial records related only to the Derby contract, customer usage of premium services including bulky waste, roll-out, second cart, etc., and possibly other items not yet determined. The City's expectation is for an annual audit and the ability to audit on request. If you have comments or suggestions regarding records, please include them in your proposal.

Q3. Page 3, 1.2b

It is our understanding of RFP to have fully automated collection services, which would limit the pick up of bulky items due to the configuration of automated collection vehicles. Having this service would require an additional truck capable of handling bulky items, therefore increasing costs. Is this a necessary service requirement to be included in the base rate? A more favorable rate can be afforded to residents if this was a stand-alone service billed directly to resident by contractor for required items to be collected.

A3.

Because a favorable base rate to residents is of paramount concern to the City, Respondents' proposed base rate should be separated from proposed fees for pickup of bulky waste.

Q4. Page 3, 1.2 c

Is there no limit to abandoned MSW or bulky items? This seems to be open ended.

A4.

The statement that collection of abandoned MSW and bulky items is intended to be an enhanced service is listed as one of the goals of the RFP in this introductory section of the document. The issue is further detailed on page 10 in section 5.4.

Q5. Page 10, 5.4

Abandoned waste. This appears to be completely unlimited, any way to clarify quantity?

A5.

The RFP is vague in that a service level is not suggested for abandoned waste pickup. Proposals should include what Respondent considers to be a reasonable number of no-additional-charge pickups per year and the fee proposed for pick-ups in excess of that number.

Q6. Page 10, 5.4

Is there any limit on the number of City requests? Where can this abandoned waste be located? On City property, private property, or both?

A6.

The RFP is vague in that a limit is not suggested for abandoned waste pickup. Proposals should include what Respondent considers to be a reasonable number of no-additional-charge pickups per year and the fee proposed for pick-ups in excess of that number. Waste would be considered abandoned if found on any public property.

Q7. Page 7, 1st Bullet Point

Regarding illegal dumping and collection of abandoned waste, this cost would be an unfair assumption to include in residential rates per home as we cannot, nor can the City of Derby, predict what will be abandoned, nor are there limitations on what can be collected. We would prefer not to inflate our costs to cover this unforeseeable service and feel it should be removed from the RFP and negotiated as a separate item for collections.

A7.

Please provide your proposed base rate without costs for abandoned waste or illegal dumping. Separately, please provide a proposed fee for pickup of abandoned waste, including your definition of what should be included or excluded.

Q8. Page 3, 1.2c

Please define abandoned MSW and bulky items. Can this be a chargeable service, or is it supposed to be built into the residential rate? It would be difficult to build into the residential rate as we have no way of knowing how much MSW will be abandoned in the future, which could significantly increase as landfill and transfer stations regulations, in addition to environmental laws, are continually changing, which can certainly impact this type of concern. This is an unforeseeable service, and we feel it should be removed from the RFP and negotiated as a separate item for collections.

A8.

Please provide your proposed base rate without fees for abandoned MSW and bulky items. Separately, please provide a proposed fee for pickup of abandoned waste, including your definition of should be included or excluded.

Q9. Page 3, 1.2d

What is the actual count of 75 + elderly and disabled that will require rollout service?

A9.

The City does not have this information.

Q10. Page 4, 2.1

You are asking for automated MSW collection and automated recycling collection. Can we quote using non-automated trucks?

A10.

Yes, you may propose using non-automated trucks for either recycling or refuse. The City's preference is for automated trucks, especially for refuse, so a proposal for non-automated trucks should clearly explain the advantage to the City in using such vehicles.

Q11. Page 6, 3.18

It appears a contract may not be signed until June 2009 with a requested start date of July 2009. Truck manufactures and cart manufactures lead times are between 90 to 180 days. How do you wish to handle this?

A11.

Section 3.17 indicates City approval of a franchise agreement in March/April. Section 3.18 refers to the contractor's implementation of the terms of the agreement and the transition plan, which includes ordering carts and trucks. July 1, as the starting date of service, is a target and not a deadline. Proposals should include in the transition plan respondent's best ideas for ramp-up time and the best starting date of service.

Q12. Page 7, 5.2

In the Collection section, the statement is made: "Emergency service, such as storm clean up as needed." What are you looking for here? This is a wide open area. You could have

an F5 tornado like Greensburg or a severe ice storm. We can roll-off dumpster services but this could not reasonably be included in price as it is too much of an unknown.

A12.

The intent of the RFP is that the contractor would be the City's primary service provider in an emergency but not that the work would be done for no cost. Fees would be expected for services rendered in an emergency cleanup situation. Fees proposed in response to this RFP should not include fees for an expected emergency cleanup situation.

Q13. Page 7, 2nd Bullet Point

This cost would be an unfair assumption to include in residential rates per home as we cannot, nor the City of Derby, predict what weather and storms the City of Derby will be affected by. We would prefer not to inflate our costs to cover this unforeseeable service and feel it should be removed from the RFP and negotiated as a separate item for collections.

A13.

The intent of the RFP is that the contractor would be the City's primary service provider in an emergency but not that the work would be done for no cost. Fees would be expected for services rendered in an emergency cleanup situation. Fees proposed in response to this RFP should not include fees for an expected emergency cleanup situation.

Q14. Page 7, 5.2

In the Collection section, the statement is made: Compensation to current trash haulers for customer account cancelation fees." How are you going to handle Homeowners Associations which have multi-year contracts? Is this really only referencing what some haulers have as a cart pick up fee, and the successful bidder is not expected to cover remaining amount on customers' contracts?

A14.

Correct. This section refers to cart pick-up fees, which some companies call account cancelation fees. As for HOA contracts, the City is looking for respondents' proposals about how to handle group contracts as well as individual customers who have paid ahead for services from their current companies.

Q15. Page 7, 4th Bullet Point

We have no way of knowing what our competitor collection contracts are worth or what their buy-out fees for these contracts are, and we feel putting an inflated costs in our proposal to cover these unknown costs would negatively impact all bids received. We would recommend letting all other contracts expire. Upon expiration of service new service would start with Derby's contracted hauler.

A15.

If a respondent concludes that letting existing contracts expire is the best method of transition, its proposal should reflect that conclusion and include respondent's recommendations for implementation.

Q16. Page 7, 5th Bullet Point

If same pricing and service is to be provided to commercial business, will they be required to set materials curbside as residents are?

A16.

Yes. Or you may choose to offer cart roll-out service for an additional fee. Depending on location, some businesses may be served by an alley. The City's expectation is that nonresidential customers would place carts at a location where they may be easily rolled to the collection point for dumping. If a respondent has a different expectation, its proposal should reflect respondent's recommendations on this matter.

Q17. Page 7, 10th Bullet Point

Define emergencies that require 1-hour response, and does this include weekends, after business hours, and non-collection days?

A17.

Each respondent's proposal should include its definition of "emergency" and explain how they would handled, including emergencies that occur on weekends, after business hours, and on non-collection days.

Q18. Page 7, 5.2

In the Customer Service, Billing and Communications section, the RFP says "Provide quarterly billing in advance of collection service." Does this means the hauler must individually bill customer and assume collections risk for each customer? City of Derby will not be doing the billing, is that correct?

A18.

Yes, that is correct. The contractor, not the City, will bill and collect from customers. The City will not be involved in billing or collections.

Q19. Page 8, 5.3

This section under "Service Fee" needs to be fully explained. What you are asking for under this section? What does each statement mean?

A19a.

Proposals should be based on respondent providing two carts of different, specified volume, and should include the charge to be made for collection of each size. The prompt in item 2 indicates that the charge of the smaller cart would be a percentage of the charge for the larger cart.

What does “Additional Service (cost/cart): 75% of basic service fee for each size of cart” mean?

A19b.

For customers who request more than one trash cart, the charge for each additional cart should be 75% of the charge for the first cart. Respondents may propose an alternative fee structure but such proposal should include a detailed explanation of the proposed fee structure and its advantages to the City or customers.

What does “Surcharges: 1. Roll-out– Additional 50% of the Service for a Cart (or Can equivalent) of the same capacity for individuals who do not qualify for free roll-out service” mean?

A19c.

For customers who request roll-out service but do not qualify for the free service (i.e., those 75+ years of age or disabled), the charge should be 50% of the base price for either sized cart. Respondents may propose an alternative fee structure for this service but such proposal should include a detailed explanation of the proposed fee structure and its advantages to the City or customers.

Q20. Page 9 Container column

“Alternative: cans for difficult-to-serve set-out sites” Please define, and in addition to how many set-out sites are defined as difficult and would require special cans?

A20.

Proposals should clearly describe how respondents intend to serve the “difficult-to-serve” sites, including an explanation of what would constitute such a location. The RFP is premised on the assumption is that because there are so few alleys in the City, the number of difficult-to-serve customers is very small. However, some areas do have steep slopes and may be difficult to service with carts.

Q21. Page 9 Container column

Regarding first year of service, it has been our experience that these types of programs with cart option size should be offered to residents before the start of the program and surveyed by the City. Assuming all contractors are purchasing new carts for this agreement, it would be difficult to figure our capital assumptions for cart purchase as price differs between cart sizes and not knowing how many we will need of each may produce an excess of one size and unneeded capital costs reflected in bids. Additionally, excess carts will be useless to use anywhere else because our company logo will not be on cart nor may they be our company color.

A21.

If a survey is the best method by which to determine the demand for carts of a particular size, the City is open to such a survey and to delaying implementation by the time required to complete the survey. If a respondent believes this is a significant issue, it should be included in the transition plan proposed.

Q22. Page 9 Container Column

It has been our experience with recycling and trash collection services where residents have choice of cart size, we have found it is best to limit the quantity of trash set out for collection. Anything outside of the collection cart will be collected for additional fee. This helps with recycling participation. This gives the resident an incentive to recycle and would also create a financial incentive by reducing their trash collection cart size and recycling to avoid having to pay additional collection fees for trash.

A22.

This is a comment rather than a question. The City appreciates respondent's experience and anticipates that proposals will be informed by that experience.

Q23. Page 9, 5.3

Under "Automated Recyclables collection in carts" two carts are referenced. Why two carts? This could be one cart if single stream, correct? In this same section, you also set cost for additional recycling cart, why?

A23.

One cart for single-stream recycling is preferred. If dual stream is proposed, then two carts would be needed, which is why two carts are referenced here. The reference to a fee for additional recycling carts assumes that some customers will find their volume of recyclables requires more than one cart for each stream. The charge is set at \$7.50/quarter, but if a respondent believes another charge or fee structure is better, that information should be incorporated into the proposal.

Q24. Page 9

\$7.50 per cart service fee for additional carts. Is this a monthly fee per additional cart supplied to resident?

A24. The referenced fee is a quarterly fee, but respondents are free to include another charge or fee structure. If respondents believe a different price is better, that information should be incorporated into the proposal.

Q25. Page 9

Is the city requesting ownership of the carts?

A25.

Per the last sentence in Section 5.3.5, the City may direct the Contractor to transfer ownership of carts upon expiration or early termination of the contract. The intent is to reduce headaches for residents if a Contractor picks up its carts prior to a new service provider having its carts delivered. Respondents are free to propose alternatives to this arrangement.

Q26. Page 9, 5.3.4

Cart Labeling Would it be acceptable to send notices to residents rather than have carts hot stamped or stickers with the listed information as this adds significant costs and labor?

A26.

The City is open to this option being included in a proposal. Proposals including this option should note the frequency of notices and respondent's experience (or industry information) about the effectiveness of such a solution in deterring scavenging.

Q27. Page 9, 5.3.4

What exactly are you looking for as a cart label? How big? Where on container?

A27.

The size and location of the cart labels is something that has not been determined. The City is open to proposals based on respondents' experience or industry standards.

Q28. Page 9, 5.3.5

“Upon expiration or early termination of the Franchise Agreement, City may direct Contractor to transfer ownership of all serviceable carts to the City.” Will there be any compensation to the Contractor for this transfer to the City? If so, will it be pro-rated based on the remaining contract length?

A28.

Proposals should assume that no compensation will be paid for a transfer that occurs upon expiration of the Franchise Agreement term. Proposals may include compensation upon early termination, including pro-rated compensation based on the remaining contract length.

Q29. Page 10, 5.8

Does the City share in the collection costs? Is termination of service allowed for delinquent accounts? Is the contractor required to pay to the City the 5% franchise administration fee on uncollected amounts?

A29.

The City does not anticipate sharing in collection costs. Termination of service would be allowed. The franchise fee will be based on revenue received and not on uncollected accounts.

Q30. Page 11, 5.13

When is the franchise administration fee paid? Annually, Quarterly, etc? In advance or in arrears? Based on actual collections or amount billed?

A30.

The fee is to be paid quarterly in arrears based on actual collections.

Q31. Page 13, 7.2.2

We have two operating subsidiaries in Kansas, one of which will be the Respondent. We assume for purposes of the RFP that the City is not interested in routine litigation that may affect other subsidiaries of our parent company that operate in other states? Please confirm. We disclose all material litigation affecting our parent company and its subsidiaries in our Securities and Exchange Commission filings, and will include a copy of such disclosures with our RFP submission.

We also assume that to the extent any employment related or other litigation or settlement or alternative dispute resolution related thereto is subject to confidentiality or non-disclosure provisions, that a Respondent and its affiliates would not be required to disclose the details of such matters? Please confirm.

A31.

The City requires disclosure of litigation concerning only the Respondent as well as disclosure of any litigation that Respondent is required to report to an agency that regulates either securities (SEC; Kansas Securities Department) or environmental matters (EPA; KDHE).

Q32. Page 13, 7.2.2

Regarding the section labeled "Certain civil contests," would the City please confirm that a Respondent may answer the first bullet point for Respondent only, not including Respondent's affiliates?

A32.

Yes.

Q33. Page 13, 7.2.2

Regarding the sections labeled "Criminal actions, Administrative actions, Public procurement or contract disputes, Revocations, and Labor disputes," may a Respondent answer the request for Respondent anywhere and Respondent's affiliates in the State of Kansas?

A33.

Yes.

Q34. Page 14, 7.2.4

Would the City please confirm that a Respondent may answer the first two bullet points for Respondent only, not including Respondent's affiliates?

A34.

Yes.

Q35. Page 15, 7.3.1

We are asked to provide "notification to Homeowner Associations and pre-paid customers of four current trash haulers." What does this mean, and what are you looking for the contractor to do?

A35.

The City requests the transition plan address the issue based on respondent's experience and best judgment. The City is aware that it will have to play a role in the transition plan. We request your proposal for the appropriate tasks for the City, the contractor, and the current service providers to accomplish during the transition – in this instance, specifically with respect to informing customers of the upcoming change in service arrangement and servicing contractor (if applicable).

Q36. Page 15, 7.3.1

"Degree of correspondence with present customer service schedules." How can we answer this when we do not know when competitors service their customers in Derby?

A36.

If there is information that you will require for a successful transition and that respondents do not currently have or cannot reasonably obtain, the transition plan should identify the information and why it is needed. If it is information that neither respondents nor the City can reasonably obtain, then the transition plan should propose one or more alternatives.

Q37. Page 16, 7.6.1

Would the City please confirm that a Respondent may submit in response to this request the audited, consolidated financial statements of its parent company, as filed with the Securities and Exchange Commission?

A37.

Yes.

Q38. Page 20, GP 7.0

Would the City please confirm that a Respondent may amend the second to last sentence of the Indemnification provision in the Franchise Agreement to accommodate the concept of comparative negligence, as set forth below?

Current: “, unless such claims, liabilities, or losses arise out of the sole negligence or willful misconduct of the City.”

Revised: “, except to the extent such claims, liabilities, or losses arise out of the negligence or willful misconduct of the City, its officers, agents or employees.”

A38.

See following answer for question 39.

Q39. Page 20, GP 7.0

Would the City please also clarify how Section A. General under GP 7.0 relates to the preceding indemnity provision under GP 7.0? It seems as if the first indemnity provision covers the issues detailed in the following provision and that, as listed, the following provision in Section A. General is somewhat duplicative and contradictory.

A39.

Respondent has identified an error in the RFP. Please disregard the opening paragraph of GP 7.0 and respond based on the indemnity provisions of subsections A, B and C.

Q40. Page 17, 7.6.2

Evidence of letter of credit, Can a performance bond be used instead of a letter of credit?

A40.

The City prefers a letter of credit to secure the contractor's performance. If respondents propose some other financial security, the relative merit of the alternative proposed will be one of the factors the City will consider when comparing proposals. Be advised that respondents are free to offer more than one proposal or alternatives within their proposal documents. Such alternatives will enable the City to compare and contrast the cost/benefits to the City and/or customers.

Q41. Page 18, GP 1.7

What will the rate adjustment approval process allow as a reason for an increase in rates billed to customers? Will items such as fuel costs, wage rates, bad debts, excess abandoned waste or bulk items, changes in the number of customers, increases in the volume of waste from customers, or consumer price index be considered? Any other items to be considered?

A41.

This is a matter to be determined, although a simple formula is preferred. Please include in your proposal how you would prefer to adjust rates annually over the term of the agreement. Any factor that adversely affects the contractor's rate of return would be considered.

Q42. Page 18, GP 2.4 references solicitation number. I do not see a solicitation number anywhere on RFP.

A42.

Respondent has identified an error in the RFP. Please delete "the solicitation number," from the RFP. Our apologies for the error.

Q43. Page 26, 2.12

This paragraph references 19,000 residential cart customers and 300 nonresidential cart customers this is different from page 2 Intro 3 where it says there are approximately 7,584 residential accounts.

A43.

Respondent has identified an error in the RFP. The number of 7,584 listed on page 2 is correct. Our apologies for the error.

Q44. Page 31A

Will an RFP response be disqualified if respondent does not fully disclose operating costs as out lined in excel justification sheet sent out with RFP?

A44.

Not necessarily. The City prefers that respondents use this form. Our intent is to ensure that proposals are compared “apples to apples.” Use of a spreadsheet that includes substantial information will be considered in the context of the overall proposal to meet the goals stated in Section 1.0 on pages 3-4.

Q45.

Can the City provide any information on the expected compensation to current trash haulers for customer account cancellation fees? Will it be a set amount per customer, or will it be based on the fee stated in the customer’s contract? What type of proof, if any, will be required from the cancelled party? When will the cancellation payments to the current trash haulers be required to be made? What will be the dispute resolution process if current trash haulers disagree with the cancellation fees they receive?

A45.

The City is open to respondents’ proposals on all these matters. The City has made no decisions on these matters at this point in time.

Q46.

Did the Advisory Board complete a survey of Derby residents to determine that curbside recycling and Franchising were the most popular alternatives for the City of Derby?

- a) If yes, then may we get a copy of the survey to see what questions were asked?
- b) If yes, how many Derby residents were surveyed?
- c) If yes, the choice to Franchise trash and recycling to one company--was that a preferred option in the survey, or was it a choice of the Advisory Board and/or the City Council?
- d) If not, are there area residents that are not aware that the selection of one Contractor will eliminate competition and provide the selected Contractor with a monopoly? Which will put the businesses not selected out of business? (as suggested by Derby Disposal’s mailing on 2/13/09) (From RFP Section GP 1.7)

A46.

No, a survey was not performed. The City has engaged in mass communications with the residents several times over the past seven months about the opportunities available to the City to reduce long-term costs, provide a quality recycling program, and reduce wear-and-tear on streets. The City is engaging in a competitive process to select a waste hauler and will do so periodically to ensure competition. The City will not comment on the mailer sent by Derby Disposal and Lies Trash Service other than to say it included inflammatory statements of opinion rather than facts.

Q47.

How much does the City Council expect the rates to increase per month per family when the recycling is combined with the trash service?

A47. The expectation at this point is that notwithstanding addition of recycling service, some residents may see a reduction in their monthly bill while others may not. Because substantial variation currently exists in charges paid by residents for trash and recycling services, not all residents will experience the same financial effect.

Q48.

How will the curb-side collection of recycled materials be handled for those in apartments?

A48.

This RFP applies only to residential customers served by carts, not to commercial ones served by dumpsters/bins. This RFP does not contemplate a recycling program for apartment complexes.

Q49.

Why did the Advisory Board settle on only four materials to be recycled?

A49.

The recyclable items included in the RFP include those currently accepted by the processing facility in Wichita from all licensed haulers that have expressed interest in responding to the RFP. The list is not intended to be exclusive; rather, it represents a base level of service which all potential respondents should be able to provide.

Q50.

How many Derby families does the council expect to take part in the recycling effort?

A50.

Unknown. The City has no preconceived expectation. Research indicates that the simpler and easier a recycling program is, the more participation it will generate. Public input over an extended period has shown that a recycling program, or the

absence thereof, has been a concern for many Derby families for the past several years.

Q51.

Isn't this more of the same, where the public has to pay for recycling because no feasible plan to make recycling pay for itself has been found?

A51.

Like any program to dispose of solid waste, the producer of the waste is now and should be responsible for its disposal.

Q52.

How does the performance bond work, since it was only slightly mentioned in the RFP Section GP 6.0?

A52.

A performance bond would obligate another party (the surety) to step into the shoes of the contractor under specified circumstances – typically when the contractor has materially breached the agreement. When a claim is made based on a performance bond, the principal (City) notifies the surety of the breach and demands that the surety complete the contractor's performance. Performance bonds work well and are generally employed when contracting for construction of a building or improvement. They can be used in connection with a service contract but are less well adapted to this purpose.

Conclusion

It is the City's hope that these responses to questions have been helpful. Proposals are due Tuesday, March 17 at 2:00 p.m. If further questions arise, please advise Kathy Sexton, City Manager, via email at kathysexton@derbyweb.com.